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Nonprofit Management 101

A COMPLETE AND PRACTICAL GUIDE FOR LEADERS AND PROFESSIONALS

SECOND EDITION

DARIAN RODRIGUEZ HEYMAN
and LAILA BRENNER

NEW INTRODUCTION BY *NEW YORK TIMES* BESTSELLING AUTHOR
VAN JONES

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A COMPLETE AND PRACTICAL GUIDE FOR LEADERS AND PROFESSIONALS

SECOND EDITION

Essential Resources, Tools, and Hard-Earned Wisdom from 55 Leading Experts

Edited by

DARIAN RODRIGUEZ HEYMAN

and LAILA BRENNER

WILEY

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To my beloved son, Rafael, and my incredible wife, Becca. Rafi: You inspire me to make this world a better place for you. And Becca: I feel truly blessed to have found you and to have the chance to share our lives together. I love you both with all my heart. – DRH

To Zavier and Isador who make my world better every day and inspire me to do the same for others. – LB

CONTENTS

Introduction **xvii**
Van Jones, CNN's "The Van Jones Show" and Dream Corps

Foreword **xxv**
Ami Dar, Idealist.org/Action Without Borders

About the Book **xxix**
Darian Rodriguez Heyman and Laila Brenner

Acknowledgments **xxxv**
Darian Rodriguez Heyman and Laila Brenner

PART ONE

The Big Picture – What the Field Is All About and Where You Fit In **1**
Darian Rodriguez Heyman and Laila Brenner

Chapter 1 **Nonprofits in the United States** **5**
Robert Glavin, Glavin Jacobson, Inc. and University of San Francisco, and Marco Tavanti, University of San Francisco. Updated for second edition by Marco Tavanti, University of San Francisco

Chapter 2 **Taking Charge of Your Nonprofit Sector Career** **27**
Shelly Cryer, Consultant, and Kimberly Hendler, Reach For Change

Chapter 3 **Building Strong Social Movements** **45**
Paul Rice, Fair Trade USA

PART TWO

Managing Organizations and People **55**
Darian Rodriguez Heyman and Laila Brenner

Chapter 4 **Thriving as an Executive Director** **59**
Joan Garry, Joan Garry Consulting

Chapter 5 **Strategic Planning: Turning a Dream into Reality** **75**
Jeanne Bell, Nonprofit Quarterly. Updated for second edition by Steve Zimmerman, Spectrum Nonprofit Services

Chapter 6 **Nonprofit Partnerships: Collaboration, Alliances, and Strategic Restructuring** **89**
David La Piana and Bob Harrington, La Piana Consulting

Chapter 7 **Risk Management and Insurance** **107**
Pamela Davis, Nonprofits Insurance Alliance

Chapter 8 **Attracting and Hiring Staff: Acquiring the Best Talent** **121**
Cassie Scarano, Koya Leadership Partners, and James Weinberg, Fuse Corps

Chapter 9 **How to Promote Diversity and Inclusion** **141**
Michael Watson, The Port Authority of New York and New Jersey

PART THREE

Nonprofit Law and Finance **163**
Darian Rodriguez Heyman and Laila Brenner

Chapter 10 **Nonprofit Law** **165**
Bruce R. Hopkins, Bruce R. Hopkins Law Firm, LLC, and Virginia C. Gross, Polsinelli PC

Chapter 11 **Nonprofit Advocacy and Lobbying** **181**
Nayantara Mehta, National Employment Law Project; Nancy Chen, Legal Consultant; Marcia Avner, Avner Consulting; and Jeannie Fox, Hamline University

Chapter 12 Nonprofit Financial Management 197
David Greco, Social Sector Partners

PART FOUR

Nonprofit Technology and IT 227
Darian Rodriguez Heyman and Laila Brenner

Chapter 13 Technology Planning 229
Amy Sample Ward, NTEN

Chapter 14 The Nonprofit Guide to Web Design 243
George Weiner and Rachel Clemens, WholeWhale.com

Chapter 15 Measurement, Evaluation, and Learning Plans 261
Lovely A. Dhillon, Jodevi

Chapter 16 Constituent Relationship Management 275
Kevin Bromer and Lori Freeman, Salesforce.org

PART FIVE

Fundraising 289
Darian Rodriguez Heyman and Laila Brenner

Chapter 17 Fundraising: Knowing When to Do What 293
Andrea McManus, ViTreo Group

Chapter 18 Individual Donor and Major Gift Strategies: The 80% Solution to Fundraising 309
Kay Sprinkel Grace, Transforming Philanthropy, LLC

Chapter 19 How to Seek a Grant 325
Tori O'Neal-McElrath, Demos. Updated for second edition by Darian Rodriguez Heyman

Chapter 20 Online Fundraising 343
Katya Andresen, Network for Good, and Rebecca Ruby Higman, Soyring Consulting. Updated for second edition by Kishshana Palmer, Kishshana and Co., and Taylor Shanklin, Hacks For Good

Chapter 21 Online Peer-to-Peer Fundraising **361**
Nicci Noble, Noble Services LLC, and Sean Sullivan, Nonprofit Consultant. Updated for second edition by Nicci Noble

Chapter 22 Cause Marketing 101: Moving Beyond Corporate Sponsorships to Strategic Partnerships **377**
Mollye Rhea, For Momentum

Chapter 23 Social Enterprise 101: An Overview of Earned Income Strategies **391**
Rick Aubry, New Foundry Ventures

PART SIX

Marketing and Communications 405

Darian Rodriguez Heyman and Laila Brenner

Chapter 24 Nonprofit Marketing: The Why and How of Branding **407**
Jennie Winton and Zach Hochstadt, Mission Minded

Chapter 25 Moving Millennials to Act: Strategies and Tactics for Marketing, Fundraising, and Activism **423**
Derrick Feldman, Millennial Impact Project

Chapter 26 Using Digital Tools to Tell Your Story **435**
Beth Kanter, Zoetica. Updated for second edition by Carie Lewis Carlson, Digital Marketing Consultant

Chapter 27 Crafting an Effective Newsletter Strategy **451**
Kivi Leroux Miller, NonprofitMarketingGuide.com

Chapter 28 Painless and Effective Event Planning: Let's Get This Party Started! **465**
Marika Holmgren, Do Good Events

Chapter 29 Public Relations for Nonprofits: Getting Exposure for Your Cause **485**
David Fenton, Fenton

PART SEVEN

Boards and Volunteers **499**
Darian Rodriguez Heyman and Laila Brenner

Chapter 30 Board Governance **503**
Vernetta Walker, Walker & Associates Consulting, and Emily Heard, Nonprofit Consultant. Updated for second edition by Darian Rodriguez Heyman

Chapter 31 Getting Your Board to Fundraise **525**
Bob Zimmerman, Zimmerman Lehman. Updated for second edition by Ann Lehman, Zimmerman Lehman

Chapter 32 Volunteer Recruitment **541**
Greg Baldwin, VolunteerMatch

Chapter 33 Volunteer Engagement and Management **559**
Gary Bagley, New York Cares, Natalye Paquin, Points of Light, and Michelle Nunn, CARE USA

Closing Thoughts **575**
Darian Rodriguez Heyman and Laila Brenner

Afterword: We All Have the Capacity to Be Social Prophets **579**
Lynne Twist, Soul of Money Institute and The Pachamama Alliance

Book Partners **585**

About the Editors **589**

End Notes **591**

Name Index **601**

Subject Index **605**

INTRODUCTION

By Van Jones, Co-Founder, Dream Corps, and Host, CNN's The Van Jones Show

I want to start this book by saying that I've got a message for you – the person reading this who thinks that your nonprofit is simply *not* going to make it. The reader who believes your cause is too marginal, your vision too big. I want to talk directly to *you* and ask you to stay the course. Because *we need you*.

When I started Bay Area Police Watch over 20 years ago, we had $10,000 and a closet as office space, literally. We went from opening up a hotline for survivors of police brutality and police misconduct to running a national organization that won international awards and recognition for our human rights efforts. We stopped jails from being built and got a horrible officer off of the street. And looking back on it, you know how we got there? A series of *miracles*: unexpected donations the day before we went broke, game-changing victories that propelled us forward after being on the brink of closure. But the only way we were able to get to those miracles was by persisting through *a lot* of challenges and believing in what we were doing.

We were often broke and sometimes ignorant, but steadfast, passionate, and focused on that dream we had inside ourselves – the same kind of dream you have now – that we could make this world a little more just, a little more equitable.

I can't give you miracles, but what I can offer you is a few of my hard-earned lessons. These seemingly counterintuitive secrets are ***the four most useful insights I've gathered in my many years fighting and speaking truth to power***. One: self-promote. Two: steal. Three: embrace unlikely allies. And four: do less.

Lesson One: Self-Promote

When people accuse me of being a shameless self-promoter, I say no, I'm a *proud* self-promoter. Because I'm proud of this work, I'm proud of the people doing it, and I'm proud of the fights that we take on. And if we don't tell the stories, share the victories, and broadcast the lessons, then who will?

One of the most important things you can do to advance your mission is to be proud to talk about your work. I call it the Three M's: Mobilization, Media, and Money.

This is tough work, and we know that to make change we have to build a movement, *mobilize*, and get things done. But too many of us stop there. Then we wonder why the support that we need doesn't come. We get bitter and look at the group over there that has two more dollars than we do, and soon they become the competition we're fighting, rather than focusing on the injustice that started us down this path.

Instead we need to focus on *doing good stuff* – and here's the important part: getting *coverage* for it. Which brings us to the second M: *media*. Write press releases, take photos, interview the people you help on video, and ***document your work so you can share it with others***. When doing the hard work of building stronger communities, we often forget this important step, which is critical for the third M: *money*. By documenting your work, you can ***share it with people with resources who can invest in your mission and vision for the world and help make it possible***. You need to help people understand the problems you're tackling and offer them a role in the solutions you champion through your nonprofit. Without effective stories and proof of your work, you'll have a hard time raising the funds needed to move it forward.

To truly succeed, you have to be as passionate about *talking* to people about your work as you are *doing* it.

Lesson Two: Steal

Steal! No, I don't mean steal money. Steal *ideas*. Talk to other people who don't work with you. If you go to New York to see your parents, look up the other groups working in a similar area. Go by, say hello. If you can't meet with the executive director, that's good, because if the nonprofit is more than five years old, the executive director likely has no idea what's going on anyway. So, don't even try to

meet with the ED. Talk to the program director. Talk to the deputy director. Talk to the receptionist. And ***steal ideas and brag on the people that you stole the ideas from***.

If you go overseas, to Europe or Africa, make sure to go by some of the NGOs in other countries. It's amazing how many problems have already been solved that you are sitting in, stewing in, and suffering through. Our first two years, 100% of all of the paperwork that we used – you know, to check people in and interview them – every single page we *stole* from a similar project in Los Angeles! And when I say stole, I mean I went down there, I knocked on the door, I said hello, I told 'em what we were trying to do. They were very friendly. They said, "This is our paperwork. Take it!" I said, "Thank you." And I got a Bic pen, because we were poor – remember I told you we were broke. I got a Bic pen, and I wrote on the top of it, "Bay Area Police Watch," and we photocopied that thing and used it for two years. We made sure to recognize their contribution, which left our new friends in LA feeling great, since they could say, "We're now the thought leaders in the field; our model is being replicated." Am I wrong? So, it's good for them, and I'm not saying anything immoral here.

Lesson Three: Embrace Unlikely Allies

If you're going to make a difference for the people who have the least human freedom and dignity – the ones who are trapped in poverty, addiction, and a broken criminal justice system – you're going to have to work with people who don't look like you, who don't love like you, who don't pray like you.

If you erase most of society from your list of allies, you're left with you and your housemate, and that's not going to work if you want to change the world! You need power, strength, and leverage, and that comes with *numbers*.

If you want to make true progress, you have to work across all lines – class, gender, religion, race, politics, and more. And let it be known from the beginning that you will work with *or against* anybody to accomplish your vision and solve the problem you're working on.

In my criminal justice and prison reform work, I said very clearly: I will work with *or against* any Democrat or Republican to get people out of prison, and that's my stand.

The fight for human dignity and freedom for those at the very bottom of society is not a "progressive versus conservative" fight. It is not a "right versus left" fight. This is a *right versus wrong* fight. I've never seen a bird fly with only a left wing, and I've never seen a bird fly with only a right wing. The two sides will fight and disagree on many things. But to help the truly disadvantaged, both sides have a duty to come together.

At the core of conservative movement is the belief in liberty and the fight for individual rights and limited government. At the core of the progressive movement is the belief in justice and the fight to ensure that the most vulnerable among us aren't run over by the most powerful. These two beliefs are what make our nation so great. We cannot have a successful society without both. If you have justice without liberty, you have totalitarianism and a government that takes away your rights. If you have liberty in a free market without social justice, you end up with poverty, pollution, and corporate domination. That is why our kids recite a pledge that ends with "Liberty and justice for *all*" each morning. That is the genius of the American experiment – those two opposite concepts, working together. ***As much as we work against each other, at the end of the day we still need each other***.

That's why – as a strong progressive – I went ahead and worked with the Trump administration on three things: the opioid crisis, the creation of Opportunity Zones, and prison reform. I fought Trump on 97 other issues, but on those three I was willing to set our differences aside. My decision to do that made some progressives very angry. Their dismay and outrage hurt my feelings, but I had to do what I thought was right.

Folks say you have to make friends, but don't forget that you also have to be willing to *lose* friends, too. You have to believe in your calling enough to let go of people's hands when those hands are holding you back from what's right. There have been times where I had to break away from my pack, break away from the people I loved and cared about most. Like when I challenged both the mainstream environmental movement and the traditional racial justice movement to come together under new slogans – like "green jobs not jails" and "green for all." People on both sides thought I was crazy. The urban activists couldn't understand why I was talking about climate change and polar bears. The green crowd liked my environmental message but couldn't understand why I kept talking about people in prison. I said, "We don't have any throwaway resources or species. And we don't have any throwaway *neighborhoods* or *children*. It's all precious. Let's work together to create urban jobs in

green industries." A lot of my urban friends didn't get it, and they walked away. But my stand helped to catalyze and grow the movement for green jobs. That led to $80 billion moving to green and clean solutions under President Obama.

There was another time when the NAACP, 100 civil rights and civil liberties groups, and even civil rights hero US Rep. John Lewis denounced the First Step Act, a criminal justice reform bill that I was pushing hard to pass. I had to tell them they were wrong and carry on with what I believed was right. I am proud to say that our bill passed both the US House and Senate by a landslide, and Trump signed it. Now thousands of people are coming home from the federal prisons who would otherwise have been stuck there for years or decades.

The messy truth is that you don't just need to love yourself. ***You need to love yourself enough to know when it is time to walk beyond the folks who have walked with you in the past. You have to know when to put your own calling first*** – which requires loving and trusting yourself on a really deep level.

Lesson Four: Do Less

When I first came into this movement, we named our nonprofit after Civil Rights heroine Ms. Ella Jo Baker, who once said: "Until the killing of black men, black mothers' sons, becomes as important to the rest of the country as the killing of a white mother's son, *we who believe in freedom cannot rest* until this happens."

This mantra rang loud in my head all throughout my early career, "We who believe in freedom cannot rest. We cannot rest, we cannot rest . . . " Until I hurt myself. After years of burning the candle at both ends, working around the clock, never taking a break or vacation, never stopping to care for myself because I put the work ahead of *everything* else – I broke. Physically, emotionally, psychologically, and spiritually. I had completely burned out and didn't recognize it. It took me a couple years of counseling, therapy, and self-care before I could return to doing this work at my full strength.

So, I want to say to you clearly now – don't let this happen to you. ***You have emotional and physical needs that you need to put first***. You have to find time to recharge and be your best self, because this work is a *lifelong* commitment. And if you don't bring your best self to the table, you won't be able to persist and stay the

course for the long run. ***You simply cannot change the world if you don't take care of yourself in the process***. We who believe in freedom *have* to rest. We have to rest.

In Conclusion: We Need *You*

The words I'd like to leave you with are: we need you. We're facing difficult days in our country and in the world. And we need *you* – fighting for what is right, devoting your career to making a difference in the nonprofit sector – to revive what is best about the United States and the world.

In our movement, we tend to forget who we are, the legacy that we are carrying out, the shoes that we're standing in, the call that we're answering. Dr. Martin Luther King never gave a speech called, "I Have A Complaint." He had a *dream*, and you have dreams. You have big, beautiful dreams. You will not be able to meet them alone. You need friends, you need solidarity, you need partnership, you need a movement. But ***in difficult periods like the one we are living through, that's when there are opportunities for sheroes and heroes to step forward***. And I want you to be the people who in the difficult times stood up for this country, for the just and equitable world we all know is possible, and for the values you hold dear.

It is in that spirit that I encourage you to stay the course, to work across lines – past left and right, past black and white and everything else – to make progress and get back to the very basics of who we are as *people*. People who stand for something greater than themselves. People who understand that at the end of the day our love, our hope, our faith, our commitment, is stronger than anything standing in our way.

Peace and Love for One Another,

Van

Van Jones *is a social entrepreneur and the host of both "The Van Jones Show" and "The Redemption Project" on CNN. He is the founding CEO of the REFORM Alliance, which works for criminal justice reform. He is the founder of the Dream Corps, a nonprofit that works to close prison doors and open doors of opportunity for all. The Dream Corps is the home to world-changing initiatives like #YesWeCode, Green For All, and #cut50. Van has founded and led three other nonprofits engaged in social and environmental justice, including Rebuild The Dream, which promotes innovative policy solutions for the US*

economy; the Ella Baker Center for Human Rights, which promotes economic and criminal justice in California; and Color of Change, an online powerhouse that works for racial equality and fairness. Van is also the author of three New York Times *best-selling books: The Green Collar Economy, Rebuild the Dream, and Beyond the Messy Truth: How We Came Apart, How We Come Together. He helped pass the Green Jobs Act in 2007 and worked as the green jobs advisor to the Obama White House in 2009. For his accomplishments,* TIME Magazine *honored him as one of their "100 Most Influential People in The World" in 2009.*

FOREWORD

By Ami Dar, Founder and Executive Director, Idealist.org/Action Without Borders

When Darian told me about this book and asked me to write a Foreword, two thoughts immediately came to mind. The first was, "Really? Another introduction to the sector? Do we really need this?" But then I saw the list of authors that Darian had assembled – many of whom I've known for years – and it was clear that he couldn't have found a better group of people to write this.

The second thought was more of a wish: the wish that when I started Idealist.org in 1995 I could have had this amazing group of people whispering in my ear and stopping me from making some of the bigger mistakes I've made over the years.

So, in thinking about this Foreword I decided that the most useful thing I could do was share some of those mistakes with you and then encourage you to read this book in the hope that you can avoid repeating them.

Here then are my Top Ten Lessons from the past 20+ years:

1. Focus. Focus! Mission creep is Enemy #1. ***Once you know what you want to do, do <u>that</u> and nothing else***. Resist temptations, especially from funders who have their own agendas and who can blow you off-course with a sweet-sounding grant. If the grant is not for something you *want* to do, the money is not worth it.

2. Build a good board, but first decide what "good" means for you. More or less engaged? More or less supportive? More or less meddlesome? The key here is that ***serious people who take on a task usually also want the authority to do it well***. And so, you need to decide: Do you want a board that *does* a lot but then also wants a say in how the work is done? Or do you want a board that is more hands-off, but gives you and your staff more freedom? ***What you should avoid at all costs is the worst of both worlds: a board that meddles but doesn't help***.

3. Hire good people. Skilled and smart, of course, but what I really mean is people you *like*. You'll spend long days with this group, so hire kind and interesting people who make you laugh.

4. ***When you make a hiring mistake, and you probably will, try to fix it as soon as possible***. There is one test that usually works well. Think about your entire team once in a while, and ask yourself, "If that person resigned, would I be upset, or would I be relieved?" If the answer is that you'd be relieved, you should probably not wait for them to resign.

5. Learn some accounting. ***Money is the fuel on which your organization will run, and you should always know your numbers***. Some people start nonprofits as a way of avoiding what they see as the money-centeredness of the corporate world. But the truth is that money is at least as important in our sector as in any other, and you should know enough accounting to always know how your organization is doing.

6. Use free stuff; there is so much of it now. Blogs, Google Apps, Facebook Pages, Twitter accounts, Salesforce licenses, and much, much more. We run our whole organization on Google Apps, for example, which means that all our email and office software is free, and there is no reason why you should pay for it, either.

7. Build your network. And I don't mean by "networking," going to conferences, and exchanging business cards or Facebook connections. What I really mean is to try, wherever possible, to treat people the way you like to be treated. If you do this, over time you'll have a real network of people who will be there when you need them most.

8. Collaborations, coalitions, alliances, mergers – before jumping in, can you imagine a way out? Working closely with other organizations can be both good and necessary, but ***exactly at the point when the collaboration seems most tempting, stop for a moment and see if you can imagine a way out in case things go wrong***. If you can't, and the thought makes you queasy, it might be worth looking at the whole thing again.

9. Be careful with your time. Fight hyperbolic discounting! *Hyperbolic discounting* is a fancy term for the tendency that many of us have to make choices today that our future self would prefer not to make. For example, someone invites you to attend a conference across the country five months from now. It sounds good, and it's

easy to say "yes" at that moment, but when the day arrives and you have to take the trip, you deeply regret that quick "yes." Most of us do this with all kinds of commitments, but these days, having regretted a "yes" once too often, ***I make a conscious effort not to commit to doing anything in the future without trying to imagine myself then***.

10. Think big! Having said all this, what's the worst thing that could happen if you fail? ***Think big and go for it!*** Some days will be challenging and frustrating, but if you are doing what you want, they will never be boring. What more can we ask for?

Good luck!

Ami Dar

Ami Dar *is the founder and executive director of Idealist.org. Built in 1996 with $3,500, Idealist has become one of the most popular nonprofit resources on the web, with information provided by 100,000 organizations around the world and 70,000 visitors every day. Ami was born in Jerusalem, grew up in Peru and Mexico, and lives in New York.*

ABOUT THE BOOK

You don't have to know all the answers, you just need to know where to find them.
—*Albert Einstein*

Eight years ago, I collected insights and strategies for success from 50 of the nonprofit sector's most accomplished leaders, many of whom I met during my tenure as executive director of Craigslist Foundation. Since then, the world has changed, technology has evolved rapidly, and we thought it was time to update and enhance this operator's manual for social change. When working with old contributors and new, we were heartened to find that many of the lessons documented here almost a decade ago still hold true today.

What follows are tales from the trenches, critical lessons, and practical, tactical do's and don'ts. Think of Nonprofit Management 101 as boot camp in a book. I asked all 55 contributors for this second edition to write from the perspective of "if I knew then what I know now," with an eye toward offering real-world advice to people in the early stages of their careers and positions in the social benefit sector.

The cast of experts assembled here will guide you through the entire nonprofit management landscape, offering real-world advice, and pointing you in the right direction at every turn.

Book Overview and Purpose

Perhaps the clearest way to describe this book is to explain what it's *not*. It is not a textbook, written by and for academics. ***This book is not a how-to or a do-it-yourself manual designed to help you start a new nonprofit***, nor is it a book that zeros in on only one nonprofit management discipline like fundraising, marketing, board

governance, etc. All of these kinds of books exist many times over, and our intention here is to provide a truly unique contribution to the sector.

So, what *is* this book, then?

This book is a reference guide for leaders, professionals taking on new responsibilities, and nonprofit practitioners looking for help and inspiration. This book will allow you to benefit from the experience of those who came before you. Also, by covering such a broad spectrum of management issues, our hope is that you will gain a clear sense of the implicit interconnectedness of all the topics addressed in this book. ***It is not through the mastery of any one of these disciplines that you will lead your cause to success, but rather by cohesively weaving them all together***. So, let's talk about how to connect these important dots.

How to Read This Book – In Search of Maps, Picks and Shovels, and Nuggets

When we fail to ask ourselves "*What does success look like?*" at the beginning of any endeavor, we curtail the power of mindfulness and intention, leading us to react instead of create. So, what does success look like for you as the reader of this book? The best answer lies in an analogy to the forty-niners, those intrepid souls who went West, seeking their fortunes in California during the gold rush. As we all know, most of them didn't strike it rich, but the ones that did all possessed three things: maps, picks and shovels, and nuggets.

- **Maps** are the *strategic frameworks* needed to plan your approach to your goals. Think of these as the philosophies and paradigms that guide your efforts.
- **Picks and shovels**, which represent the *tools* you will use on a day-to-day basis to go about your work, are the resources that make your job and life easier.
- **Nuggets**, the object of your pursuit; the actionable insights or *kernels of wisdom* that allow you to distill a complex idea into its simplest form.

Most books, conferences, and other educational forums focus on relaying maps. How many times have you participated in a workshop, only to be lectured about

how to *think* about a concept or field? Although strategy cannot be discounted, we have learned that as an emerging leader, you will benefit most from the actual tools and resources that help facilitate your daily work. As such, we've ended each chapter with resource lists for those who want to dive deeper into a topic and highlighted actionable insights throughout every chapter. At the same time, nuggets like Kay Sprinkel Grace's "people don't give *to* you, they give *through* you" have helped reframe our take on the work, making it easier and more exciting; may they have the same impact on you.

Flow of the Book and Chapter Structure

Our objective is to provide you with easy-to-implement, high-value practices across seven major nonprofit management disciplines: strategy and leadership; operations; law and finance; technology; fundraising; marketing; and board and volunteer management. Each part of the book, which roughly map to these topics, is arranged into several chapters, which represent important elements of that discipline. We recruited leading practitioners to write each chapter with a focus on practical, tactical takeaways and tips for emerging nonprofit leaders and social entrepreneurs.

Part One focuses on the role, history, and significance of our mission-based sector and offers insights around how you can step up within it, not just as a manager but as a *leader*. Part Two gets into some of the most important strategic considerations and factors that are integral to the success of any nonprofit. How do you get started, how do you plan, and why is it important to seek out opportunities to collaborate? Part Two also covers some of the core operational issues that face nonprofits, including insurance, HR, and tips on how to recruit and lead a diverse, competent staff. Parts Three and Four deal with some of the more specialized areas of nonprofit operations: legal considerations, lobbying and advocacy, finance, and then technology.

Parts Five and Six cover fundraising and marketing, respectively. These sections are squarely focused on spreading the good word and securing the resources and attention needed to make change. Finally, a linchpin of any successful nonprofit, especially one in its early stages, is the strength and engagement of its board and

volunteers, which are addressed in Part Seven. The contributors provide tangible insights and strategies for identifying, recruiting, maintaining, and engaging the best quality talent.

Anytime you bring this many leading minds together and you attempt to cover so much ground, a lot of thought needs to be put into ensuring the content is somehow *connected*. We've done everything possible to allow the contributors to speak in their own voice, but at the same time integrated an overarching structure and common chapter format to increase readability and usefulness.

Each chapter found in this handbook includes the following:

- **Introduction to the Topic:** No-nonsense background and context to help you appreciate why the content is relevant, including basic concepts in the field and possibly statistics, facts, and trends
- **Critical Skills and Competencies:** The key things you must know to succeed in the given area, including the concepts, resources, and tactics the authors wish they would have known early on in their careers, with an emphasis on how-to's and practical guidance
- **Do's and Don'ts:** A synopsis of key points and practical, tactical tips and takeaways, often reiterated in the Critical Skills and Competencies portion of each chapter
- **Conclusion:** Brief wrap-up and inspiration
- **Resource Review:** A list of some of the most helpful resources on the topic, including websites, support organizations, books, conferences, newsletters, blogs, reports, FAQs, and more, along with a short description of the value of each

In addition to the standardized components found in every chapter, several also include case studies to success and horror stories from the field, highlighting major pitfalls and tips for success. Others include a range of insets used to share insightful research, tips and tools, and more helpful additions that are all intended to provide you with a better working understanding of the topic.

Formatting

Nonprofit leaders are busy. So, to make your job easier, **we've used the following formatting throughout the book to highlight helpful insights:**

- ***Bold italics:*** Salient, key takeaways and clear directions for action. These are the poignant phrases and sentences you'd typically highlight, so by underscoring these we hope to make the book as useful and efficient as possible by helping the top tips jump off the page, even if you only have a minute to glance at a chapter before that big meeting.
- **Bold:** Often used for headers like the one just before this list to help clarify when there's a useful list or content that follows.
- *Italics:* Words and phrases worthy of emphasis, or specialized terms.

Flow of the Book

One final note about this book: ***feel free to skip around***. We've laid out the content in what is hopefully the most logical progression, and we strongly believe that ***it behooves any nonprofit professional to have at least a cursory, working knowledge of all these areas***. With that said, if you're immediate priority is foundation fundraising, then by all means, just flip directly to Chapter Nineteen. If you're fixing to redesign your website, then knock yourself out with Chapter Fourteen. This book can serve you as an encyclopedia or a cookbook, just as it can be read as a novel that takes you on a linear journey to a finale. Ultimately, ***this book is a tool to help you change the world***, so use it however it best suits you. That said, please take the time to explore the Resource Reviews at the end of the chapters most relevant to your work.

In the end, we had to make some hard decisions. Beyond the content and contributors featured, there is no shortage of other topics we could have addressed, nor is there a lack of additional brilliant minds with a lot to share. The filter for deciding what and who made the cut revolved squarely around what we felt would be most useful to leaders and practitioners. These "101" techniques and resources cover the basic building blocks of great nonprofit management. When combined with strong leadership and a bold vision, *eureka*, you will strike gold!

ACKNOWLEDGMENTS

This publication is the result of the hard work of a large community of dedicated experts, leaders, and organizations, all committed to developing the next generation of nonprofit leaders. Their participation proves that "many hands make light work," for this book would have taken many years to write on our own, much less even be possible. Our deep gratitude goes to the 55 authors who helped create and update this book.

We'd also like to thank our families, especially our mothers, for teaching us that ***philanthropy starts in the home***. And to our children and spouses, who were gracious with their support and understanding of the long hours on evenings and weekends we invested into this project. Finally, to the rest of our beloved family members: please know the love, support, and understanding that you showered us with since birth have given us the confidence to pursue the lives we lead.

And most of all, we want to acknowledge and thank *you*, the reader. Thank you for the good work that you do in our beloved communities, for your tireless efforts to build the world we all know is possible. Together we can – and are – building a better tomorrow.

Part One

The Big Picture – What the Field Is All About and Where You Fit In

What would you do if you knew you could not fail?

—Robert H. Schuller

So, you want to change the world, huh? Well, welcome to the movement – to the "Movement" with a capital "M," actually. The Movement for peace, for social justice, for sustainability, for the world we all know is possible. There is an infinite amount of work to be done, so we can use all the help we can get, and we need all of you on board giving it your best. All of this begs the question, *how can you most effectively channel your passion, your vision, and your time toward a cause that you care about*?

Welcome to Nonprofit Management 101: A Complete and Practical Guide for Leaders and Professionals. You've already decided to work in the nonprofit sector, whether you started an organization or joined one. We don't know what kind of nonprofit, how large, how fast it's growing, or how long it's been around, but we do know this: ***there are a common set of management needs that all nonprofits face***. And those are the issues that are addressed in this manual, this handbook.

Before we get into it, let us offer a reality check for those of you talking and thinking about "my cause" or "my community." You may be in for a rough ride. You see, it's important to realize that ***all nonprofits, at least in the United States, have the same owner***. "Who is that?" you ask. "The board?" "The staff?" "The founder?" "Me?" Well, not quite. Every one of the over 1.5 million registered 501(c)(3)s in this country is owned by . . . *the public*. Point being, it's not about "my cause," it's about *the* cause. A board of directors is merely a group of people entrusted to represent the public interest – that's why they're sometimes called "trustees."

So please, *please* remember who you work for.

We bring this point up at this early juncture because all too often people run out and start a nonprofit or launch a program without taking the time to see who else is out there working on similar issues. The fact is, you *owe* it to the cause and to the community to do your homework and survey the landscape before you pitch your tent. In fact, we'll take it one step further and say that ***you are morally obligated to proactively reach out to potential collaborators and competitors and seek out opportunities to support their efforts before starting anything new***. In the end, if you still decide to go it alone, at least you'll have a sense of other efforts in the field and how your contribution is unique.

President Bill Clinton said it best: "***Seek first to collaborate, and only then to lead***."

The problem is, we are taught from the time that we are children that it's a "dog-eat-dog" world, a zero-sum game ruled only by the natural law of survival of the fittest. Well, brothers and sisters, we're here to tell you that we've been duped, hoodwinked, fooled, and misled. Yes, that's right: we've been lied to. You see, if you take a look at the natural world, as nonprofit pioneer Dr. Kevin Danaher is fond of pointing out, you'll note that *dogs don't eat dogs*.

All of this to say *collaborate, collaborate, collaborate*: "your" community, "your" cause, and the people you serve will thank you for it. And ***if you've done your homework and are still committed to starting a new nonprofit, consider getting a "fiscal sponsor."*** A *fiscal sponsor* is an established nonprofit that allows you to come under their umbrella, thereby enabling you to accept tax-deductible donations and receive most of the benefits of being a standalone organization. Some groups like Tides Foundation specialize in this work, but any nonprofit that is so inclined can offer to house you. Especially during the early days, this can be a great way to avoid the cost

and administrative headache of starting and maintaining a nonprofit, enabling you to focus on the actual work instead.

You have chosen to work in a sector full of people committed to living their daily lives *in service*. You should rest easy knowing that you're in good company, surrounded by people with the best intentions who are willing to put in the work needed to build a better world. Let us proceed with the confidence needed to persevere through the difficult times. For when we stumble, or our colleagues stumble into us, we are reminded that ***unwavering tenacity is one of the most crucial elements to success for anyone in a leadership position***. And remember the need for personal balance and sustainability, as Van Jones so eloquently shared in his introduction: ***this work is a marathon, not a sprint***. May this handbook serve as a useful tool for leaders and managers looking to bridge the gap and expand their capabilities.

As we begin our journey together, we start with the big picture, for any effective leader must have a clear grasp of the field on and in which they operate. How did this huge and vibrant sector get started in the United States, and just how big is it, anyway? What career pathways does the social sector offer to an ambitious and committed leader, and how can you most gracefully scale that ladder? Finally, if you're looking to grow your personal passion and cause into a *movement*, what are the keys to success and impact? All of these issues and more will be covered in Part One.

CHAPTER 1

Nonprofits in the United States

By Robert Glavin, MNA, Founder, Glavin Jacobson Inc., and Emeritus Professor, University of San Francisco; Updated for second edition by Marco Tavanti, Phd, Professor of Nonprofit Management, University of San Francisco

Introduction

Today, what nonprofits do is vast, diverse, and invaluable to both American and global life. The nonprofit sector is a major force for good in our society. We are the primary drivers of social change and the providers of a wide array of goods and services; are essential to public policy and advocacy; hold critical responsibility for meeting broad social needs; share responsibility for education with government and, to a lesser degree, with the private sector; hold a declining but still large responsibility for providing health care; are the home of most fine arts and culture; and include all religious organizations.

This didn't happen overnight, and the work you do – whether it's focused on feeding the homeless, empowering youth, or helping to address climate change – is only possible because of the generations of hard work and passionate leadership that preceded yours. As it is said, if we stand tall, it is only because we stand on the shoulders of those who came before us.

This chapter provides essential facts about what nonprofit organizations are, what values they serve, and their numbers and types. A brief history of nonprofit activity in the US will show how they helped shape the country's ideals and beliefs. The final section presents some key trends and their implications for the future roles of nonprofits in service to society.

What Is a Nonprofit Organization?

A nonprofit organization is, most simply, *a means for voluntary group action for mutual benefit or the benefit of others*. Nonprofits form a third sector of society apart from both the government (the public sector) and for-profit businesses (the private sector). The term "nonprofit" generally is used to describe an organization that works to serve a public purpose, rather than to provide financial benefit to any particular individual, corporation, or entity. Unlike the government, which undertakes public action for the public good, or business, which undertakes private action for private gain (the shareholders), ***nonprofits are an expression of private action for public good***.

Although there are important ongoing discussions for redefining nonprofit institutions (NPIs) in relation to Third Sector Organizations, like social enterprises, **public benefit nonprofit organizations have six defining characteristics:**

- They are organized, though not necessarily incorporated.
- They are private, not governmental.
- They operate under the non-distribution constraint, that is, profits may only be applied to the mission.
- They are self-governing.
- They are voluntary.
- They seek to provide a societal benefit.[1]

What Is the Nonprofit Sector?

Nonprofit, charitable, philanthropic, independent, third, social, not-for-profit, nongovernmental, voluntary, tax-exempt, civil society, social enterprise, community-based, public benefit, and impact sector are among the many terms that describe this

vast and diverse sector of our global society. Today, the sector is a prominent and major economic and social force at local, national, and international levels.

At the local level, the nonprofit sector is visible in the engagement of numerous associations, community-based foundations, and community-based organizations (CBOs) who have the concerns of the community at heart. At the national level, the number and quality of services of nonprofit hospitals and universities play a significant cooperative role with government and private institutions to provide vital health and educational services.

At the international level, we observe the rise of international nongovernmental organizations (NGOs) in their expanded role of cooperation with intergovernmental agencies (like the United Nations), government agencies (like USAID), and private foundations (like the Bill and Melinda Gates Foundation) for promoting a common agenda for a better and sustainable future (such as the UN's Sustainable Development Goals). And finally, at the global level we see the emergence of a global civil society that – along with prominent grassroots international organizations like Amnesty International, Greenpeace, and Doctors Without Borders – promote global citizenry issues for global responsibilities for human rights, environmental protection, and humanitarian emergencies beyond national borders and foreign policies.

What Values Does the Nonprofit Sector Serve?

After his visit to the United States in the early nineteenth century, Frenchman Alexis de Tocqueville described the values of American civil society this way: "Nothing, in my opinion, is more deserving of our attention than the intellectual and moral associations of America."[2]

In spite of the recognition that nonprofits provide an essential element to the fabric of democratic societies, the role of civil society is often overlooked in comparison to business and government. This is true even though we hold government accountable to and respectful of civic and human rights, while also encouraging businesses to become more socially and globally responsible. Think about the services provided by groups like the National Association for the Advancement of Colored People (NAACP) and the American Civil Liberties Union and Foundation (ACLU), just to mention a couple.

The nonprofit sector exists today in the US and in other countries around the world for various reasons. Some of them have to do with the modernization of society and the complexity of our communities that requires assistance beyond families, tribes, and kinship networks. Also, ***the sector emerged due to what classic economic theory refers to as "market failure", or the inability of market economies to respond to the public and collective good***. Nonprofits also emerge when governments fail to provide necessary services and programs to communities and special sections of society. Nonprofits can be trustworthy partners for governments who prefer to contract them instead of profit-maximizing companies.

By working in this sector, you are contributing to a great legacy of social change. Standing apart from business and government, ***nonprofits are where social reform efforts have most often arisen***. Made possible by American freedoms of association, speech, and religion, the sector is a highly effective expression of American pluralism, providing a stabilizing means for voluntary community building and public benefit. It makes possible evolutionary rather than revolutionary social change. Today's nonprofits are the successors to barn-raising and other community-building efforts of colonial America. Although their specific roles have changed throughout the country's history, the larger, societal functions that nonprofits fill are more stable:

- Nonprofits identify societal problems and advocate for change.
- Nonprofits provide a structure for the investment of private capital to cause social change.
- Nonprofits relieve government burden.
- Nonprofits preserve and promote knowledge, cultures, values, and traditions.
- Nonprofits offer opportunities for personal fulfillment and self-realization.
- The nonprofit sector is the place of spiritual expression in America.

Nonprofits in the United States Today

The US nonprofit sector is made up of the approximately 1.5 million organizations that have been granted tax-exempt status by the IRS, or Internal Revenue Service (see Table 1.1). The number of tax-exempt charity nonprofit organizations in the

Table 1.1: Nonprofit Numbers in the USA

Numbers (2016)	
Tax-Exempt Organizations	1,581,445
Public Charities	1,108,652
Private Foundations	105,405
Other Nonprofits	367,388
Revenues (Form 990*)	$2.3 trillion
Assets (Form 990*)	$5.4 trillion

Source: The Urban Institute, National Center for Charitable Statistics (2018). Internal Revenue Service, Exempt Organizations Business Master File. http://nccs.urban.org (accessed 5 October 2018).
Notes:
*Includes organizations that filed financial information on Form 990, 990-EZ, or 990-PF within 24 months of the BMF release date, as reported in NCCS Core Files and IRS Business Master Files (excludes 990-N ePostcard filers).

USA grew approximately 10.4% between 2010 and 2019. These nonprofits include public charities, private foundations, religious congregations, and membership associations. This number does not include those religious congregations and organizations with less than $5,000 in annual revenue, which are not required to register with the IRS.

Of the registered nonprofits, roughly one million are organized to provide a social good and are classified by the IRS as 501(c)(3) public charities, or "public benefit organizations." This classification qualifies them to receive gifts that donors may deduct from their income taxes, with certain limitations. In addition to registered nonprofits, there are many uncounted efforts (especially those with less than $5,000 in annual revenues) that may have formed to meet the specific needs of a community, a neighborhood, a school, or their own members. If these very small nonprofits were counted, the number of nonprofits would certainly be much higher.

Diverse Needs, Responsive Nonprofits

Although most people who think of nonprofits associate them with 501(c)(3) public charities, there are 35 separate sections of exempt organizations under US tax law (Table 1.2). These include organizations such as fraternal groups, professional

Table 1.2: Types of Tax-Exempt Organizations Under US Tax Law

Section of 1986 Code	Description of organization
501(c)(1)	Corporations Organized under Act of Congress (including Federal Credit Unions)
501(c)(2)	Title Holding Corporation for Exempt Organization
501(c)(3)	Religious, Educational, Charitable, Scientific, Literary, Testing for Public Safety, to Foster National or International Amateur Sports Competition, or Prevention of Cruelty to Children or Animals Organizations
501(c)(4)	Civic Leagues, Social Welfare Organizations; and Local Associations of Employees
501(c)(5)	Labor, Agricultural, and Horticultural Organizations
501(c)(6)	Business Leagues, Chambers of Commerce, Real Estate Boards, etc.
501(c)(7)	Social and Recreational Clubs
501(c)(8)	Fraternal Beneficiary Societies and Associations
501(c)(9)	Voluntary Employees Beneficiary Associations
501(c)(10)	Domestic Fraternal Societies and Associations
501(c)(11)	Teachers' Retirement Fund Associations
501(c)(12)	Benevolent Life Insurance Associations, Mutual Ditch or Irrigation Companies, Mutual or Cooperative Telephone Companies, and Like Organizations
501(c)(13)	Cemetery Companies
501(c)(14)	State-Chartered Credit Unions, Mutual Reserve Funds
501(c)(15)	Mutual Insurance Companies or Associations
501(c)(16)	Cooperative Organizations to Finance Crop Operations
501(c)(17)	Supplemental Unemployment Benefit Trusts
501(c)(18)	Employee Funded Pension Trust (created before June 25, 1959)
501(c)(19)	Post or Organization of Past or Present Members of the Armed Forces
501(c)(21)	Black Lung Benefit Trusts
501(c)(22)	Withdrawal Liability Payment Fund
501(c)(23)	Veterans' Organization (created before 1880)
501(c)(25)	Title Holding Corporations or Trusts with Multiple Parent Corporations

Table 1.2: (*Continued*)

Section of 1986 Code	Description of organization
501(c)(26)	State-Sponsored Organization Providing Health Coverage for High-Risk Individuals
501(c)(27)	State-Sponsored Workers' Compensation Reinsurance Organization
501(c)(28)	National Railroad Retirement Investment Trust
501(c)(29)	CO-OP health insurance issuers
501(d)	Religious and Apostolic Associations
501(e)	Cooperative Hospital Service Organizations
501(f)	Cooperative Service Organizations of Operating Educational Organizations
501(k)	Child Care Organizations
501(n)	Charitable Risk Pools
501(q)	Credit Counseling Organization
521(a)	Farmers' Cooperative Associations
527	Political organizations

Source: Adapted from IRS Publication *557* (01/2018), Tax-Exempt Status for Your Organization. Available at https://www.irs.gov/publications/p557

associations, and political organizations. The 501(c)(s) charity organizations serve such a wide variety of purposes that the National Taxonomy of Exempt Entities (NTEE) system used by the IRS classifies nonprofits into over 400 categories of activity. Among the major categories (see Table 1.3), ***human services, which includes organizations engaged in job training, inmate support, and abuse prevention, as well as those providing food, housing, and shelter, has the most organizations***.

The health category, which includes hospitals and primary care facilities, as well as mental health services and medical research, has the highest revenues, expenses, and assets. ***Health-focused organizations also employ the greatest number of people, accounting for over half (55%) of all nonprofit jobs in the US,*** including hospitals (34%), ambulatory health (11%), and nursing homes (10%).[3] Education is a major category that includes elementary and secondary schools, charter schools, universities, adult education, and libraries. Public and Societal Benefit includes over

Table 1.3: Nonprofit Categories: 501(C)(3) Public Charities by Purpose / Activity**

NTEE-CC*	Number of registered organizations	Number of organizations filing Form 990**	Total revenue reported on Form 990**	Assets reported on Form 990**
I. Arts, Culture, and Humanities - A	118,498	45,995	44,190,504,922	150,718,564,886
II. Education - B	211,754	80,638	335,334,699,757	1,093,217,661,327
III. Environment and Animals - C, D	63,398	22,808	22,538,893,682	62,061,600,834
IV. Health - E, F, G, H	97,705	52,371	1,166,135,207,156	1,564,616,287,819
V. Human Services - I, J, K, L, M, N, O, P	388,674	177,043	278,443,560,091	455,107,798,330
VI. International, Foreign Affairs - Q	21,573	9,500	35,919,407,123	37,366,766,166
VII. Public, Societal Benefit - R, S, T, U, V, W	327,389	169,205	309,950,013,949	1,639,254,048,525
VIII. Religion Related - X	282,008	28,486	17,495,075,796	41,188,044,607
IX. Mutual/Membership Benefit - Y	65,986	15,757	176,707,678,880	435,351,217,187
X. Unknown, Unclassified - Z	4,460	1,095	294,544,466	704,029,585
Total	**1,581,445**	**602,898**	**2,387,009,585,822**	**5,479,586,019,266**

Source: The Urban Institute, National Center for Charitable Statistics (2018). Internal Revenue Service, Exempt Organizations Business Master File. http://nccs.urban.org (accessed 5 October 2018).

Notes:

*The major groups indicating the charity's purpose or activity refers to the National Taxonomy of Exempt Entities – Core Code (NTEE-CC) system used by the Internal Revenue Services (IRS) and the National Center for Charitable Statistics (NCCS) to classify nonprofit organizations. This shortened list specifically is used also by the Foundation Center to classify both grants and grant recipients (typically nonprofits or governments). For more details see https://nccs-data.urban.org

**Includes organizations that filed financial information on Form 990, 990-EZ, or 990-PF within 24 months of the BMF release date, as reported in NCCS Core Files and IRS Business Master Files (excludes 990-N ePostcard filers).

40,000 organizations that work for civil rights, community improvement, scientific research, and changes in public policy.

In addition to being tax exempt from federal income taxation like all other nonprofits, 501(c)(3) charity organizations can also receive tax-deductible gifts from individuals or corporations. And according to Giving USA, ***in 2018 philanthropic and charitable giving was at an all-time high***.

Economic Impact

Beyond the variety and scope of their activities and services, nonprofits are a significant part of the US economy, both in terms of income and employment. The Urban Institute, a leading contributor to our knowledge of the sector, estimates in their 2018 Nonprofit Sector in Brief report that nonprofits contributed an estimated $985.4 billion to the US economy in 2015, composing 5.4% of the country's gross domestic product (GDP). Of the nonprofit organizations registered with the IRS, 501(c)(3) public charities accounted for just over three-quarters of revenue and expenses for the nonprofit sector as a whole ($1.98 trillion and $1.84 trillion, respectively) and just under two-thirds of the nonprofit sector's total assets ($3.67 trillion).[4]

According to Giving USA's 2018 study, The Annual Report on Philanthropy for the Year 2017, ***giving in the USA has exceeded $400 billion for the first time***,[5] increasing 5.2% (3.0% adjusted for inflation) over the total of $389.64 contributed in 2016.

According to the 2019 Johns Hopkins Center for Civil Society Studies' Nonprofit Economic Data Project, ***the nonprofit sector is the nation's third largest workforce***. It is notable that nonprofits employ about 12.3 million paid workers, just below retail trade and manufacturing and much more than all other American industries. Health, education, and social assistance are the three major nonprofit fields for employment, representing 55%, 16%, and 12% of the total jobs in the field, respectively.[6]

Social Impact

Nonprofits are a major organizing force in society. We fill in the gaps and needs that the public sector doesn't address and often serve as the real social safety net upon which the most vulnerable rely. We also encourage people to volunteer and serve their communities, act in response to need, and pursue personal goals and

opportunities. And we're not talking about just a few people. In 2015, 62.6 million Americans, or 24.9% of the total population, volunteered 7.9 billion hours, delivering an estimated value of $184 billion to communities.

Although the human values and philanthropic spirit of the American people cannot be underestimated, the actual social impact of the sector also depends on financial sustainability and organizational capacity.[7] It also relies on adequate public policies, including tax policies, and lately there has been troubling news for nonprofits and fundraisers. The National Council of Nonprofits estimates ***the Federal Tax Cut and Jobs Act passed in December 2017 will have a substantial negative effect on nonprofits' ability to generate private donations***. The tax bill will eliminate the tax incentives to give for millions of taxpayers, shrinking charitable giving to nonprofits by an estimated $13 billion or more each year, leading to the potential elimination of 220,000 to 264,000 nonprofit jobs."[8]

The History of Nonprofits in the US

Philanthropy has always been a force in American life. In Native American communities, as in colonial and frontier communities, mutual support was essential to the survival of the group. Caring for others in need was prescribed by the religious beliefs of colonial settlers. Whether expressed through tithing, helping others, or giving alms, ***caring for those in need can be found in the cultures and religions of all of the people who came to make up the United States***. Out of these traditions, the country has evolved a particular nongovernmental, organizational, and egalitarian structure for providing aid and addressing social needs. Initially, most care delivered outside the family was delivered by religious congregations and institutions. As notions of democracy and freedom evolved, religious groups were joined by secular ones, motivated by civic purpose.

The need for group effort to aid society grew as the US experienced social needs arising from wars, immigration, and industrialization. At each stage, voluntary associations provided charitable assistance and care to individuals in need. ***As the country matured, nonprofits and foundations sought to go beyond simple charity and to improve society through philanthropy, in an effort to address the underlying causes of social needs***.

From Colonies to a Nation

The lack of a nobility or an autocratic state created a somewhat unique American phenomenon: ***self-governing group action is the principal means of building our society***. After the Revolutionary War, chartered corporations, voluntary associations, fraternal societies, and political parties were founded to help build the new nation. In the first half of the nineteenth century in New England, wealthy merchants funded universities, asylums, hospitals, professional schools, scholarship funds, lecture series, and reform societies. Religious and evangelical movements, primarily originating in Europe, led to greater volunteerism, and by the middle of the nineteenth century, to broad social action for temperance, prison reform, and the abolition of slavery. This is the historical context that has led to today's reality: ***the United States is one of the most philanthropic and civically-engaged nations on the planet***.

In response to the Civil War, communities created many voluntary groups to raise funds, gather supplies, and marshal volunteers. In 1861, Clara Barton formed a group to distribute aid to the wounded that led to the founding of the American Red Cross in 1881. The US Sanitary Commission was established in 1861 as a privately funded national federation to provide health care and relief to the military. The US Christian Commission was a religiously motivated effort to raise funds and provide care for the armed forces. Each established a model for other voluntary groups and what would become an organized and critical sector of American society.

After the war, devastation resulted in enormous social needs, and the end of slavery resulted in a new class of citizens in need. Voluntary groups played key roles in assisting the government, particularly in educating and training newly-freed slaves. Philanthropic funds that resemble today's foundations, such as the Peabody Fund founded in 1868, were created to support and educate former slaves and develop public health policy. Voluntary efforts created educational institutions such as Fisk University (1866) and Howard University (1867) to serve people who gained access to educational opportunities. The Salvation Army, a major provider of religiously-motivated charity, was founded in the United States in 1880.

Progressives and Philanthropists

Industrialization, urbanization, immigration, and economic crises created new and increased social hardships that voluntary groups could not address with traditional

charity. During the Progressive Era, which began in the latter part of the nineteenth century, there arose a pervasive movement of organized associations of all kinds, some for mutual benefit and others devoted to citizen efforts to address workplace conditions, housing, child labor, and women's suffrage. Churches, too, undertook greater action for social relief and reform.

In the same period, industrialists, whom many progressives blamed for poor urban welfare, began to seek social change through philanthropy rather than personal charity. Andrew Carnegie initiated a national dialogue on the power of philanthropy in his 1889 essay "Wealth" (commonly known as "The Gospel of Wealth"), in which he urged the wealthy to address the *root causes* of social problems, as opposed to providing simple relief of hunger or need. He believed the previous model of charity only contributed to the continuation of poverty and slothfulness. He advocated and undertook the creation of institutions designed to offer knowledge and opportunity to the masses. These included libraries, museums, parks, concert halls, and educational institutions. He and other wealthy industrialists began to set aside significant sums for systemic reform. The Russell Sage Foundation was founded in 1907 with nationwide activities in child welfare, industrial relations, housing, and city planning. This was followed by the Carnegie Corporation of New York in 1911 and the Rockefeller Foundation in 1913. Their work led to the creation of numerous institutions and to the professionalization and expansion of fields including medicine, engineering, and social work.

Nonprofit Professionals Arise

Social benefit activity itself became more professional. As the creators of foundations undertook social change, they increasingly hired well-educated, skilled managers. Reliance on professionals increased with foundation assets, and with the death or retirement of founding donors. Fundraising, too, became professionalized, as communities undertook organized, staffed efforts to fund universities, hospitals, YMCAs, and other organizations.

More democratic efforts to encourage and professionalize philanthropy arose, with two important community-based models arising at the same place and almost the same time. Founded in Cleveland in 1913, ***the Community Chest, which later became the United Way, was the first major effort to collect money from a broad community for***

a variety of causes. Today it is joined by many other such efforts collectively known as workplace and community giving campaigns. In 1914, the ***Cleveland Foundation was created as the first community foundation***. Like private foundations, community foundations make grants, but they differ in that they are funded by contributions from many sources and governed by a board that represents those they serve, generally a specific group or geographic area. From the start, ***both of these new types of organizations were run by informed, paid, professional managers***. As philanthropic institutions funded and governed by the community, rather than by the wealthy, community giving campaigns and community foundations were meant to enable social action by and for the people.

The Government Joins In

Before the Great Depression of the 1930s, the federal government's role in addressing social needs was limited and expressed mostly through the provision of legal privileges and tax exemptions. ***The massive crisis of the depression was far beyond the capacity of voluntary organizations and led to the assumption by the government, for the first time, of certain social needs***, including aid to the poor and unemployed and the creation of the Social Security system in 1935. This began the shared role of both the nonprofit and the government sectors in caring for the good of the people.

Social action by the government and the nonprofit sector grew, aided by the establishment of more private foundations, from 203 in 1929 to 2,058 by 1959. Foundations, corporations, and government programs funded the creation and growth of many nonprofits, particularly in health care, the performing arts, and international affairs. A larger government role prompted the emergence of new organizations that advocated for changes in public policy in civil rights, the environment, and international causes.

This continued during the 1960s with the Great Society, an effort of the US government to increase its involvement in providing health care, education, welfare, and other social services. New programs included Medicare, Medicaid, the National Endowments for the Arts and Humanities, Head Start, Legal Services, and more. At all levels, the government began to work with nonprofits, contracting extensively with them to carry out large parts of these programs.

Government Cuts, New Responses

Government's role in providing a variety of services grew until the Reagan administration of the 1980s, when an emphasis on decreased government responsibility and privatization dominated public policy. The administration's conservative theorists believed that reduced support for social welfare, health, education, environment, and culture would stimulate private responses that would be flexible, competitive, and effective.

During the 1980s and 1990s, the US government greatly reduced its support and services for the needy. The reduction in government funding affected millions and placed burdens on nonprofits far beyond their capacity. Our predecessors responded with greater activity and, ultimately, with increased professionalization, improved models, and greater impact, although many social needs remained unmet. And when government contracting mechanisms put nonprofits in competition with the private sector – particularly in health care, health insurance, and education – nonprofits responded by becoming more skillful, commercial, and entrepreneurial.

The 10-year period from 1998 to 2008 saw an impressive rise in the total numbers, revenues, and assets of nonprofits. According to the Urban Institute, the number of nonprofits registered with the IRS during this time increased 60%, total revenues for reporting nonprofits increased 91%, and total assets for reporting nonprofits increased 106%. A varied and vibrant sector began to emerge.

During this period, nonprofits also found new partners in people who had recently acquired great business wealth, often in the technology sector, and who brought with them for-profit perspectives and practices. ***The field of "venture philanthropy" arose, where donors began to look at themselves as investors***, seeking to help nonprofits to create earned-income programs, test solutions, apply technologies, or otherwise accomplish social change through the employment of entrepreneurial strategies. ***These efforts generally involve high engagement by the investors and have preestablished measures for accountability, efficiency, and overall performance***. This phenomenon of business attention to and investment in the operations of the nonprofit sector has continued to increase focus on quantifying and measuring accomplishment throughout the sector.

In addition, a number of foundations and philanthropists now employ methods to leverage capital to strengthen nonprofits and cause social change in new ways. Significant examples include ***"impact investing" or "socially responsible investing," which is the practice of aligning investments with mission*** by investing in causes that are aligned to goals and values. Foundations have also adopted "program-related investments," which are loans, loan guarantees, purchases of stock, or other kinds of financial support or investment made by a foundation from its endowment rather than its grant-making budget.

Not Just a US Phenomenon

While the United States has a vast and diverse ecosystem of nonprofits and philanthropy, it is not unique to this country. Across the world there is a rich expression of social sector organizations. In fact, ***the US nonprofit sector is not even the world's largest***. In India, for example, there are 3 million registered nonprofits compared with the 1.5 in America, although to be fair they do not maintain records as closely and it seems this may include every nonprofit ever established in India, instead of only active organizations. And in the Netherlands, Belgium, Canada, and the UK, the nonprofit workforce as percentage of the economically active population is quite high (15.9%, 13.9%, 12.3%, and 11%, respectively, compared to 9.3% in the US). While the US nonprofit sector is the largest in economic terms, that's not the case if you think of its impact as a percentage of the national economies of several European countries. So, any way you look at it, nonprofit leaders are part of a global community.

What's Next: Trends and Implications

While social and environmental needs continue to expand, both governments and traditional philanthropic resources are in decline or not keeping up with growing needs. Yet there are also evolving trends in nonprofits, philanthropy, and social enterprises that promise new models of sustainable financing while achieving more efficient and effective impact.

In 2014, Professor Lester Salamon wrote New Frontiers of Philanthropy, which highlights some of the most important trends in social investing, online giving, donor advised funds, capacity development, and social impact measurement, among other trends and new frontiers in philanthropy and nonprofits. This publication provides a comprehensive and accessible roadmap that can inspire nonprofit leaders as it relates to social innovation, financial resilience, and sustainable social impact.

Though unforeseeable challenges and opportunities for nonprofits will arise, **key trends that will continue to affect the nonprofit sector include:**

- **Economic pressures.** Social needs will continue to exceed the capacity of nonprofits to meet them. According to the Nonprofit Finance Fund's 2018 State of the Nonprofit Sector report, ***the percentage of nonprofits that identified financial sustainability as their major concern almost doubled from 32% in 2015 to 62% and concerns around being paid for the full cost of services tripled from 19% to 57%***. The need to raise unrestricted revenue almost tripled as well. Still, the number of nonprofits reporting being paid less than 10% for indirect costs around government contracts, despite laws to the contrary, remains virtually unchanged, at between 49% and 60%, depending on whether grants or contracts are with the federal, state, or local government.
- **Individual donors remain critical.** ***Raising funds from individuals, the source of the great majority of nonprofit income, has never been more complicated— or more possible*** (see Chapter Eighteen for more). The environment is filled with challenges, including donor skepticism and competition to be heard and noticed, but also the promise of exciting new ways to engage people and to identify, cultivate, solicit, and steward gifts, as detailed in Chapters Twenty, Twenty-One, and Twenty-Six. Nonprofits must commit to steady and constant effort to create, build, and maintain relationships with those who care about and can fund the change they seek to cause through their annual, capital, and planned gifts.
- **The need for increased earned and contributed income.** ***Innovative and entrepreneurial solutions to social problems and organizational difficulties will continue to be crucial for nonprofit success***. Attention to earned revenue sources as a means to diversify revenue and ensure sustainability will continue, both

through conventional means and through the efforts of social entrepreneurs to create new and more effective income-generating mechanisms. ***The successful pursuit of greater earned revenue while honoring a mission will call for careful decision-making and will demand professionalism, efficiency, and competitive expertise*** (see Chapter Twenty-Three for more).

- As nonprofits explore this, they should also look into new corporate structures, such as the low-profit limited liability corporation (L3C) and the B corporation ("benevolent" corporation), which offer innovative ways for the private sector to cause social change. These mission-led corporations can receive program-related investments from foundations and other socially minded investors to create businesses that earn a profit. As individuals, investors, and foundations become more "sector agnostic," nonprofits will find themselves competing with these efforts for funding and employees as they seek ways to work together toward social change.
- **Scrutiny and transparency.** High-profile scandals and public questioning of nonprofit effectiveness have led to a decline in public confidence in nonprofits. A 2015 survey done by the *Chronicle of Philanthropy*[9] found that ***one in three Americans have little to no faith in charities***. While this is an improvement over recent years, it is still a red flag for the entire sector. To regain this trust, nonprofits need to present information and communicate their distinctions and benefits to society more powerfully and proactively.
- **The need to focus on results and measure impact.** Efforts to quantify impact and identify and replicate successful models will continue to be dominant forces as traditional and venture philanthropists increasingly demand more accountability and clearer measures of nonprofit success. ***It is imperative that nonprofits use data to measure impact and inform decision-making***. Nonprofits and social businesses are asked not only to be show their activities (outputs) in relation to their resources (inputs), but also to demonstrate the impact (outcomes) of what they do in terms their benefits to people (social impact), prosperity (economic impact), planet (environmental impact), and policies (systemic impact). The complexity of such measurements often exceeds the limited capacity of small nonprofits who struggle with data collection, management, and reporting. However, the advancement of technology can make the task of measuring

impact more possible and accessible. Be sure to check out Chapter Fifteen to learn how to do this with a small team and limited budgets.

- **Technology**. Technology has enabled new ways to build, share, and use data and knowledge about social needs while at the same time providing new means to interact, support, network, and collaborate. ***Nonprofits now have fast, viral, democratic, and ever-improving tools for building community, prompting action, and seeking support from people with shared values***, regardless of distance or boundaries. Technology has provided a means for anyone to support disaster relief or other efforts instantly, anywhere in the world, and has accelerated people's willingness to donate online. To be successful and competitive, nonprofits must master the power and potential of technology to help an organization achieve its mission. Part 4 of the book is dedicated to this, as well as Chapters Twenty, Twenty-One, Twenty-Six, and Twenty-Seven, all of which share actionable tips and tools.
- **Global concerns.** In addition to addressing domestic needs, US-based nonprofits today are attempting to alleviate and solve social needs all over the world. There has been a dramatic growth in concern and effort toward global humanitarian needs. Such issues as climate change, AIDS, poverty, and natural disasters have attracted billions of dollars in funding from American donors and a growing group of international philanthropists.
- **Cross-sector partnerships.** In an increasingly interconnected world, it is imperative that nonprofits understand how their efforts fit into a larger context. ***The importance of partnerships with other nonprofits, government agencies, for-profits, and networks in order to accomplish change will be increasingly critical to your impact***. Already, collaborative financing, contracts, commercial arrangements, and other partnerships involving two or more organizations and even sectors are occurring nationwide and globally, often in research, community development, and health care, effectively blurring many traditional boundaries. To have the greatest possible impact, nonprofits may need to step outside their organizations and explore opportunities for partnership and alliance. Although Chapter Six is focused on how to craft and maintain effective partnerships with fellow nonprofits, many of the same rules apply, and Chapter Twenty-Two specifically explores corporate alliances.

Do's and Don'ts

- DO recognize that your work, whatever your cause, is only possible because of the unwavering leadership of the many who have come before you.
- DO learn from history and look closely at changes in the nonprofit landscape to identify opportunities for impact.
- DO consider the size and diversity of the nonprofit/social sector including the social enterprise formula with income generating solutions to support the mission.
- DON'T forget that you are part of a global movement.
- DON'T trap yourself in traditional models of fundraising or nonprofit leadership.
- DON'T forget to look at other models of philanthropy outside of the USA to learn how others around the globe provide essential social, educational, and health services, such as in the European Union.

Conclusion

The nonprofit sector in the United States was born of various traditions and religions and is today a reflection of the evolution of American values and beliefs about duty, community, and social good. Shaped by political, economic, social, religious, environmental, and global forces, the nonprofit sector continues to grow in size and responsibility. As the needs that nonprofits address grow in scale, scope, and complexity, and as their work occurs more in the public eye, demand for skill and impact will grow. If you as a nonprofit leader are to prompt others to embrace and support your mission and efforts, you will need clear and practical guidance. In the following chapters, experts will inform, share their experience, offer practical advice, and provide direction for further learning and engagement. Our shared goal is to inspire you and equip you for the great work of group action for the common good.

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Sciences, director of development at the University of San Francisco and Georgetown University Medical Center, and legislative representative for the American Hospital Association. For many years, he taught graduate courses in governance, fundraising, and strategic planning at the University of San Francisco.

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Nonprofit History Resource Review

Tine Hansen-Turton and Nicholas D. Torres. Social Innovation and Impact in Nonprofit Leadership. New York: Springer Publishing Company, 2014.

A good overview of the essential leadership competencies required to manage nonprofits with impact and social innovation.

William F. Meehan and Kim Starkey Jonker. Engine of Impact: Essentials of Strategic Leadership in the Nonprofit Sector. Stanford, California: Stanford Business Books, 2018.

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Michael O'Neill. Nonprofit Nation. San Francisco: Jossey-Bass, 2002.

A good overview of the history and evolution of the nonprofit sector in the USA.

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M. Lester Salamon. America's Nonprofit Sector: A Primer (2nd ed.). New York: The Foundation Center, 1999.

Provides a great understanding of the role and financial contributions that nonprofit institutions have in society.

M. Lester Salamon and S. Wojciech Sokolowski. The Resilient Sector Revisited: The New Challenge to Nonprofit America. Washington, D.C.: Brookings Institution Press, 2015.

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This is a recent work by Salamon that captures the conversations on the relations between nonprofit sector and third sector.

M. Lester Salamon. New Frontiers of Philanthropy: A Guide to the New Tools and New Actors That Are Reshaping Global Philanthropy and Social Investing. New York: Oxford University Press, 2014.

A solid book to explore new trends and innovations in philanthropy in detail.

CHAPTER 2

Taking Charge of Your Nonprofit Sector Career

By Shelly Cryer, Communications Consultant to Nonprofits, and Kimberly Hendler, Global Program Manager, Reach for Change

Introduction

You may already be working in the nonprofit sector and know that it's where you want to spend your career. Or, you might have turned – or returned – to the sector after developing skills and experiences in government or business. Regardless, you are committed to having work with meaning. You might aspire to, or already enjoy, a senior leadership position at a nonprofit organization. And you likely want a career that gives you the fulfillment, sustenance, and financial security you need. This can all be found in the nonprofit sector, but it requires direction and determination to get there.

In this chapter we discuss the diversity of opportunities within the sector and the implications that this has for you and your career. We present why and how to build skills, experiences, and networks in order to become an effective nonprofit leader. We address the nuts-and-bolts of job hunting and strategies to land a position that

is right for you. And we provide a few examples of good resources for the nonprofit career builder. Throughout the chapter, we discuss how to ensure that the decisions you make lead to a fulfilling, sustainable career.

Your commitment to the nonprofit sector demonstrates that you have heard the "call to serve." Today's nonprofit leaders – hungry for talented and committed individuals to whom they can entrust their organizations – are glad you have heeded that call. We hope that this chapter will help you become one of tomorrow's most effective leaders.

Leadership Development in a Diverse Sector

The 1.5 million organizations that comprise the US' nonprofit sector[1] vary widely in their mission and approach, size, and culture.

There are as many different organizational missions as there are human needs in our society. Nonprofits engage in everything from running local libraries to providing food during a natural disaster. Organizations also vary in the way they approach their work and the strategies they use to advance their goals.

Another difference is the size of an organization. This affects how jobs are organized and the responsibilities of staff members. It also informs both what the organization expects of its leaders and what employees can expect of leadership opportunities. ***In the smallest nonprofits, a single person handles many if not all responsibilities*** (probably with help from volunteers, and while working closely with board members). In larger organizations, job functions can be organized in countless ways. Leadership responsibilities are apt to be spread out among numerous senior staff members concentrating on specific areas. And interaction with the board may be limited to only the very top-tier staffers.

The variety of nonprofits and diversity of roles have exciting implications for your career. ***Just as there are no cookie-cutter jobs or organizations in the nonprofit sector, there is no single career path***. How you approach your career – and the path you follow to achieve your leadership goals – is up to you.

But the freedom this diversity offers also brings with it great complexity. ***Because there are no clear sign posts to navigate your career path, you have to do more research, have better direction, and make deeper connections than your peers in government***

or business. Two of the best ways to tackle the diversity of organizations and opportunities in the nonprofit sector are, first, to truly know who you are and what you want; and, second, to network.

Critical Skills and Competencies

Let's dive into some of the most useful skills, tactics, and techniques for getting to know yourself and what drives you. We'll also explore the power of networks, explain nonprofit career paths, and help you position yourself for success. Finally, we'll offer a few comments on universal skills in the sector and some tips for building a sustainable career.

Part I: Know Who You Are

The first (and ongoing) step in advancing your nonprofit career and becoming an effective leader is to ***know yourself, your interests, and your skills as well as possible: you can't achieve your goals if you don't know what they are***. Even if you contemplated these when first making your entry into the sector, ***it's imperative to reflect continuously on what "makes your heart sing."*** Ask yourself a few key questions about who you are, what you need, and what you want.

What Issues Do You Care About?

- What causes, policies, and practices are you most passionate about?
- What are the news items you are drawn to?
- What organizations and which leaders inspire you most?

What Skills Do You Possess?

- What type of work and roles do you most enjoy?
- What tasks do you relish in doing on a daily basis?
- What have others said you are particularly good at?

Where Do You Want to Live, and How Do You Want to Work?

- Is the work you want to do specific to a geographic region?
- In what kind of organization – approach, size, and culture – do you thrive?

- What kind of people do you want to work alongside?
- What are your salary requirements? What other benefits are critical or preferable for you?

Take the time to ***establish which aspects of your work life should have priority***. Some people might prioritize the cause they work on; others might rank the skills they use as key. You might only want to live in a given city or only be able to accept a certain minimum salary. Remember, ***you do not have to have every answer, you just need to know your current priorities and then refine them throughout your career***.

Next, test your interests against reality. Figure out where the situation you are looking for exists and what it takes to get there. Use research and networking to learn more about prospective organizations and positions.

Take note of which organizations are working on the issues that most interest you. Establish what positions tap your skills, experiences, and career goals. Make sure these job functions reflect the actual day-to-day work you want to do (consider, for example, whether you really want all of the responsibilities associated with being an executive director).

Search for organizations with missions and programs that interest you and leverage your network to learn more about them. Participate in conferences and events sponsored by your local nonprofit support center. Even though you're already working in the sector, you also may want to browse job sites to identify positions that speak to you and note the experience and skills they require. Again, ***the process of self-discovery is not a destination, but an ongoing journey***.

Keep in mind that rarely does one job have it all. You're looking for your next best position, with an eye toward your longer-term leadership goals. And while your goals may shift over time, you need direction.

Determining what you want to do is a lifelong and often difficult quest for many people. But at a certain point, you need to make decisions, concentrate on a specific career objective, and act. The bottom line? Knowledge is power. ***The more you know about issues, organizations, and jobs – through research, networking, and volunteer and paid work – the better equipped you will be to build a meaningful career***.

Is the Executive Director Title in Your Future?

Insights provided by the Nonprofit Leadership Alliance

New research charts your path up the nonprofit pyramid

As you navigate your career in social impact, you might someday consider whether leading a nonprofit is the right fit for you. Before then, you might spend some time thinking about whether *you* are the right fit for *it*.

To help with that weighty question, consider the results of a new research study by the Nonprofit Leadership Alliance. When the Alliance asked, "Who is at the top in the social sector?" the results provided some great insights into the most important traits of successful nonprofit executive directors and CEOs.

The good news is that if you want to pursue an ED position, your timing is perfect. ***The nonprofit sector's long-foreshadowed leadership deficit has now arrived, creating a great opportunity for new leaders to step up***. Nearly 70% of Baby Boomers in nonprofit leadership positions plan to retire in the next five years. These top execs will leave behind a sea of junior leaders and a relatively short-tenured nonprofit workforce that, over the past two decades, has grown to be the third largest in the nation's economy. This is the "leadership vacuum" that's been talked about for years now.

With every challenge comes opportunity, and in this situation the opportunity may be yours – *if* you have what it takes.

And what *does* it take? **Here's what the research tells us:**

Education

Almost *all* nonprofit EDs have a bachelor's degree, which is now a prerequisite for many boards searching for their organization's new leader; more than half have a graduate degree. ***Be sure to prioritize education as you plan your career ascent***.

(*continued*)

Longevity

Be prepared to commit to impact in the long term and use your time to build up your skills as a manager, operational wiz, and ideally also to build up your fundraising chops. The average length of time from completing a bachelor's degree to first sitting down in the ED chair was 19 years (69% of chief leaders in the study had prior administrative experience; one in four had worked as a professional fundraiser). The implication: ***prioritize positions that provide administrative and fundraising experience***.

Far-Sightedness

Nearly two out of three CEOs were hired *externally*. Of those hired internally, their average tenure at the organization was 11 years. ***Be intentional about building your network so that you are aware of opportunities outside your nonprofit***.

Mobility

More than 40% of EDs relocated during their careers. ***If you're serious about wanting to lead a nonprofit, it's important to be open to relocating*** if that means more opportunity to gain the critical skills you need to be successful.

Focus

More than half of executive directors build a career in a *specific* mission area, which reduced the time it took them to reach the executive position. ***If you move to another nonprofit, go deeper versus wider and stick to a common mission area*** (such as youth or food insecurity). Find a cause you're passionate about and then become an expert in the issue and demonstrate your commitment to being part of the solution.

Service-Minded

The study found that corporate experience is not the quickest path to the ED position. Leaders with for-profit sector experience took five years longer to reach their current position.

Two big takeaways: First, the leadership shortage confirms it – the sector needs you. Executive leadership opportunities abound, and your passion and talent can definitely be put to use. Second, regardless of how many ED opportunities there may be, no one gets there by accident. Be intentional about your career, map out your pathway – then take the steps needed to get you to the top!

For the full report, please visit https://www.nonprofitleadershipalliance.org/resources/career-paths-nonprofit-executive-leaders.

Part II: Know Others (AKA "The Power of Networks")

Yes, knowing yourself is important, but so is knowing others. Networks play a vital role in navigating the array of possible organizations, roles, and paths available to a nonprofit professional. Networking also keeps you up to date on developments in your field. ***The best networks provide connections to leaders in your field who care about your success and can help you achieve it***. They offer feedback on your work, advice on career paths, and connections to organizations and jobs. As you advance, your networks will also connect you to key decision makers hiring new leaders.

Networking is vital for nonprofit professionals, especially as you reach more senior positions. ***Sector leaders, especially those at organizations with no human resources department, strongly prefer candidates who come recommended by someone they trust***. They often consider their staff a "family" and weigh whether a candidate will fit into their culture. Someone making calls on your behalf gives your application – and career – a tremendous boost.

Networking is essential in every phase of your career, and you'll see it as a component of every aspect of this chapter, and at the end, you will find some practical networking do's and don'ts, as well as some helpful resources.

To network successfully, you need to be willing to ask for an expert's time and believe you're worthy of it. Nonprofit professionals are passionate about their work. They're busy, but most enjoy reflecting on their careers and organizations. They get recharged if they determine they're in the presence of a future leader. If you're a savvy and professional networker, you'll make your contacts feel good about time they spend with you.

Nonprofit Career Paths: Ladders, Monkey Bars, and Lattices

The nonprofit sector offers few established career paths. This means ***you have to be your own career strategist*** and think carefully and act intentionally as you advance your career.

Will you move up a career "ladder," staying in the same field and type of work, but gaining more responsibility? For example, will you move from program coordinator to program manager, staying within the same organization and assuming new management responsibilities? This is often easier at larger organizations with many staff members and more frequent vacancies. If you are seeking a more senior role as quickly as possible, this is your best bet.

Will you move across "monkey bars," maintaining similar responsibilities and level but at a different organization? For example, will you move from a grant-writing position at one nonprofit to a general fundraising associate position at another? This is often necessary in the nonprofit sector, which comprises mostly small and mid-sized organizations with small staffs and low turnover. This is a great strategy if you are trying to move from an organization with no opportunity for upward mobility to one with more senior positions.

Will you move as if on a "lattice," moving up, down, and across organizations in order to gain knowledge in a new issue area or skills in a new job function? For example, will you go from serving as an advocacy director at a larger organization, to an executive director at a smaller organization, and then to an associate director at a mid-sized group? Although it might seem untraditional, it may be the appropriate path for the skills and experiences you want to develop. This approach works best if you are interested in trying out a variety of roles and organizations and is often your only choice when you prioritize other life factors such as location, salary, or flexibility.

Whatever path you decide to take to build the career you want, you must be intentional about your choices. Once you have determined your interests, the kind of work you like, and the types of organizations you want to work for, it's time to evaluate whether your current position is helping you become the leader you envision.

When is it time to make a change? Ask yourself:

- Are you learning and do you still have opportunities for professional growth in your current role?

- Do you feel supported by your manager, energized by your colleagues, and proud of your organization?
- Are you being compensated appropriately, given the size of the organization, its financial health, where it is based, and the work you do? Review job boards, IRS Form 990s, and salary surveys to determine if your pay is competitive. If necessary, use these resources to demonstrate why a salary increase is right for your organization, instead of focusing on why you'd appreciate the bump in pay.
- Do you still find the mission, vision, and approach of the organization you work for compelling?
- Is there another position or added responsibilities you could take on or create at your current employer?
- Have you made a contribution you are proud of? Have you demonstrated reasonable commitment to your current employer and built a record of stability to future employers?
- Do you have a good quality of life?

Sometimes it makes sense to try to get more from your current job and employer. If you're a respected member of the team, you may be surprised by your ability to negotiate for more responsibility, a higher salary, or a different position. Other times, you may have exhausted the opportunities available at your nonprofit and know you're ready for a move. Ideally you will have built a network and developed yourself, so you are perfectly positioned to climb up the ladder or across the monkey bars or lattice.

Developing Yourself Personally and Professionally

Regardless of where you are in your career – whether you have a position you are happy with, are job seeking, or are ready to make a move – you should always be developing yourself. Gaining experience and building knowledge is a lifelong undertaking. ***Use your research skills, your network, and what you know about yourself and your career goals to identify opportunities that help you fill holes in your résumé, develop needed skills, and advance your career***. Be proactive in building and leveraging your network to access these opportunities.

Four ways to develop yourself personally and professionally are to (1) assume additional responsibilities in your current role; (2) learn by reading and research; (3) pursue volunteer and freelance opportunities; and (4) apply for leadership and professional development programs, work with a professional coach, or join a peer support group.

1. Assume additional responsibilities in your current role
    - Share your interests with your supervisor and colleagues and ask for guidance.
    - Suggest how you might support current and new projects.
    - Ask to shadow a colleague who has skills you want to learn.
    - Find a mentor or be a mentor. Learn from someone more experienced and remember that ***teaching is the best way to learn***.
    - Become a spokesperson on your issues. Prepare a speaker's bio, submit conference session ideas, teach classes at your local college, start a blog, or write opinion pieces and letters to the editor.
2. Learn more by reading and research
    - Follow the experts in your field on blogs and Twitter, at conferences, and through research. Monitor the news and information posted on relevant websites.
    - Stay apprised of developments in your area of interest by reading current books and journal articles. Share what you learn with others and establish yourself as an expert.
    - Participate actively and pursue leadership appointments in relevant trade associations and coalitions.
3. Pursue volunteer and freelance opportunities
    - Join a nonprofit board to help direct an organization while honing your leadership, strategic planning, fundraising, and finance skills.
    - Volunteer to apply existing skills and develop new ones, and to meet other organizations, board members, and nonprofit professionals.
    - If appropriate, take on consulting or part-time work that leverages your skills and keeps you visible in the field.

4. Apply for leadership and professional development programs, work with a professional coach, or join a peer support group
    - Learn about leadership programs available in your community and within your discipline, especially those recommended by leaders in your field.
    - Enroll in trainings and continuing education classes to fill gaps in your skills or knowledge. Attend relevant workshops, conferences, and webinars.
    - Consider graduate school or certificate programs. Carefully review prospective programs and make sure they offer credentials appropriate for you and your goals.
    - Explore the services of a professional coach to help you achieve your career objectives.
    - ***Ask your employer for professional development funds to offset the costs of these programs***.
    - Find groups that can offer professional support and networking opportunities.

Opportunities for personal and professional development are endless, but hours in your day are not. Prioritize activities that will bring you pleasure *and* help you professionally. Make strategic use of your free time and be sure you don't overschedule or diminish your quality of life.

A Note on Universal Nonprofit Sector Skills

Certain skills and experiences are critical for every nonprofit leader, regardless of their specific work. Some universal nonprofit sector leadership skills include:

- **Fundraising.** Being able to raise funds and build a financially sound organization is increasingly vital as competition for resources mounts.
- **Communications.** Strong written and verbal communications are critical, but remember that the best communicators are also great listeners.
- **Financial management.** "Nonprofit" is a misnomer, and the sector's leaders must know how to budget, manage, and account for funds.
- **Strategic planning.** Great leaders are both visionary and practical. You must know and be able to articulate what you want your organization to achieve and provide a plan to get there.

- **Identifying talent.** Great leaders surround themselves with strength. Learn how to hire great people, cultivate them, and effectively delegate responsibilities.
- **Political savvy and confidence.** Nonprofit leaders understand their environment and the field's key partners. You must know when to toe the party line, when to be assertive, when to collaborate, and when to stand alone.
- **Blending personal humility with professional will.** As Jim Collins notes, nonprofit leaders put their issue, organization, and the work first – not themselves.[2]

If these skills are not already well developed, gain them. And pay special attention to fundraising. ***Even the strongest nonprofits want staff members who think strategically about how their work intersects with fundraising***, as every organization has to raise resources to do its work. Volunteer to work on a foundation or government grant proposal. Add a fundraising course or certificate to your résumé (check out the Association of Fundraising Professionals (AFP), the Foundation Center, or your local nonprofit support center). And secure a board position to learn volumes about fiscal oversight.

Building a Sustainable Career

Nonprofits are known for doing more in less time and with fewer resources than any other type of organization. The sector relies on the often Herculean efforts and passionate dedication of those who work in it. Nonprofit professionals tend to go beyond the 9-to-5 workday and the stated parameters of their job descriptions. They may also accept lower pay than business or government counterparts. Regardless of how you're paid or how hard you work, it's important that you build a career that is fulfilling and sustainable. You need to ***figure out the combination of mission, workload, salary, pace, culture, and stress that works for you***.

The organization you work for must be a good fit in terms of mission, strategies, and culture. If you decide to engage once again in job hunting, always ***remember that the organization isn't just interviewing you; you are interviewing it, too***. By asking questions in interviews, observing the environment, and speaking with people

familiar with the organization, you can learn about its culture, the stated and unstated expectations of staff, its pace, its stressors (for example, financial challenges or recent program cuts), and the investment it makes in its employees. What you learn will help you determine if you'd be happy working there.

In addition to working at an organization that's right for you, another way to make your career sustainable is ongoing learning. Take time outside of your daily responsibilities to keep up on news, attend conferences, and network with your peers. Make space for reflection in your professional and personal life.

Finally, ***if you start feelings the pangs of burnout, pause and reflect***. What can you do to mitigate the stress involved with working on issues you care passionately about?

Some tips on combating burnout include:

- Work for organizations committed to sustainable schedules and workloads.
- Talk with your manager at the first signs of burnout and strategize solutions.
- Set boundaries that will help you to preserve your personal time. Recognize that, in the end, you control your life, how you work, and the environment you create for yourself.
- Pursue hobbies and relationships outside of work. Schedule classes or dates that force you to leave work by a reasonable hour.
- Keep honing your time management skills and take responsibility for working efficiently and effectively.
- Build a network of people who will look out for you professionally, provide perspective, and offer a hand if you get overwhelmed.
- Use your vacation, preserve weekends, and take time off between jobs. At the appropriate time, plan a sabbatical. If you are sick, take sick days.

The best organizations will respect and honor staff members who take care of themselves. They recognize that a happy worker is an effective worker. ***Be good to yourself and your career will thank you, as will the people you serve***.

Do's and Don'ts

Networking Do's and Don'ts

- DO cast a wide net and create as large a network as possible. Who do you know? How can they help you connect to people and organizations you want to know?
- DO articulate what you care about with passion and clarity. Be able to share a compelling story about what you've done and what you want to do. Show commitment to mission.
- DO your research. Learn about individuals and organizations before a meeting. Prepare appropriate questions and comments.
- DO follow up promptly on every lead. If someone makes a connection for you, act on it immediately. Continue to update the person who gave you the lead. Prompt follow-up displays professionalism, diligence, and other traits needed for leadership success.
- DO thank people for their help. Send out professional, personalized thank you letters after any phone call or meeting. Find reasons to stay in touch with people who help you, since you want them to always have you in mind when they hear about new opportunities, even if you're not in the process of searching for a job.
- DON'T use email to ask for advice. Use email to set up calls or meetings and use those to ask specific follow-up questions and seek advice.
- DON'T expect your contact to guide the conversation in an informational meeting. Be the "host," ask questions, and lead the conversation. Take charge of all follow-up and, whenever possible, the agreed upon "next steps."
- DON'T be overly modest. Informational meetings and interviews are the time to articulate your strengths and experiences. Sell yourself, but still ask questions and make it a dialogue.
- DON'T ask for a job in an informational interview. Focus on learning about the organization and any suggestions for other people and resources to leverage. (Of course, if someone mentions an open position during a conversation, explore it as fully as appropriate.)

Conclusion

Developing a meaningful career in the nonprofit sector takes perseverance and dedication. We hope this chapter provides valuable advice, resources, and career-building strategies to help you become the nonprofit leader you want to be. But only *you* can apply the information so it benefits your life and advances your career goals.

Pay attention to your career. Focus on activities that will help you become the nonprofit professional you dream of being. Be deliberate but flexible in your actions. Solicit advice and heed the best of it. Set yourself up so that you have the time to make good decisions. ***Visualize success***.

Be true to your own personality and style, but if you are reserved, push yourself to be as extroverted as possible in your career-building efforts, even if it doesn't come naturally. Humility is a virtue, but false modesty serves no one, and certainly not your career aspirations.

Be discriminating in your job search and committed to finding stellar jobs. When job hunting, end the search process being able to tell yourself you did everything possible to land the best job for you. And then go on to do everything in your power to make your new career step as interesting and rewarding as possible.

Above all, have fun! Build a career where you find joy in your work, feel good about the organization and mission to which you are contributing, and are inspired by your colleagues.

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Kim Hendler *is a Global Program Manager with Reach for Change, where she supports social entrepreneurs working to improve the lives of children. She is the former managing director of talent at iMentor and executive director of Princeton Alumni Corps. Kim was a member of the Young Nonprofit Professionals Network's national board from 2007 to 2010 and served as vice chair from 2008 to 2010.*

Career-Building Resource Review

Everyone's career-building journey requires personalized, targeted research and knowledge. The resources listed alphabetically below are just a few examples of many that might prove useful to an emerging nonprofit sector leader.

The Bridgespan Group
(https://www.bridgespan.org/jobs/nonprofit-jobs/nonprofit-job-board)

Great resource for nonprofit leadership, careers, and recruiting-related content, plus they maintain one of the sector's most active job boards at this URL.

The Chronicle of Philanthropy (www.philanthropy.com)

The Chronicle is a must-read publication for leaders in the nonprofit sector, but be sure to stay up-to-date with your daily newspaper and key news outlets for your issue area.

Devex (www.devex.com)

Devex is one of many nonprofit-focused job boards and online career resources. This one concentrates on development and aid workers, so it has a strong international focus.

Graduate School

An advanced degree or certification is one avenue for developing yourself personally and professionally, and for acquiring new skills and contacts. But it should be an intentional and well-informed decision. Check out the "graduate school" section at Idealist.org to start your thinking (https://idealistgradschool.org/learn-about-grad-school). If you're still interested, start exploring specific programs that align with your interest areas.

GuideStar (www.guidestar.org)

GuideStar gathers and publicizes information about nonprofits. A nonprofit's IRS Form 990 (which you can access there) provides useful information about an organization's budget, programs, and salaries.

Idealist/Action Without Borders (www.idealist.org)

Idealist is the most widely-known nonprofit job board and also a hub for career resources, including *The Idealist Guide to Nonprofit Careers*. There are many other nonprofit job sites worth checking out, such as Commongood Careers (http://commongoodcareers.org.)

National Council of Nonprofits (www.councilofnonprofits.org)

The Council is a resource for nonprofit sector information, as well as a network of state and regional nonprofit associations that provide programs and resources in a given area. Be sure to check out other nonprofit umbrella organizations such as Independent Sector (https://independentsector.org.)

Nonprofit Leadership Alliance (www.nonprofitleadershipalliance.org)

The Nonprofit Leadership Alliance (formerly American Humanics) addresses workforce development in the nonprofit sector by offering the Certified Nonprofit Professional (CNP) credential in nonprofit management at nearly 40 different colleges nationwide, as well as online learning opportunities through their Leaderosity platform (www.leaderosity.org).

Shelly Cryer. The Nonprofit Career Guide: How to Land a Job That Makes a Difference. Fieldstone Alliance, 2013.

Written by one of the authors of this chapter, this career guide is a comprehensive resource for the nonprofit career builder.

Young Nonprofit Professionals Network (www.ynpn.org)

YNPN is a nonprofit-focused professional development network geared toward younger emerging leaders. Another one is EPIP, Emerging Practitioners in Philanthropy (https://www.epip.org).

CHAPTER 3

Building Strong Social Movements

By Paul Rice, Founder & CEO, Fair Trade USA

Introduction

Most nonprofits and social movements are started because people have a vision for a better world. It is in this dreaming phase that you have the most freedom to think about your big picture vision and formulate a long-term strategy. Before too long, you shift into survival mode as you get into the difficult business of running a nonprofit. Taking a step back to see the larger picture and asking yourself some critical questions will help you to refocus every aspect of your nonprofit toward accomplishing your vision.

After years of international development experience, which included starting the first Fair Trade coffee cooperative in Nicaragua, I was fortunate enough to spend more than a year working on the business plan before launching Fair Trade USA. I was able to think through every aspect of what I wanted this organization and movement to be. I asked myself key questions: what needed to be *true* to make Fair Trade a strong brand, a mainstream phenomenon, and an emerging new lifestyle for the conscious

consumer; what kind of organizational culture did we want to have; what kind of people did we want to attract to the cause; how would we fundraise and secure launch capital; and what would our market and business development strategies be?

Odds are you don't have years to meditate on exactly what you want to do, and how. But regardless, these are the building blocks for launching any type of social business, for-profit or nonprofit. As you likely know, ***turning a well-thought out plan to change the world into a reality is not a task for the light-hearted***. Ultimately, the trick is this: how do you keep one eye on the horizon and the other on the ground in front of you so that you can charge toward your mission and vision without major missteps? When I finally launched Fair Trade USA, we faced the same challenges as most startup nonprofits, needing to be scrappy and resourceful, and focused on near-term survival. By staying grounded in our long-term ambitions, we've now made it to 20 years and have helped to create more than $600 million in cumulative financial benefit to farmers and workers around the world. You likely hope to grow your cause – whatever it may be – into a similar cultural phenomenon. Perhaps what I learned along my journey of helping to build a successful social movement can help, no matter where you are in your process.

Critical Skills and Competencies

Get Your Hands Dirty

You simply can't build a credible movement or nonprofit without knowing your field. In my case, that meant literally working with coffee farmers in the highlands of Nicaragua for over a decade and getting my hands dirty. Experiencing the root causes of poverty helped me grow as a leader, as a fundraiser, and as a movement builder. ***The key is to get out there and listen to those you aim to serve, or even better, to live and work with them***.

This is an invaluable way to broaden your perspective, empathy, and effectiveness. It grounds you in your mission and will turbo-charge your passion, keeping you sustained so you can stick it out for the long-term. This should not be a one-time activity, but an ongoing part of your work. ***Make sure everyone on your staff and board***

regularly get back into the field to stay connected. And use these trips as opportunities to bring donors, partners, and other stakeholders closer to your mission.

Remember, movement building is a marathon and not a sprint!

Take the Time to Build Broad Alliances

One of the keys to scaling a social movement is effectively building broad stakeholder alliances and managing the trade-offs that come with overlapping, if not competing, interests. In our case, our farmers and workers want more money for their labor or harvest, companies want to keep costs low, and consumers want to feel uplifted by their purchase while not having to pay too much more. And of course, activists, foundations, and nonprofits each have their own priorities and agendas. One of the keys to our success that I encourage you to follow is to ***unite your stakeholders around common interests so they can stand together on the same platform and work collaboratively to build "shared value" that benefits them all***. To do this you have to build relationships based on trust, not transactions.

Not all stakeholders are created equal, so how do you prioritize building these relationships and identifying key collaborators? First and foremost, ***look at who is most impacted by your cause and who you're trying to benefit and empower***. Give voice to those most affected, treat them as partners rather than passive beneficiaries. Then look at who has the potential to block your progress and who has the capacity to lift up your model and help you achieve your mission. And remember, sometimes that can be the same group! ***Get these stakeholders on board first, then you will have built the foundation to authentically expand and scale a movement***.

This does force you to go slow at times and maybe even forego some opportunities, but like I said, building movements is a marathon, right? Consult *all* of your stakeholders. Take the time to ask questions and listen, and ***create mechanisms for input from both stakeholders and the public***. This is the best way to crowdsource collective wisdom and make sure that what you're building is informed by all those diverse perspectives. This will also minimize the risk of reputational damage by ensuring that your movement is in line with the expectations of its participants.

Close the Loop

Navigating a diverse set of stakeholders toward a common goal is not a simple task. One of the most important ways you can build trust is through *transparency*. ***When you go out and gather stakeholder feedback and input, more important than accepting their advice is simply acknowledging it and closing the loop***. Tell them what you did and why. Be transparent with your decision-making process, criteria, and motivations. By taking the time to gather their input, and then explain your actions – even when not embracing their input – stakeholders are usually willing to accept your decision. They may not be thrilled, but at least they'll feel heard and respected.

Celebrate Success *and* Failure

It's often tough to identify when you've hit an incremental milestone while building a social movement. Was it bringing on a certain stakeholder, reaching a certain number of people, making progress toward a larger goal? This work is hard, and we spend much of our time heads down, but with our feet moving forward. So, ***take the time to recognize your successes: name them, celebrate them, study them, and build support to create more of them***.

It's equally important to acknowledge and learn from your *failures*, both big and small. Again, ***embrace transparency and gather your stakeholders to let them know what went wrong, and involve them in the path to solutions***. Celebrate what you learn from your failures and make these the building blocks of a successful movement.

Build the Right Team

During the startup phase of a nonprofit or movement, the vision, energy, and leadership of the founder is *essential*, and ***early on the best thing that a board can do is support the founder however it can***. However, this must evolve quickly: remember, there is no "I" in "movement." As your organization and movement matures, you'll need a board with greater strategic oversight, which is critical to deeper engagement in governance, fundraising, strategy, and fiduciary responsibility. See Chapter Thirty for some great tips on how to help develop your board as your needs change.

While supporting the changing role of your board, it's essential to build a leadership team and staff that have the right skills to grow and scale the organization. ***Assembling your A team and then getting out of their way is one of the most important***

things a founder can do. As a founder, you need to stay focused on the end goal and let the team focus on the 'how'. If you're part of that team, then your job is to help the founder appreciate the need to keep their eyes on the prize, which means giving them that confidence.

Stay Nimble

Professionalizing an organization and institutionalizing a movement over time is essential for scale and continued growth. But at the same time, ***remember the fine line between support systems and bureaucracy and avoid falling into the pitfall of excessive process***. Don't lose that scrappy entrepreneurial startup mentality and ensure that your board fully supports this. ***Your goal should be to build a mindfully-structured, results-driven organization***. Try to develop the right amount of process to optimize people, financial resources, strategy, and culture, while remaining bold and innovative within your movement. I believe creativity, experimentation, and innovation are just as essential to the success of social movements as they are to that of organizations.

If you want to scale your impact and truly change the world, you need to continue to evolve, which means having the courage and humility to challenge your own assumptions, models, and strategies – even when they seem to be working! By staying nimble and innovative, we can continue to be relevant and effective in an ever-changing landscape.

Remain Grounded

Changing the world is not an easy job. Founders are often driven by their deep passion for a greater cause. Your life mission becomes your work mission, the lines are blurred, there are no boundaries. You become so dedicated to a cause that you will do anything to achieve it, even at your own expense. As Van so poignantly shared in his introduction to the book, ***you cannot fully give yourself to the service of others unless you take care of yourself first.*** Remember to take time for yourself and do things that bring you joy. Whether that takes the form of yoga, cooking, travel, or time with your tribe, it's okay to stop working and enjoy life. There will always be more work to do, you will never finish – accept this. The experience will be much more fulfilling if you stay grounded and are kind to yourself.

A History Lesson in Movement Building

To advance their movement building work, Global Fund for Women conducted an in-depth review of social movement literature to determine the characteristics of a wide range of successful, historic movements that created and sustained long-term social transformation. In the process, they answered these key questions:

- What do strong social movements look like?
- How do we support movement building?
- How do we assess if a movement is becoming stronger?

They identified several key characteristics shared by strong movements and even developed a tool to assess movements' strengths (www.globalfundforwomen.org/mcat). First and foremost, they learned that ***if you want to build or strengthen a movement, it's critical to deeply consider its strengths and needs, and to strategize ways to collectively address its priorities***. In addition, they learned that **for a movement to be strong and sustainable, it needs:**

1. **Strong, sustained, and diverse grassroots base**

   Does your movement's membership represent populations most affected by the issue? Are there a variety of opportunities for people to participate? Is there a critical mass of individuals willing and ready to take action?

2. **Diverse leadership, including the next generation**

   Are there clear mechanisms to develop and support new leaders, including next generation leaders and leaders from communities that are most affected by the issue? Is the leadership of your movement open to the needs and demands of your members, and do you integrate them into your agenda?

3. **Strong internal and external collaboration**

   Are actors within your movement working together? Are they actively reaching out and engaging with groups that are at the margin of your movement? Are

they building alliances with other social movements to promote your shared cause?

4. **A shared political agenda**

   Does your movement have both a clear long-term vision and short-term political priorities? Is there a shared understanding of problems and potential solutions? Is your movement effective in framing, reframing, and communicating issues internally, as well as to external stakeholders?

5. **Multiple mutually reinforcing strategies**

   Are movement actors using diverse strategies to advance your shared agenda in a coordinated way? Are you working collectively to do grassroots mobilizing, conduct service delivery, build public awareness, analyze policy, and engage in advocacy, lobbying, litigation, research, and other strategies that feed off one another, creating an upward spiral?

6. **Strong support infrastructure and communication**

   Are there established people, organizations, working groups, or coalitions that coordinate and regularly, effectively communicate with members of your movement? Do they provide capacity building support to people and organizations with less developed resources? Are there opportunities for movement actors to come together for peer learning and joint planning, and to discuss successes and challenges in an open and honest way?

7. **Capacity to ensure the safety and security of those on the front lines**

   Are there mechanisms in place to provide appropriate, immediate response to violence and legal threats against human rights defenders? Do movement actors, individually and collectively, have plans and strategies to ensure all aspects of security, including physical and digital security, as well as emotional well-being?

Do's and Don'ts

Movement Building Do's and Don'ts

- DO get close to those you wish to serve and learn from their experiences.
- DO keep focused on the long-term vision and strategy of your movement.
- DON'T exclude key stakeholders from major decisions affecting the movement.
- DO report back to stakeholders on key decisions after soliciting their input, whether you integrate their ideas or not.
- DON'T try to do this alone. Building the right team around you is critical.
- DO celebrate what you learn from your failures.
- DO build meaningful relationships, not transactional ones.

Conclusion

Credibility, authenticity, and transparency are the most essential ingredients to effective movement building. Movements have no single leader, but rather many organizations, groups, and people all working toward a common goal. This is slow, difficult work that requires embracing and communicating through conflict, and learning from both success and failure in the process. ***The most important thing we can do for each other is to focus on human relationships and authentic connections***. We are all human and kindred spirits in a common cause. Be kind to yourself and others, and we will move forward together.

Paul Rice *is Founder and CEO of Fair Trade USA, the internationally-acclaimed social enterprise and leading certifier of Fair Trade products in North America. He launched the award-winning nonprofit in 1998 after spending 11 years organizing farmers in the highlands of Nicaragua. There, he founded and led the country's first Fair Trade coffee export cooperative, which introduced him to the transformative power of market-based approaches to sustainable development. Twenty years later, Paul has been honored for his pioneering work by Ashoka, the Schwab Foundation for Social Entrepreneurship,* Fast Company Magazine*'s Social Capitalist of the Year award (four-time winner), and the Skoll Award for Social Entrepreneurship.*

Movement Building Resource Review

Building Movement Project (www.buildingmovement.org)

BMP develops research, tools, training materials, and opportunities for partnership that bolster nonprofits' ability to support the voice and power of the people they serve.

Racial Equity Tools
(http://www.racialequitytools.org/plan/change-process/movement-building)

Find a wealth of information on the research and practice of movement building, as well as a diverse list of resources.

Hildy Gottleib (2015). Building Movements, Not Organizations. *Stanford Social Innovation Review*. (28 July 28). (https://ssir.org/articles/entry/building_movements_not_organizations)

This article asks what is possible if nonprofits and businesses acted more like movements than organizations.

The Social Change Agency (https://thesocialchangeagency.org/movement-building)

Check out their Movement Building Canvas, a practical framework to help design a movement for maximum impact that has been tested with nonprofits, community groups, and startups that can be used at any time to explore movement building ideas.

Peter Senge, Bryan Smith, Nina Kruschwitz, Joe Laur, and Sara Schley. The Necessary Revolution: How Individuals and Organizations Are Working Together to Create a Sustainable World. Crown Business, 2008.

Companies around the world are boldly leading the change from dead-end "business as usual" tactics to transformative strategies that are essential for creating a flourishing, sustainable world. Today's most innovative leaders are recognizing that for the sake of our companies and our world, we must implement revolutionary – not just incremental – changes in the way we live and work. Full of inspiring stories from individuals and organizations tackling social and

environmental problems around the globe, this book reveals how ordinary people at every level are transforming their businesses and communities by working collaboratively across boundaries.

Heather McLeod Grant (2014). Building Networks and Movements for Social Change. *Stanford Social Innovation Review*.

Quick article with a focus on how leadership is evolving with the transition from Baby Boomers to younger generations. Links to the "Pioneers in Justice: Building Networks and Movements for Social Change" report from Levi Strauss Foundation, which documents the many ways Gen X leaders have helped transform their legacy organizations.

Chris Crass and Chris Dixon. Towards Collective Liberation: Anti-Racist Organizing, Feminist Praxis, and Movement Building Strategy. PM Press, 2013.

This collection of essays will inspire and empower anyone who is interested in implementing change through organizing. The book is geared toward activists engaging with the dynamic questions of how to create and support effective movements for visionary systemic change. While relevant to a wide range of movements, it offers a firsthand look at the challenges and the opportunities of antiracist work in white communities, feminist work with men, and bringing women of color feminism into the heart of social movements.

Daniel Hunter. Building a Movement to End the New Jim Crow: An Organizing Guide. Veterans of Hope, 2015.

Another useful handbook that focuses on one particular movement, but which provides context to a wide range of other causes. This accessible organizing guide puts tools in your hands to help you understand how to make meaningful, effective change. Includes self-inquiry insights to help you learn about your role in movement-building and offers examples from prison reform and other movements, as well as time-tested organizing techniques.

Part Two

Managing Organizations and People

Be bold, and mighty forces will come to your aid.

—Goethe

Am I a leader or a manager, neither or both, and what is the difference, *really*? More important, what are some tips and techniques for maximizing my effectiveness as an emerging leader dedicated to a cause?

Now that we've covered the historical and modern-day context for the role of the nonprofit sector in society, sector leadership, and tips on advancing your career and building a movement, let's get down to brass tacks. The next part of the book speaks directly to overcoming the challenges and opportunities associated with managing organizations and people. We'll start by sharing some clear tips for those of you looking to serve at the highest ranks of a nonprofit, and then dive into critical considerations around strategic planning and collaboration. We will then transition into core operational functions, starting with insurance and risk management, and then moving on to human resources and diversity.

Before we dive in, we wanted to highlight **some of the key takeaways from this section:**

You Need Both Vision and Infrastructure

First off, although strategy and vision are integral to the success of any cause, remember that ***operational and infrastructural supports serve as the ball bearings that make success and growth possible***. You simply can't have one without the other if you are looking to be effective, but there's a fine line between systems and bureaucracy. That said, ***a bold vision that speaks to a pressing need or opportunity is absolutely the starting point of any worthy initiative***. A compelling vision inspires, generating funds and attracting partners that enable impact.

Unfortunately, many nonprofit leaders don't take the time to map out what achieving their vision would actually look like, to ***"dream your dreams with open eyes, and make them come true,"*** as T. E. Lawrence once said. In the business sector, they talk about "key performance indicators," or KPIs. Putting quantifiable benchmarks in place to monitor your performance is equally important for nonprofits – see Chapter Five for more.

Aim for Systems Change

As we talk about the power of a bold vision, consider: ***what is the difference between a dreamer and a visionary?*** Well, visionaries are dreamers, but with a substantial, added edge. Both can see A to Z, where A is the world as it stands today – rife with its problems and injustices – and Z is the utopian dream of tomorrow. But the difference is that ***the visionary can see the B to the Y***. These represent the steps between A and Z – the processes, people, and partnerships that serve as stepping-stones on our path toward achieving the dream. ***It is the ability to proactively plan for and strategize around the B to the Y that differentiate the visionary, and that makes systemic change possible***.

Henry David Thoreau once observed, ***"thousands hack at the branches of evil for each one that strikes at the root."*** As you move forward in a life dedicated to service, you must consider how to ***maximize leverage to optimize impact***. Are you hacking at the

branches or striking at the root of the problem you seek to solve? Are you approaching your work from a symptomatic or a systemic perspective, giving the man a fish to feed him for the day, or teaching him to fish so he can provide his own livelihood? Always remember Dr. King's insight, "True compassion is more than flinging a coin to a beggar; it comes to see that an edifice which produces beggars requires restructuring."

Stay Focused

There's no shortage of problems in this world, and the problem is that we're all compassionate people – the fact that you are in this line of work testifies to that. But ***when you run around chasing every opportunity to make things better, you dilute your efforts and ultimately undermine your impact***. That is exactly why having a razor-sharp focus on mission and being able to speak concretely about why your nonprofit needs to exist, how the world will look once you achieve your objective, *and* what you're doing to move things forward (your mission, vision, and programs, respectively) is so crucial to the success of your work. Think deeper, not wider.

It Starts With Staff

Finally, a quick word about people. ***A nonprofit's staff is the linchpin of its work***. Although you may have great partners and an engaged board, the people conducting your day-to-day activities represent how your organization lives in the real, everyday world. If they're not the right people, or they're not properly inspired and motivated, then you're sunk, and so is your cause. That is why human resource issues need to be at the top of your agenda as a nonprofit leader, and ensuring that your staff and board reflect the diversity of the community you serve is key in establishing your legitimacy and relevance.

To the extent you put these lessons to work in crafting and pursuing a compelling vision, and you have a strategy mapped out to achieve your goals, all supported by a strong team to drive your efforts, you are already well along the way to making a huge impact in the community, and on your cause. Now let's dive in.

CHAPTER 4

Thriving as an Executive Director

By Joan Garry, CEO & Founder, Joan Garry Consulting

Introduction

How many times have you heard that an executive director needs to "do it all"? This would be daunting for anyone, but when tasked with changing a small part of the world as a nonprofit leader, the stakes don't get much higher. However, few jobs are as important or meaningful, and with the right tools and support, you too can succeed as a nonprofit leader.

On my first day as a new executive director at GLAAD, I was clueless. Passionate, determined, and smart – but clueless. I had crossed the bridge from corporate America to take the helm of a national nonprofit organization. After a week on the job, I felt like a total imposter, waiting for the real executive director to walk through the door and send me packing. The organization I inherited was in financial disarray. A $1.1 million budget on paper, but that was paper we couldn't afford. 18 staff expecting to be paid, $250,000 in accounts payable, and just $360 in the bank!
By the time I stepped down in 2005, after working to improve every level of the organization, GLAAD had moved from "messy" to "thriving." It was an unforgettable

journey for me, my staff, the board, and all those who contributed to the organization.

The nonprofit sector demands strong leaders and as ***an increasing number of Baby Boomers retire, the need to foster new leaders is more urgent than ever***. I have learned through my work at GLAAD – and my nearly 20 years as a woman with a mission to support effective leadership in the sector – that nonprofit chief executives carry enormous responsibility for work that truly matters. And this demands a unique set of skills and attributes. In my experience, the keys to effective leadership rest in an understanding of two fundamental ways in which nonprofits are unique, as well as a core group of skills and competencies that will be mission critical to your success.

Let's start with the two distinguishing characteristics of the sector.

Nonprofits Are Messy

In many nonprofits there are too many cooks, not enough money, and an over-abundance of passion. Often as an executive director you are overworked and underpaid. If you are lucky you have staff, but they too are likely overworked and underpaid. Volunteer board members who donate their spare time out of the goodness of their hearts oversee all of you. You will be asking them (repeatedly) to give and get money from others to support your work (see Chapter Thirty-One).

Now add a big heaping dose of passion – complete with an overwhelming sense of urgency – because so much is riding on your success.

This is the 'messy' DNA of a typical nonprofit.

This DNA leads to competing pressures and lets no one off the hook. This is important context, especially for those coming from the for-profit sector. You can't arrive with the intent of tidying up messy DNA. Instead ***the trick is to professionalize, harness the power, prioritize, and find the jewels in the mess***.

Leadership Is Shared

I love looking into the eyes of an executive director and telling her, "You are not in charge of everything." And I love doing the very same thing with a Board Chair.

This is another tricky part of a nonprofit's hardwiring: ***effective leadership is always shared***.

Picture a twin-engine jet: you need two high-functioning engines and two co-pilots in the cockpit, all working in partnership to ensure that everything is in sync and you reach your destination.

Yet we see the opposite all the time: a Board Chair thinking she's the boss; an ED bristling when a board member asks a tough strategic question. Executive directors need to move past this and recognize that so much of ***our important work demands partnership, especially when it comes to fundraising, board building, and strategic planning***.

Yes of course, there are some responsibilities on each side that are clear and distinct. The buck stops with the board on hiring, evaluating, and firing an ED. Conversely the buck stops with the executive director on hiring and managing staff. But it's time to erase the traditional nonprofit org chart from your hard drive and recognize that ***thriving nonprofits build true partnerships between the board and staff***. A nonprofit needs governance and oversight, but most small nonprofits can't afford a staff attorney, a high-level strategy executive, or a human resources consultant. Voices like these on your board are key in making smart decisions. If you get this partnership right and build trust *together*, your nonprofit will thrive and be built to last.

Critical Skills and Competencies

We know that the DNA of a nonprofit is unique. So what are the implications for an executive director, and how do you most effectively lead? **Here are six critical imperatives that will help you be an effective and successful leader:**

1. **Get the Right People on Your Jet**

   This sounds obvious, but a sense of urgency can lead to impulsive staff hires, just like a sense of desperation can lead to board recruitment without intention. ***You're infinitely better off spending the time needed up front to ensure you recruit the right board members and staff versus struggling to unwind relationships once they're on your team***.

Allow me to let you in on a secret. In my decade at GLAAD, the number one reason for turnover (resigning or even firing) was not a lack of skills and experience, but lack of passion for the work. Think of everyone in your organization as if they have a pilot light burning inside. That light is a metaphor for the sheer passion someone feels about your mission. That light is either dim or has gone out completely for those who are no longer a good fit. That's when you have to make the tough decision to let someone go, since this lack of enthusiasm is often infectious.

The same is true on the board side. How many times have you had this conversation: "I know a great lawyer, and I could probably persuade him to join." "Does he know anything about our work or have any previous board experience?" "Uh, no." ***Steer clear of board prospects that don't demonstrate a passion for your cause***.

Regardless of a person's role in your organization, you need to help keep those pilot lights burning bright by continuing to meaningfully engage people in your work. But again, that's typically only possible with folks who demonstrate a clear connection to your mission to begin with.

2. **Cultivate A True Partnership with Your Board Chair**

   With the twin-engine jet engrained in your psyche, an executive director can no longer say, "Why doesn't the board leave me alone and just go raise money?" just like you can't allow your Board Chair to be in the dark about potential challenges ahead. You can't create a strategic plan for rubber stamp approval and expect a board to own the plan or evangelize it.

   What are the keys to an effective partnership?

   - You're both deeply passionate about the cause and dedicated to the organization.
   - Your Chair is enthusiastic about being in the role and eager to get it right. She realizes that while she may oversee the ED, her main job is to ensure your success.
   - You're willing to see power in a nuanced way.

- Your Chair sets a tone that allows for discussion of challenges (and even mistakes).
- You motivate each other, and in so doing, you motivate the entire team.

Some practical tips:

- Get it right from the start. Have an extended meeting and talk about what success will look like if you unlock a best-case scenario partnership.
- Have regular grown-up meetings, with agendas and everything.
- Never stop talking about board recruitment.
- Ensure that board meetings are worthwhile for everyone at the table, and make a conscious effort to make the best use of everyone's time (see Chapter Thirty); although technically the Chair should be crafting agendas and leading meetings, often it falls to the ED.

3. **Understand That You Are Not on Top of Anything**

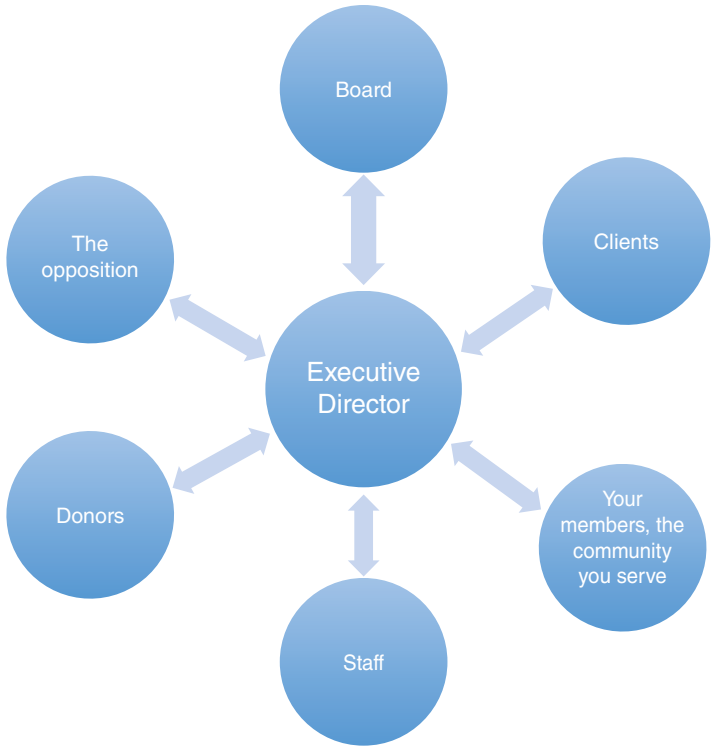
   Here's another quirky characteristic of nonprofits: *everyone* is a stakeholder. Staff, volunteers, board members, donors – they all care deeply, and one of the payoffs for them is feeling valued and knowing their voices matter. ***As an executive director, you will be the shot caller on many important decisions, but you must recognize that your decision-making is greatly enriched by the voices around you*** (as depicted in Figure 4.1).

   This point is really important. ***Failing to authentically engage your board in rich and robust conversations on important topics or making important decisions from the top down without input from the staff is done at your own peril and at great risk to the stability of your organization.***

4. **Cultivate A Culture of Storytelling**

   Unfortunately, most organizational ambassadors (staff, board, and volunteers) can't talk passionately and compellingly about their nonprofit's work or even articulate why it's important to them. Too often, these folks talk endlessly, rambling on and listing program after program without leading off with a

Figure 4.1: Your Dream Job



compelling elevator pitch that concisely hooks people on why the organization exists, why the listener should care, and the impact it aims to achieve; instead they desperately seek you out to more effectively engage prospects at events and other networking venues.

Everyone (and I mean everyone) *must* be a great storyteller.

Here are a few great storytelling tips:

- Instead of diving into what you do, start out with 1-2 sentences of context, where you quickly share the problem you're trying to solve and your ultimate solution. ***It's not about the "what," it's about the "so what?"*** This hook creates a powerful frame for your programs.
- Don't list your programs. I won't remember a list.

- Tell me a story about someone you've helped and use it as a centerpiece. I'll remember a client or the person impacted by the court case you're fighting, plus your list will feel more important and relevant once I care about the person at the center of your story.
- Never assume I know anything. Not the scope of the problem, what an acronym stands for, or industry speak, AKA jargon. Talk to me like I am 10.
- Bring the work to life. Use real names.
- Always end with "would you like to know more?"
- Provide training for both your board and staff so that they're *all* briefed on how to effectively communicate your work.

5. **Build an Army of the Engaged**

   A common refrain from EDs is: "A small group of us do everything" or "I do everything." That just won't do; it's not the path to sustainability.

   The challenge of getting more and different people involved in your work is completely natural. Organizations get started by remarkable people who see problems others don't, gaps that need to be filled in our society. They get started by engaging folks they know. Those folks likely know one another and travel in similar spheres. ***It isn't until an organization has filled a table with a diverse board and staff, each of whom brings a whole sphere of influence, that you'll reach your full potential***.

   As exemplified in Chapter Nine, we often talk about diversity in nonprofits and why it's important. But our definition of that is often limited. Sure it means race, gender, sexual orientation, age, etc., but it's broader. Is your organization filled with people, most of who swim in a totally different crowd? If yes, that's another way to look at diversity and that's how you build the army.

   Let's say your nonprofit supports autistic kids. It was founded by a mom whose kid is on the spectrum. Through her PTA, she enlisted a number of moms she knew who had autistic kids. How does that organization break out and diversify? Ask a simple question. How many lives in this country are touched by autism? Not just friends and families. How about neighbors? What about the

professionals who support autistic kids? Or perhaps therapists who support the families of kids affected by autism?

Don't just stare at the contacts in your phone. Think creatively and reach beyond your immediate social circle. Draw a circle on a flip chart. Write "My autistic son" in the middle and then begin to think of all the different "ponds" you swim in. College friends, neighbors, professionals, etc. Then ***look for the overlap between people in circles that likely support your cause with the kinds of supporters you need***, whether it's a board member with an accounting background, a high net worth donor prospect, or a volunteer with time on her hands.

The Board Matrix detailed in Chapter Thirty can be generalized to help you hone in on the top characteristics for which you should prioritize looking. Before you know it you are building your army. Armies of donors, board, staff, and volunteer prospects. This is essential to building a thriving nonprofit.

6. **Prepare for a Public Crisis**

   If your organization hasn't suffered some kind of community-facing crisis yet (more on this in Chapter Twenty-Four), it's not that you are good – you're just lucky. While other chapters in this book share tips for heading off internal challenges around fundraising, financial management, recruitment, risk management and more, an ED must also be prepared for the kind of bad news that can hit the front page of the local paper. ***Public crises that befall nonprofits can almost always be predicted, and a great executive director must anticipate potential landmines***.

   There are many components to effective public crisis management, but your first step should always be making a plan. The very best nonprofit leaders set aside three hours with a key group of board, staff, and advisors (invite a PR expert you know to participate pro bono and feed her lunch) and seek to answer the following questions:

   - What are your organization's biggest vulnerabilities? Look hard, look back, look deep. It could be about staff, certain policies, challenges the community has with your organization, etc.

- Could any one of those constitute a real five-alarm blaze crisis? Said another way, "what do you have nightmares about?"
- Do you have any skeletons in the closet? Are there any secrets that if they got out or were framed in a particular way could be damaging to your work, and if so, how can you get in front of those?
- Who might like to see you fail? The sad reality is that most crises are either self-made or ignited by someone in our own tribe. And they always involve reporters.
- Who is our official crisis team and lead spokesperson?
- What are our basic crisis operating principles? Please put the words "never lie" at the top of the list.
- How do we prioritize our stakeholder groups? Write down a list and put it in the crisis file. You don't want your board to read about problems in the newspaper before getting your call.

Ellen DeGeneres: The Perfect ED?

First in the spirit of full disclosure, I want to *be* Ellen DeGeneres. I keep waiting for the call to sub for her when she is on holiday with Portia. Still waiting, but let's set that aside.

Why do I think Ellen would be a great executive director? What am I thinking?

Often search firms and committees look for certain skills in hiring an ED. This is a mistake. *Attributes* are more important. My board took a leap of faith in assuming that I had the right attributes to be good at the job. Fortunately for both of us, they were right.

And when you look at Ellen's success, her attributes are exactly **what an executive director needs to thrive:**

(*continued*)

Authenticity

Couldn't you imagine having lunch with Ellen and feeling at ease? What you see is what you get, and part of the secret to her success is that she shows up as a whole person, not a facade. She is who she is, like it or not. And everybody likes it. Maybe the word isn't authenticity. Maybe it's *trust*.

Conviction

Ellen speaks out about the causes she believes in and does so without alienating people with the "opposing" viewpoint. She knows how to *disagree agreeably*.

Toward the end of every show, she reminds us all of her most cherished values:

- Honesty
- Equality
- Kindness
- Compassion
- Treating people the way you want to be treated
- Helping those in need

Every day on television, she runs a master class in changing hearts and minds, but that's only possible because she has deeply-held beliefs and is able to compellingly convey those to her audience.

Joy

I'm sure if I were a bazillionaire, I'd be pretty damned joyful. But it's not just that. Ellen lives in the world *joyfully*. Nonprofit leaders are always seeking to right some wrong or fight the good fight, but that doesn't mean we have to focus on the problems in the world, instead of striving toward solutions. As Kay Grace says in Chapter Eighteen, "people don't give to you because you have needs; they give to you because you *meet* needs." Instead of pointing out the problems of a sinking ship and focusing on

the negative, Ellen stays positive and pushes us to think about what can be, instead of what is.

Beyond taking a more positive slant on the mission, it's also important to stay joyous about your job. I have a beef with EDs who don't see their work as a privilege. To get paid to do something that matters? To earn a living making some part of the world a better place? I'm not naive; the work can be hard. But make no mistake: ***it's a privilege to do this work, and an executive director should approach her job with joy, not anger***.

Humor

Executive directors can be a humorless bunch. After all, the work is *serious* and *important*; perhaps some EDs don't see humor as quite befitting a leader changing the world. But given just how serious our work is – not to mention the very real threat of burnout in the sector – it's important that we bring some levity to our efforts and set a tone that allows for people to exhale and have a good ol' belly laugh every now and then. Of course, we can't all be as funny as Ellen, but a little joke here and there can go a long way toward creating a culture where it's okay for folks to take off their armor and feel more at home.

Fearlessness

Just like EDs, Ellen courageously tackles some tough issues on a daily basis. With authenticity and conviction come a sense of fearlessness. Not the arrogant kind where you know that your position is right and nothing else matters: as I tell my clients all the time, "Okay, so you're right. Now what? Because being right is a very, very small part of the equation in changing hearts and minds." When I talk about fearlessness, it's about picking up the phone, having a difficult conversation, firing a long-time staff member whose pilot light has gone out, and telling a board member that her exciting new idea is a non-starter. These require a real fearlessness. To thrive as an ED, you can't avoid taking on the difficult challenges that inevitably come with the job.

Do's and Don'ts

Nonprofit Leadership Do's and Don'ts

- DO lead with joy and optimism! The work is hard, but how lucky are you to be in the business of making the world a better place?
- DON'T underestimate the critical importance of doing whatever it takes to recruit and engage your Board Chair; she can be your biggest supporter and ally, or a huge drag on your leadership.
- DON'T ignore your board. If your board is not engaged, look in the mirror. Are you actively sharing information about your work and the sector? Are you asking for input on critical issues and inspiring them at each board meeting? That's what it takes to brighten the pilot lights of your board members and ignite them to action.
- DO remember that leading is different from managing and that folks will follow your lead and style. The best way to build a culture of authenticity, integrity, and determination is to model it.
- DON'T overheat either of your engines: board or staff. Burnout is an epidemic in the nonprofit sector. Take vacations and encourage others to do the same. Most organizations will be fighting a problem for decades. Self-care will ensure that you can pace yourself for the marathon.
- DO prioritize. I know. Everything feels equally important. You can't bear to drop a single ball. But you will. I often say that nonprofit leaders are like jugglers. The work is not about keeping all the balls in the air; that is impossible given limited resources. The goal is to make intentional decisions about which ones can be dropped.
- DO understand the power of being vulnerable and authentic and demonstrate these traits.
- DO be fearless, try something new, and be a compassionate truth-teller. Tell your own story. Bring your work to life for all those around you.

Conclusion

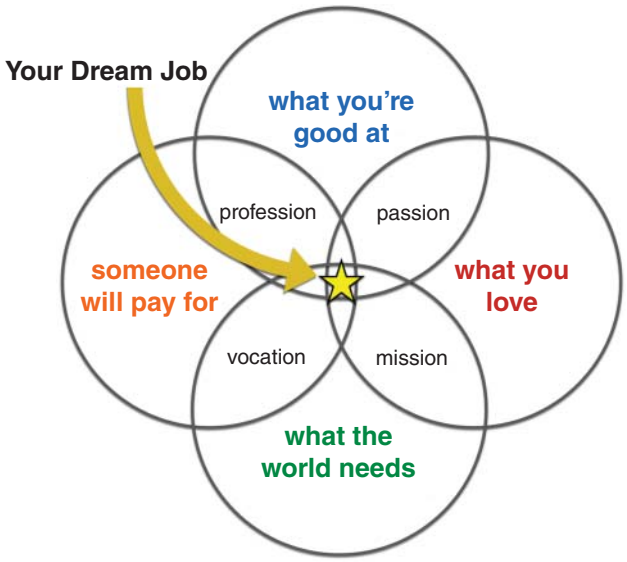
Executive directors don't just do hard work; you do the most *important* work there is. You educate our young people, deliver meals to the homeless, work to cure illnesses, and fight the stigma often associated with them. You fight for equality for women, people of color, and the LGBT community. Effective EDs are powerful storytellers who do not allow us to forget and are inspired, inspiring leaders that motivate others to do their best work.

As you work to build your skills as a nonprofit leader, don't forget the place you hold in our society. So many are counting on you.

With this great responsibility comes real privilege. Don't lose sight of that. Great leaders understand the privilege of service, and they ignite it in others. Great leaders use their skills to advance work that drives them, work that can change the world – and it doesn't get any better than that. And lead with *joy*, the key to building a village of support.

Lastly, remember that even on the toughest of days, you have a dream job (see Figure 4.2).

Figure 4.2: Your Power Comes From All Around You



Joan Garry *left a successful career as an entertainment executive in 1997 to serve as the executive director of GLAAD, one of the largest nonprofit organizations working for LGBT equality. Since leaving GLAAD, Joan has worked as a consultant for hundreds of nonprofits, teaching them with wisdom, joy, and humor the keys to effective nonprofit leadership. She was a regular panelist of NBC's Emmy Award winning nonprofit reality show, Give. Joan is also the founder of The Nonprofit Leadership Lab, a monthly membership site for board and staff leaders on small to mid-sized nonprofits. She has taught at the Annenberg School for Communications at The University of Pennsylvania and is a sought-after speaker on nonprofit leadership. She blogs regularly at the popular website,* www.joangarry.com *and hosts one of the top nonprofit podcasts on iTunes, Nonprofits Are Messy.*

Nonprofit Leadership Resource Review

Joan Garry. Joan Garry's Guide to Nonprofit Leadership: Because Nonprofits Are Messy. Wiley, 2017.

Written for both board and staff leaders, my book is practical, actionable, and reminds readers of the joy and privilege of nonprofit leadership.

JoanGarry.com (www.joangarry.com)

The only blog written for both board and staff leaders, reaching over 100,000 unique visitors a month from over 170 countries. Practical, actionable, and funny – each read reminds leaders of the joy and privilege of nonprofit service.

Howard Gardner and Emma Laskin. Leading Minds: An Anatomy of Leadership. New York: BasicBooks, 1995.

Gardner, a world-renowned educator, explores the core components of leadership.

Jim Collins. From Good to Great in the Social Sector. Colorado: Jim Collins, 2005.

You will be quoting from this book endlessly. Consider reading it before any full-day offsite.

Kathy Bonk, Henry Griggs, Emily Tynes. Strategic Communications for Nonprofits: A Step-by-Step Guide for Working with the Media. San Francisco: Jossey-Bass, 1999.

You'll want this book on your shelf as you consider how to prepare for an organizational crisis.

My Top Ten Leadership Books
(https://www.joangarry.com/nonprofit-leadership-books)

A fantastic array of books that are a must in the library of any nonprofit leader, as featured on my blog.

Joan Garry. Ep 41: What Every New Board Member Should Know. *Nonprofits Are Messy Podcast*. Available at https://www.joangarry.com/ep41-new-board-member-understand

An episode from my podcast series that provides an excellent foundation for all new board members.

Douglas Stone, Sheila Heen, Bruce Patton. Difficult Conversations: How to Discuss What Matters Most. New York: Penguin Books, 1999.

Nonprofit leaders are also managers and the ability to have tough conversations – especially giving and receiving feedback – is core to great management.

Chip and Dan Heath. Made to Stick: Why Some Ideas Survive and Others Die. New York: Random House, 2007.

Leaders must be five-star storytellers, and the Heath brothers offer smart and practical advice that will ensure the story you tell about your nonprofit's work drives people to action.

Brene Brown. Dare to Lead: Brave Work, Tough Conversations, Whole Hearts. New York: Random House, 2018.

This powerful book is based on research conducted with leaders, change makers and culture shifters.

CHAPTER 5

Strategic Planning: Turning a Dream into Reality

By Jeanne Bell, MNA, Director of Practice Advancement, Nonprofit Quarterly; Updated for second edition by Steve Zimmerman, Principal, Spectrum Nonprofit Services

Introduction

You've likely heard the quote "A goal without a plan is just a dream." As a nonprofit, your goal is your mission. If you want that mission to be a reality and not just a dream, it's critical to develop a strategic plan and commit to a set of coordinated activities that will best accomplish your mission. In his book The Nonprofit Strategy Revolution, planning consultant (and co-author of the next chapter in this book) David La Piana defines a strategy as "an organized pattern of behavior toward an end." ***In creating strategic plans, nonprofit leaders determine which set of strategies are key to the impact they want to achieve in their communities***.

A strategy process, done well, provides direction and focus for all involved. It informs key aspects of the organization, including the skills and leadership needed

on the board and staff. It also provides language to communicate the nonprofit's goals and impact to the community, which directly contribute to the fundraising and marketing efforts needed to raise awareness and generate financial resources. Lastly, your strategic plan should identify key metrics to monitor progress – both programmatically and financially – so adjustments can be made, if needed, during implementation.

Here is an example of this in action: the founders of an education nonprofit had a vision of a United States where every child, regardless of socioeconomic status, graduates from high school. The organization's leadership acknowledged that they could not achieve that alone, since a myriad of public and private efforts are also needed.

So they articulated their mission as a critical piece of realizing that vision: "To increase the high school readiness of low-income junior high students through rigorous summer school programming." The program strategy, and what they'll do to achieve that mission, was: "Develop and maintain strong partnerships with inner city junior high school counselors to identify target students for program enrollment."

Their plan then went on to detail how exactly the organization was to go about achieving this, providing a timeline, communication templates, and an outreach and relationship management strategy. The documentation of this vision, mission, and these strategies is typically called the organization's *strategic plan*.

What Strategic Planning Looks Like

In recent years, as the environment in which nonprofits operate has changed rapidly, organizations have begun using strategic planning to develop a common framework from which future choices can be evaluated and decided in real-time. Dana O'Donovan and Noah Rimland Flower describe this approach in their article, *The Strategic Plan is Dead. Long Live Strategy*. " . . . what is necessary today is a strategy that breaks free of static plans to be adaptive and directive, that emphasizes learning and control, and reclaims the value of strategic thinking for the world that now surrounds us."[1] ***This flexibility shifts planning from an episodic practice done every three to five years to a strategic mindset engrained in the culture of the organization***.

In this approach, a formal strategic planning process is done and redone at regular intervals to revisit fundamental assumptions and make sure they still hold true. Each

change in the operating environment – be it a new client population, new public policies, or shifts in funding availability—requires a reexamination of current strategies to make sure the assumptions made still hold true, or identify whether there are new, more effective strategies. Depending on the complexity of the organization and the amount of analysis undertaken, ***strategic planning processes generally take three to nine months and should include both staff and board members***. They are often facilitated by a planning consultant, though they do not need to be.

Board members are involved both as key representatives of the community and its needs, and also as a means to fulfill their responsibility of setting strategic direction. ***It is standard practice for the board to officially adopt the strategic plan once it is complete***. Consultants may be used to organize the various phases of the process, to interview outside stakeholders with objectivity, to allow staff and board to fully participate in rather than manage the process, and to add value based on their planning experience with other nonprofits.

Once complete, strategic plans should be used internally to monitor progress toward accomplishing the organization's mission and guide decision-making until you choose to revisit core assumptions. ***Strategic plans are also frequently used externally – with funders who want to understand a nonprofit's strategic direction before they invest, as well as in the recruitment of new staff, board members, and partners***.

There are many guides and models for strategic planning. Most are variations on the standard of setting vision, committing to a mission, and determining the nonprofit's priority strategies and their financing. In Strategic Planning for Nonprofit Organizations,[2] planning consultants Mike Allison and Jude Kaye identify **seven phases in the process:**

1. *Get Ready*: Identify the reasons for planning and establish a work plan for the process.
2. *Articulate Mission, Vision, and Values*: Create a mission statement, a vision statement, and an articulation of organizational values.
3. *Assess Your Situation*: Conduct a deep review of accomplishments and strategies to date, and review evaluation and other feedback data from key stakeholders.

4. *Agree on Priorities*: Assess current activities – both in terms of impact and financial return – and determine which strategies can best grow or strengthen your organization going forward.
5. *Write the Plan*: Delineate specific goals and objectives, each accompanied by long-range financial projections (in this phase, the plan is documented and adopted by the board).
6. *Implement the Plan*: Make the necessary organizational changes to implement new strategies and build annual plans and budgets that align to the strategic plan.
7. *Evaluate and Monitor the Plan*: Continuously improve the discipline of planning and regularly monitor progress on the plan's goals and objectives.

Critical Skills and Competencies

Rigorously Seek External Input to Understand Your Environment

Nonprofits don't operate in a vacuum but rather are influenced by forces within their community. ***It's critical to understand important shifts in your operating environment and to evaluate your strategies in this context in order to implement them successfully***.

It is easy – and dangerous – to make assumptions about how clients, constituents, funders, and partners perceive your organization and initiatives. ***Effective strategy formation requires the meaningful engagement of people other than board and staff to understand the community you serve***. Inviting constituents to the table and deeply understanding their needs, other interests, and who they turn to for support allows the board and staff to develop strategies that are relevant to constituents and complementary to partners and other providers.

For instance, given the strategic question about expansion to additional counties, the educational nonprofit we learned about earlier elected to interview the executive directors of five community-based organizations in the new counties who provide complementary services. By proactively asking the EDs about unfulfilled needs in the counties and requesting their input and direction for the program's expansion, leadership received both invaluable guidance and the opportunity to build relationships and trust with future colleagues and partners.

In addition to constituents, leadership should consider changes and perceptions of the funding market – whether government agencies, foundations, individuals, or businesses. ***Surveys and interviews of all these stakeholders generate not only useful data, but also community goodwill and future support***.

One very effective tactic for this process is to ***engage board members as interviewers of external stakeholders during strategic planning processes***. The upside here is great: board members get more engaged as they learn more about how the organization is positioned in the community, while community stakeholders are typically flattered and impressed that board leaders are so deeply engaged in planning and community listening.

In summary, all good planning starts with understanding community needs, so ***develop strategies only after rigorously considering the external environment and the feedback of clients, funders, collaborators, and other stakeholders***.

Board / Staff Partnership in Setting Strategy

The idea that boards set strategic direction and staffs implement it is rarely the case. Staff are closer to the day-to-day work than board members and are in the best position to identify and pursue new strategies as opportunities arise. ***Board members offer important perspectives that can be essential in developing strategies but should not lead the process top-down***. It is important that the board and staff work closely together to avoid developing strategies that don't reflect the trends of the sector or face other barriers in implementation. To leverage the strengths that both board and staff have to contribute to strategic planning, it is essential to establish this partnership and clarify roles from the beginning.

In our education nonprofit, the executive director and board chair agreed that the ED was ultimately responsible for the success of the strategic planning process; she was charged with leading its design with the consultant and doing most of the actual writing of the plan. They agreed that the chair was responsible for the board's active engagement in the process.

Together, they established a joint board-staff planning task force that existed only while the plan was being developed. Its participants were chosen for their knowledge and enthusiasm about the key strategic questions facing the nonprofit at the time. The task force members did the heavy lifting in the planning process – from

co-designing it, to stakeholder engagement, to drafting goals and objectives for feedback from the full staff and board.

This raises the issue of "democratic," or consensus-based cultures, often found in nonprofits. In organizations with these structures, there is an expectation that all staff – from entry level to the executive director – is involved in formal strategic planning processes. These groups generally assume that this inclusiveness will establish a level of buy-in for new organization-wide strategies. This rationale gets at an important cultural norm in many community-based nonprofits: the notion that leaders need "buy-in" *before* they can begin to implement a new strategy. Though this sounds great, it's simply not true. In fact, leaders *only* need the best available data and the key staff and board members with direct insight into the strategic questions in order to set strategy. Too many cooks tend to spoil the broth.

Once a good strategy has been set, however, a clear communication plan to the rest of the staff and key supporters is critical. ***Too often the strategic planning process is designed to generate buy-in up front, instead of focusing on how best to make a rigorous decision about strategy***. "Buy-in" to new strategies is best accomplished through transparent communication about how and why a new strategy is being adopted, as well as consistent supervision to help each staff person understand how his or her role changes within the new strategy.

Define Impact

At its heart strategic planning is about making choices as to how the organization should best pursue its mission. The mission, vision, and values statements provide a framework for the purpose of the nonprofit and how it operates. ***Spend the time to more deeply and precisely define the intended impact you'd like to see as a result of your organization's efforts***. Doing so allows the impact to be a beacon against which strategic choices you face in the future can be evaluated.

Mission and vision statements often use aspirational or ambiguous words such as "quality" without having a shared understanding of what those words actually mean. By collectively defining terms, biases and discrepancies can be surfaced and resolved so all board and staff can participate. Often times this clarity of impact is incorporated directly into the mission. For example, in our education nonprofit, the vision is for every child to graduate from high school. This is a very specific, measurable statement against which progress can be tracked.

Beyond defining organizational impact, a critical skill in developing and delivering on good strategy is setting measurable targets to gauge successful execution. ***For each strategy, you must be very disciplined, defining and even quantifying what success will look like***. This forces a deeper discussion of success requirements, realistic time frames, necessary financing, and other reality-based considerations. In short, defining success makes for better articulation of strategy in the first place. ***Once strategies and targets are set, staff and board must consistently and regularly monitor progress against them, which provides an important performance motivator***. Indeed, the adage "what gets measured gets done" has considerable truth to it.

Make the Numbers Work

Strategic planning without disciplined financial planning is naive at best and dangerous at worst. It's simply not feasible for nonprofits to focus only on mission and objectives – or even only on what their constituents say they most need and want – without also evaluating the specific financial requirements and funding prospects. ***Any and all strategies adopted must factor in current or potential funding***.

Looking again at our educational nonprofit, if leadership wants to hire a grant writer to pursue foundation funding – a fairly typical nonprofit strategy – what makes them so sure they can attract those dollars? What is the specific case for support? What evidence have they collected to date that a grant writer would in fact pay for herself and generate additional revenue within a specified time period? What is the foundation dollars-raised target for the coming two years? In short, what is the *financial* analysis of this strategy?

The truth is that there are many brilliant strategies for which there is no current or potential funding, and without money, there is no execution. ***Every strategy identified in a strategic plan should have an accompanying financial analysis that details the cost to implement the strategy and the sources of financing for it***.

Identify the Questions You're Trying to Answer

Before beginning a strategic planning process, an effective leader or manager always clarifies, "What are the most relevant and timely questions that this process must answer?" This is equally true for a real-time, one-day process or a six-month process supported by a consultant. Traditionally, strategic planning starts with revisiting your

vision and mission, but if those fundamental points are not in question, why revisit them? Instead, an organization should ***choose to focus on two or three key questions***. Our educational nonprofit wisely narrowed its planning focus to the following:

1. How do we grow to serve three new counties within two years?
2. How do we provide services in a third language to meet the needs of a changing student demographic in our region?
3. How do we diversify our income by securing more support from foundations and individual donors?

A thoughtfully facilitated meeting of board and staff should identify these critical questions in advance. Having candid conversations about where the organization is having success and where it's struggling – along with how external forces are influencing your work – will inform this process. With clear questions from the outset, staff and board can collect the right data, engage the right constituents, and ensure that planning time is used effectively and efficiently to drive toward the best possible decisions and ultimately, results.

Continue to Learn and Refine Your Strategy

Roger Martin shared in *Harvard Business Review* that almost all executives find strategy "scary because it forces them to confront a future they can only guess at. Worse, actually choosing a strategy entails making decisions that explicitly *cut off* possibilities and options."[3] The objective is not to "eliminate risk but increase the odds of success," and with that goal, there is much to be learned from the implementation of strategic plans. ***Effective nonprofit leaders are always developing and revising strategy using the best data they can readily collect to make good decisions in real time***.

As we mentioned, strategic thinking should not be limited to official periods of planning. The tools and frameworks of sophisticated strategic planning – from environmental scans to financial projections – can and should be deployed as new opportunities and threats emerge. Staff should develop these habits and skill sets so that outside support is not required every time a significant planning question emerges. Instead, leaders must feel comfortable doing intentional strategic thinking on an as-needed basis. This includes working with staff and board teams in meetings as short as one hour, full-day or weekend-long retreats, and everything in between.

For example, in evaluating whether to add a third language to their curriculum, the effective education nonprofit ED assigned her program director the task of compiling the number of requests received for the third language to date, the demographic trends of their students for the past two years, and securing proposals from three possible consultants who could do the initial translation. She also tasked her grant writer with researching possible foundation funders for these up-front translation and curriculum testing costs. Then the three of them had a two-hour meeting to determine if and when to invest in adding the third language.

The Nonprofit Dashboard

"Organizational dashboards" are an incredibly effective tool for monitoring progress against established metrics (see Table 5.1). Just like the dashboard in your car, ***a nonprofit dashboard is a holistic, though not comprehensive, visual representation of key success indicators in a variety of important areas***, i.e. program, finance, development and fundraising, human resources, and governance. Three to five indicators are chosen in each area and regularly assigned a color status: Light Grey (Celebrate), Dark Grey (Monitor), and Black (Act Now).

Try to limit your dashboards to no more than a dozen total indicators so you stay focused on measuring what truly matters. Keeping a history of recent results alongside newly assigned status allows you to easily see trends. I recommend doing this at least quarterly, but typically you'll want to prepare an updated dashboard for every board meeting (more on this in Chapter Thirty: see references to consent agenda). This is an effective and hyper-efficient way to get a quick and colorful scan of what's going as planned and where refinements or serious rethinking may be in order. In other words, a powerful, yet simple, management tool to guide decision-making.

Dashboards should include success indicators that are linked directly to key strategies identified in a strategic plan. For example, in its effort to increase grant funding with a new grant writer, the educational nonprofit identified a development success indicator of two new grant proposals submitted per quarter. In its effort to reach additional student participants in new counties, they established the program success indicator of initiating relationships with two new junior high school principals and guidance counselors per quarter. ***A dashboard becomes a powerful***

Table 5.1: The Components of a Dashboard

Education Nonprofit Performance Indicators

Key: Act Now; Monitor; Celebrate

Indicators	Target	Trend/Result			Cumulative Status	Comment
		Q1	Q2	Current		
Program						
School counselor relationships established	2 per qtr.	1	3	2		We are on pace with 6 relationships at 75% through the year.
Indicator 2						
Indicator 3						
Fundraising						
Foundation grants submitted	2 per qtr.	3	0	0		After initial success, we have been unable to identify additional foundation prospects.
Indicator 2						
Indicator 3						
Category 3						
Indicator 1						
Indicator 2						
Indicator 3						

complement to the strategic plan – increasing the likelihood that staff and board will pay serious attention to execution. Several indicators from the education nonprofit are included in the example.

Do's and Don'ts

Strategic Planning Do's and Don'ts

- DON'T develop strategies without a corresponding financial analysis of how much the strategies will cost to implement over time *and* a breakdown of where that money will come from.
- DON'T undertake generic planning processes simply because the last strategic plan has expired. Instead, define clear planning questions and pursue their answers rigorously.
- DON'T overemphasize staff buy-in when designing planning processes. Staff will be most pleased when good decisions are made and then thoughtfully communicated and implemented.
- DO engage your board in planning in substantive ways, not by pretending that they are the direction setters and staff the implementers. Instead, use their knowledge and talents as individuals and as a collective body to make more informed decisions together.
- DO listen deeply to the community as you develop strategies. This includes clients, constituents, funders, and current and potential partners.
- DO define success for each strategy and implement an organizational dashboard to support board and staff in monitoring progress.

Conclusion

The setting and continuous refinement of organizational strategy is essential to nonprofit impact and sustainability. Without a clear, compelling vision and mission supported by solid strategies, nonprofits lose relevance and financial strength over time. It is critical to regard the investment of staff and board time in strategic planning—not to mention organizational dollars—as an *investment* that will show great return. A positive and inclusive planning process is not enough. The most effective strategy planning is about making good decisions based on the best

available data and then *executing*. Part of this implementation is embracing a continuous cycle of inquiry instead of a linear process with a beginning and an end. And any decisions you make must always include a realistic financial analysis and the input of community stakeholders. While there are many ways to get there, ultimately it is the responsibility of the staff and board together to frame and answer the organization's most pressing questions.

By investing the appropriate time, resources, and perspectives into strategic planning, your nonprofit stands to better engage and serve your community, improve communications and fundraising efforts, and provide staff and board with a valuable touch point for ongoing decision-making.

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Strategic Planning Resource Review

Jeanne Bell and Steve Zimmerman. The Sustainability Mindset: Using the Matrix Map to Make Strategic Decisions. San Francisco: Wiley, 2014.

This book focuses on strategic decision-making and employing a dual bottom-line approach, where both programmatic impact and financial return are evaluated to refine your nonprofit's strategy and direction.

Jeanne Bell, Jan Masaoka, and Steve Zimmerman. Nonprofit Sustainability: Making Strategic Decisions for Financial Viability. San Francisco: Wiley, 2010.

This best-selling book offers nonprofit leaders a simple, yet powerful framework for analyzing and adjusting their business models for greater organizational sustainability. It introduces the matrix map, a practical tool to integrate mission and financial decisions.

Michael Allison and Jude Kaye. CompassPoint Nonprofit Services. Strategic Planning for Nonprofit Organizations: A Practical Guide for Dynamic Times (3rd ed.). New York: Wiley, 2015.

An updated version of an intensely practical, step-by-step guide to strategic planning. This workbook walks nonprofit leaders through a comprehensive strategic planning process.

David La Piana. The Nonprofit Strategy Revolution: Real-Time Strategic Planning in a Rapid-Response World. Saint Paul, MN: Fieldstone Press, 2008.

La Piana offers a new way of thinking of about nonprofit strategy, which includes setting a strategy screen and allowing for a more flexible approach. The end result is a plan that is focused issue-wise and time-based.

Lawrence Butler. The Nonprofit Dashboard: A Tool for Tracking Progress. San Francisco: BoardSource, 2007.

Nonprofit dashboards are great ways to monitor progress on strategic plans and engage the board and staff in high-level discussions. This workbook provides examples and formats to develop one for your organization; although dated, the insights contained are evergreen.

The Nonprofit Quarterly (www.nonprofitquarterly.org)

This exceptional, nonprofit-specific management tool offers articles on strategy, finance, public policy, and sectors trends targeted toward community-based organizations. NPQ produces a quarterly magazine, a daily newswire on current events, and educational webinars to advance the practice of nonprofits.

Stanford Social Innovation Review (www.ssireview.org)

Affiliated with Stanford University, this magazine and website offers insights and perspectives on social enterprise, strategy, and sector trends.

Bridgespan (www.bridgespan.org)

The website of this national consulting firm offers several useful resources, including a blog with their latest perspectives on nonprofit leadership and strategy.

CHAPTER 6

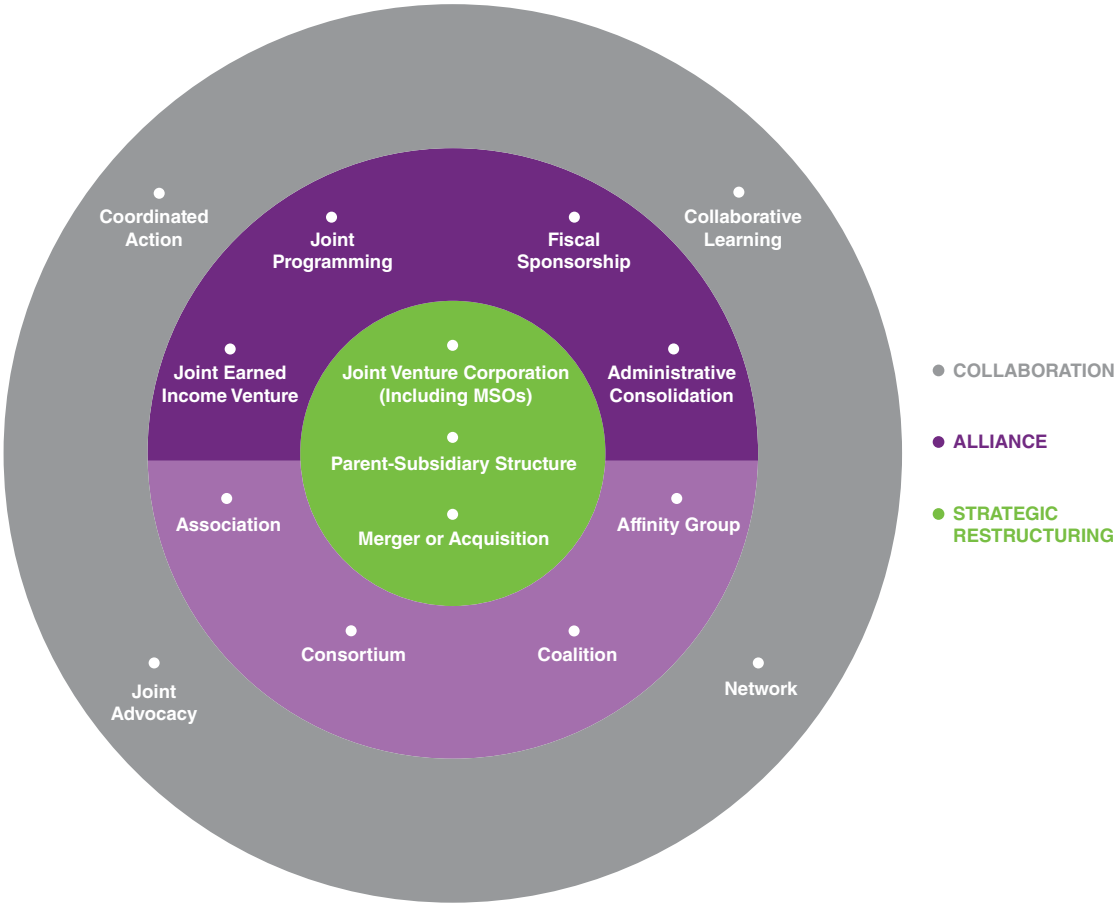
Nonprofit Partnerships: Collaboration, Alliances, and Strategic Restructuring

By David La Piana, Managing Partner, and Bob Harrington, Partner, La Piana Consulting

Introduction

Nonprofits are founded and grow out of the deepest longings of the people who create, lead, and work in them. These longings are generally related to a desire to enrich community life or to advance social, political, or environmental justice. When grappling with these types of social missions, the old adage "there is strength in numbers" definitely holds true. ***Often, the best way to advance an organization's cause is by working closely with similarly motivated partners***. But the path to successful partnerships is not an easy one.

Figure 6.1: The Collaborative Map



It requires an honest assessment of what your organization and its potential partner(s) each bring to the table, clarity about what you seek to achieve together, and a significant investment of time and energy. There are many ways in which two or more nonprofits can combine their efforts in a partnership, from collaborations, to alliances, to highly integrated forms of strategic restructuring, such as mergers. Figure 6.1 above, The Collaborative Map, portrays fifteen different forms of partnership available to nonprofits in pursuing shared goals.

Critical Skills and Competencies

Understanding Your Options: The Collaborative Map

Collaboration is captured in the outermost ring of the map, indicating the least-integrated forms of partnership. Collaboration is as old as the nonprofit sector itself. It occurs when different nonprofits perceive a fairly limited need to work together to achieve a common goal. This may be as simple as standing up together during the annual local government budget battle, opposing reductions that may have an impact on them or on other organizations (Joint Advocacy). Another collaborative arrangement may involve co-sponsoring an event, co-purchasing a service, or sharing a building (Coordinated Action). Learning communities (Collaborative Learning) and self-organizing efforts aimed at creating change (Networks) are also types of collaboration. ***The key to collaboration is that it is often episodic, usually does not involve any formal long-term commitments, and does not require a change in the corporate structure of the partner organizations***.

Alliances (see the middle ring of the map) involve some level of formal agreement and may require sharing or transfer of decision-making power. This form of partnership is usually characterized by a written agreement in the form of a memorandum of understanding or contract. The focus of the alliance could be doing some part of the organizations' nuts-and-bolts business together (e.g. programming, administration, or revenue generation) or combining forces to have an impact on the field (e.g. advancing a social change agenda or capacity building among organizations). This is illustrated by the split in the ring, showing Administrative Consolidation, Fiscal Sponsorship, Joint Programming, and Joint Earned Income Activity as examples of the first type of alliance, and Affinity Groups, Coalitions, Consortiums, and Associations as examples of the second category. ***The key to alliances is that they commit the partners to specific arrangements within a certain set of parameters – e.g. a shared grant – but they otherwise leave the organizations free to function entirely independently***. For example, a group of nonprofits might share the administrative back office of one partner for accounting, information technology, and human resources functions but still maintain separate programming, boards of directors, and executive directors.

Strategic Restructuring is depicted in the center circle of the map and includes three ways nonprofits may partner even more closely to advance their missions. Strategic restructuring options include Joint Venture Corporations (of which a management services organization, or MSO, is one example), Parent-Subsidiary Structure, and Merger or Acquisition. ***The common hallmark of strategic restructuring is the change in corporate relationship and structure between the partnering organizations***. In an MSO, shared back office functions are moved into an entirely separate organizational home, which is usually owned and controlled by the partners (MSOs typically have more than two partners). A parent-subsidiary arrangement is when one nonprofit comes under the control of another while maintaining a separate organizational identity. Finally, a full merger allows two or more organizations to become one.[1] These kinds of integrations can be the most powerful forms of partnership, but are also the most challenging because so much is at stake.

Regardless of the form a partnership takes, its real value lies in why it has been formed, how it takes action, and what it serves to accomplish. For example, if an organization is seeking a temporary partnership to address a time-limited challenge or opportunity, some form of collaboration will likely be best. If it is looking for a more formal relationship that is mutually beneficial at an administrative and/or programmatic level but need not involve a change in how the organizations are structured, an alliance should be considered. And if a permanent change across the entire organization is desired in service of the mission, strategic restructuring will likely hold the greatest potential.

There is little merit in collaboration merely for collaboration's sake. Collaborative strategy is about working better together.

Are You Ready for a Partnership?

We are often asked to help a nonprofit find a suitable partner for a merger, for example. We always respond that ***the nonprofits your organization is most likely to partner with are among those groups you already know***. Before asking which organizations to consider partnering with, it is important to be clear both about *why* your organization wants to partner in the first place and *what* it is looking to gain from the arrangement.

An organization considering a partnership will need to assess the potential of such an alliance before trying to negotiate the details. This process includes a

self-assessment as well as a potential partner assessment. Sometimes a self-assessment is performed prior to approaching a potential partner, while at other times both potential partners conduct their self- and partner assessments simultaneously. **A self-assessment should address the following questions:**

1. What are the key challenges or critical issues (strategic, operational, and programmatic) facing your organization? What gaps or needs make it difficult for you to fully succeed (i.e. to develop and execute strategies related to programs or services, staffing, operations, management, and so on)? How might a partnership help your organization to address these challenges more successfully than it can on its own?

2. How will a partnership help your organization accomplish its mission or better serve its clients, customers, or audiences?

   A partnership, first and foremost, must enhance your ability to deliver on your mission.

3. What experience do you have in working with other groups?

   Organizations that have previously worked with other nonprofits are better prepared to pursue future collaborations. Conversely, organizations that have been more internally focused or have not worked as extensively with others may have difficulty making the cultural adaptations required of a successful partnership.

4. What is the potential reaction of funders and other significant stakeholders (donors, contracting organizations, and so on) to a partnership? Is there general support for developing closer working relationships within your community or field?

   For the past ten years, there has been a growing interest in, and support for, partnerships among nonprofits. However, ***you need to assess your community's and your most significant stakeholders' receptivity before proceeding***. Otherwise, you risk alienating essential supporters.

5. Do you have any specific organizational "red flags" to which a potential partner may react? These could be reputational (e.g. a scandal that played out in the news), financial (e.g. a significant funding stream is at risk or a balloon payment is due on a property loan), or programmatic (e.g. a program is known to be performing poorly and needs retooling).

Identifying and understanding issues that may be of concern to a potential partner will prepare you for the inevitable conversation that will take place during negotiations on how to mitigate these.

6. What is your organization's current financial condition? How strong, predictable, and diverse are its funding sources? What has been its funding history? Will a potential partnership enhance the funding potential of the combined organizations?

7. What are your competitive advantages, if any, in the marketplace? A competitive advantage is a unique asset, outstanding execution, or both that differentiates your organization from others doing similar work.

   You should ***identify any competitive advantages and strive to understand how a potential partnership will enhance, weaken, or change them.***

8. What parameters or screens should you use to determine whether to engage in a potential partnership? These may include:

   a. Will the partnership advance your mission and strategies?

   b. Will the potential benefits justify the costs (both financial and board or staff time)?

   c. What is the potential for funding to support the negotiations and implementation of a potential partnership?

   d. Will the potential partnership position your organization for sustainability or growth?

Once your organization is clear about its readiness to enter into a potential partnership, and understands the assets and liabilities (both financial and organizational) that it brings to the table, it should move on to identifying and considering potential partners through a partner assessment, which is essentially a mirror image of the analysis of your nonprofit. **A partner assessment should address the following questions:**

1. Are the missions, visions, and programs of the organizations compatible or complementary?

An ideal partnership does not require that the organizations do the same work, in the same geographic area, for the same constituents. Indeed, ***the best partnerships often enhance each partner's contribution with new programs, skill sets, or locations for service delivery***. An ideal partner is compatible and complementary in mission *and* brings new things to the table. If program growth is the goal of the partnership, perhaps a partner that does the same work as yours is the right fit. But if diversification and innovation are the goals, a complementary partner may be a better choice.

2. Do the organizations have a history of working together or of competing? What is the level of trust between them?

   Organizations with experience working together and a history that has helped develop trust will find the partnership process easier. ***An awareness of any lack of trust between the boards or staff – and especially between the executive directors and senior management – is critical***. If trust is lacking or weak, this does not mean a partnership is impossible, but it does mean that more time and attention will be needed to build confidence between the organizations during the negotiation process and afterward.

3. Are the organizations' cultures compatible?

   This assessment can be difficult because of the subtle, nuanced nature of organizational culture. Some questions to examine include different approaches to decision-making (consensus-based or a more hierarchical approach); formality of systems and processes; and the basic values of the staff members who will need to work together in a partnership. Keep in mind that ***while compatibility of cultures is absolutely critical in a merger, it is less important in a low-integration collaborative relationship***. In mergers, you must work toward a mutually agreed-upon culture for the new organization to succeed. The integration phase of a merger is a critical time for developing this new, shared organizational culture. It is particularly important for overcoming the sense of the merger being an "acquisition" or simply an absorption of one organization into another – the result of a successful merger is truly greater than the sum of its parts. Just as with trust, cultural differences do not mean a partnership cannot work. They do mean, however, that (depending on the level of integration involved) the parties will need to address this issue during negotiations and especially during the implementation of a partnership.

4. What are the strengths and weakness of a potential partner? What usable skills and assets do they bring to the table? What competitive advantages, if any, does a potential partner possess?

   Learning how a potential partner will strengthen your organization's work is a critical task of the assessment process. Consider the potential partner's programmatic assets, reputational issues, administrative capability, and staff skills. How will these either enhance or detract from your work?

5. What is the financial condition of a potential partner?

   You can begin to assess the financial condition of a potential partner prior to engaging in formal discussions. The organization's website may contain annual reports; www.GuideStar.org provides access to IRS Form 990 (an informational tax return required of all nonprofits with at least $25,000 in annual expenditures); and an internet search may reveal recent grants. Once more formal discussions begin (and, again, depending upon the depth of the partnership sought), budgets, audits, and other financial information should definitely be exchanged to provide an overview of the financial condition of your potential partner.

The assessment process – including both self and partner assessment – can be accomplished in a variety of ways and at differing levels of intensity, depending on your needs. Least formally, the executive directors and some senior staff can meet to ask and answer questions to determine whether there is reason to recommend a more formal negotiation process.

Usually, if the process moves forward, all but the smallest nonprofits and simplest partnerships will engage consultants to provide a more intensive and objective assessment of the potential partnership's pros and cons, as well as to facilitate the negotiations. Our Strategic Restructuring Assessment Tool (SRAT) provides a systematic process for organizations to deeply consider and discuss the opportunities, motivations, and concerns regarding a potential merger or partnership and to get feedback on their readiness for further exploration.[2] One last note on assessment: remember that all the questions you have for a potential partner are likely to be the same questions they will have for you!

Five Things We Wish We Had Known

In order to partner effectively with another organization, a nonprofit needs certain skills and competencies, which, because they are not otherwise required of the organization, may be in short supply. For example, an organization that normally stands alone to fight injustice may not have much experience working collaboratively with others. More generally, nonprofit executive directors tend to be entrepreneurial, hard-driving, and accustomed to a great deal of independence. After all, these are essential skills for survival in the role, let alone success. Still, when it comes time to partner with another nonprofit, these very same strengths can become liabilities. "The ship may be leaky, but at least I am its captain" seems to be the mantra of many nonprofit leaders.

We have been in the same boat, so to speak. Both of us were formerly longtime executive directors for whom working collaboratively with other organizations was an acquired skill, not a natural outgrowth of our day-to-day work. But we did learn, and here are our top five tips and suggestions based our experience:

1. Be open to viewing the cultures and processes of potential partners *as they see themselves*. Every organization does things differently – not necessarily better or worse, but differently. The tendency to see another nonprofit's ways of doing things as "wrong" is not helpful to your partnership.

2. You must build trust. ***The most important determinant of a partnership's success isn't money, or time, or even mission – it's trust***. If the groups trust one another, anything is possible; if they do not, very little can be accomplished. Your early efforts in a partnering process should focus on building trust. If that proves difficult, perhaps the partnership is not meant to be.

3. Be explicit about leadership. As nonhierarchical and inclusive as any partnership is, ***there must be clarity about who has leadership responsibility***. The most common way to achieve this is to identify one leader: e.g. groups undertaking collaboration often name a single staff person to act as coordinator, while at the other end of the continuum, a merged organization most often names a single executive director. Shared or distributed leadership options may also be

considered, but must be approached with due care since they present their own unique set of challenges. Particularly following a merger, asking the two previous executive directors to share leadership can distract from or even weaken efforts to create a single, unified organizational culture.

4. Partnerships take time. They are not a quick fix, and nonprofit leaders tend to underestimate the amount of time they will take to put together, to implement, and to produce positive results. ***Plan on about four months to negotiate a merger***, for example. The concept of "opportunity cost" is important: What else could you be doing with the time you will devote to building and nurturing your partnership? Would some other set of activities be more likely to produce good outcomes for your mission? If so, perhaps you should pursue these other activities rather than a partnership.

5. In addition to best practices, we've also learned to avoid common collaboration pitfalls. **Don't let these three common roadblocks derail your partnership:**

    - The desire for autonomy within each organization. Nonprofit leaders prize their independence. The more intense the partnership, the more that independence is threatened. Be honest about both your and your partners' concerns so you can work together to address them within your relationship, and be sure to map out roles and responsibilities clearly.

    - Fear of unemployment or irrelevance. It is only natural for people to want to protect their roles. Transparency, treating one another with respect, and avoiding power plays will build trust and lessen concerns about "what will happen to me?"

    - Staff's ability to adjust to new roles, build new relationships, and work in new ways. ***Be sure to engage staff and volunteers in open discussions about cultural differences and the reasons behind the partnership***. If they feel the change they're personally undergoing is in service of something worthwhile, employees will be more supportive of the effort.

Pay attention to these issues, and to building trust, and your partnership will be far more likely to succeed.

Case Study

Strategic Restructuring: The Importance of Cultural Integration in a Merger Between Affordable Housing Nonprofits

On July 1, 2008, following six months of negotiations, the Urban Affordable Housing Group and North County Housing Coalition[3] merged. The process in which the two housing development nonprofits engaged was facilitated by a board member, which is not typically recommended, but did result in the successful consolidation of the two organizations. At least it was *structurally* successful, in that a merger did actually occur. In fact, the consolidation resulted in significant and unusually high[4] savings of well over $600,000, the majority of which came from the reduction of duplicative staff positions (salary and benefits), but the merged organization also realized savings in direct mail costs, rent, annual reports, fundraising materials, software licenses, and letterhead. Integration costs for the merger totaled $100,000, resulting in a positive net of more than $500,000 in the first year's combined budget.

This level of savings in a merger is actually quite unusual. Most mergers are undertaken not for cost savings, but in order to combine complementary skills, strengthen the organization's public profile, or expand services, which was the case here. Cost savings, when they happen, are a plus but not a primary motivation.

However, the merger of Urban and North County also brought significant challenges. Unrecognized during the negotiations process was the level of difference between the cultures of the two organizations. Urban was quite hierarchical. Nearly all significant decisions were made by the CEO, who expected that management and staff would simply carry out her directives. This produced a streamlined decision-making process, as projects were carried out without question or debate. Urban was an efficient housing development machine. North County, on the other hand, was a more consensus-oriented organization. The CEO would gather the majority of staff members together for long meetings where they would thoroughly discuss and consider the strategic options facing the organization. The staff worked hard to reach consensus on all major decisions. Like Urban, North County was quite successful in achieving its affordable housing development goals, but did so with a very different culture.

Case Study

After due consideration by the merging boards, North County's CEO was deemed to possess the best mix of skills and style and so was chosen to lead the merged entity, whereas Urban's CEO was given a small severance package and left the organization. As a result of cultural differences, the merged organization found itself with a dysfunctionally merged culture. Staff did not know how to communicate or work together to make or carry out joint decisions. Staff from Urban expected decisions to be made by their new CEO and waited for directives for carrying out these decisions, whereas North County staff could not understand why their new colleagues from Urban seemed so uncomfortable with the freewheeling discussions that had long characterized their culture. This clash of cultures resulted in significant infighting, continual misunderstandings, and a decline in both morale and productivity. Two previously successful organizations now struggled to accomplish their work.

Fortunately, the managers appointed to lead the integration process (one from Urban and one from North County) recognized that they needed help to understand the nature of the dysfunction within their new merged culture. They brought in a consultant experienced in merger integration to assess the situation and design a process to develop and implement a new decision-making culture. This process included gathering information from interviews, surveys, and focus groups in order to inform an understanding of the previous organizations' cultures.

This led to a series of facilitated retreats to help staff get to know each other, to talk through their common goals, and to develop a shared commitment to their merged mission. The process not only gave the CEO an opportunity to recognize and explain her preferred decision-making style (which was, as already noted, far more inclusive than that of Urban's previous CEO), but allowed a safe space for staff from Urban to share their difficulties with this unfamiliar style.

As a result, the CEO was motivated to develop a new decision-making culture that is consultative rather than consensus-driven. The merged organization now includes a strong management team that leads the decision-making process, but asks for staff input during consideration of a major issue and later delegates portions of implementation back to staff groups.

Do's and Don'ts

Nonprofit Partnership Do's and Don'ts

- DO take the time to assess your and your partner's motivations, assets, and challenges going into a partnership.
- DO work to build trust, the essential ingredient to a successful partnership.
- DO name a single staff person to take the lead. In a merger name a single chief executive.
- DO be explicit about leadership roles.
- DON'T rush it, but keep the process moving forward. Estimate about four months to negotiate a merger, longer if the partnership is more complex.
- DON'T let the partners' concerns about autonomy derail the partnership.
- DO treat one another with respect; avoiding power plays will build trust.
- DO engage staff and volunteers in open discussions about cultural differences and the reasons behind the partnership.

Conclusion

Nonprofit partnerships offer an array of options for nonprofits looking to share resources, leverage strengths, and achieve a greater scale and impact through working with other, like-minded organizations. The process of strategic restructuring, in particular, is not easy, often requiring difficult discussions about the structure of the organization, the future roles of current leaders, and the differences in approach that the partnering organizations may have developed. But putting in the work up front spares you much more work and hardship later and sets you up for success.

Navigating this process requires a thorough self-assessment, a keen assessment of any potential partners, and a well-structured negotiation process. It also requires lots of time and energy, but when it succeeds, it can supercharge an organization's work. Nonprofit leaders considering partnership at any level should first ask themselves what motivates them to do so, what they hope to gain from such a strategy, and how much time and other resources they are willing to invest to achieve these ends. If they and their boards agree that the potential reward is worth the effort and risk, then they should move forward, with their top priority being the establishment of

trust with the potential partner. As a trusting relationship develops between the entities, greater flexibility and willingness to change will emerge. Building on this trust, the partnering organizations can realize substantial benefits of scale and efficiency, leading to an enhanced ability to pursue their shared mission.

David La Piana *founded La Piana Consulting in 1998. Recognized as a leading expert on nonprofit management and governance, David has worked extensively with funders and nonprofits across subsectors. A popular author, speaker, and teacher, David is a regular contributor to the national dialogue on nonprofit and foundation effectiveness. Prior to founding La Piana Consulting, David held senior management positions with the YMCA, the International Institute, and the East Bay Agency for Children, a multifaceted human services agency that grew tenfold under his leadership. He has an MPA from the University of San Francisco and holds graduate and undergraduate degrees in Comparative Literature from the University of California at Berkeley. He also studied at the University of Madrid.*

Bob Harrington *specializes in helping nonprofits negotiate mergers and other highly integrated partnerships to grow their impact. He has helped create and develop the field of strategic restructuring, regularly provides guidance to nonprofits, funders, and capacity builders on the diverse continuum of partnership options identified in La Piana's Collaborative Map, and trains staff of national organizations and other capacity builders to effectively support partnership negotiations. Prior to consulting, Bob worked in the nonprofit social services field for close to 30 years, leading organizations ranging from small community-based groups to statewide organizations. He received his bachelor's degree in psychology from the University of California, Davis, and his Masters of Social Work degree from the University of Wisconsin at Milwaukee.*

Nonprofit Partnerships Resource Review

David La Piana and Robert Harrington. The Nonprofit Mergers Workbook, Part I: The Leader's Guide to Considering, Negotiating, and Executing a Merger. Saint Paul, MN: Fieldstone Alliance, 2000. (Revised 2008).

This leading practical publication in the field has been helping nonprofit leaders to succeed at mergers for decades. A newly reviewed version updates this classic with lessons from the authors' additional experience.

La Piana Associates. The Nonprofit Mergers Workbook, Part II: Unifying the Organization after a Merger. Saint Paul, MN: Fieldstone Alliance, 2004.

Written for the nonprofit leader, this companion volume to the popular Nonprofit Mergers Workbook Part I helps organizations create a comprehensive plan to achieve post-merger integration – bringing together people, programs, processes, and systems from different organizations into a single, unified whole.

David La Piana. (2010). Merging Wisely. *Stanford Social Innovation Review*. (Spring). Available at https://www.ssireview.org/articles/entry/merging_wisely/

This article discusses the increasing pressure from grant makers for nonprofits to merge in the face of economic turmoil. Yet mergers are not always the right path for nonprofits in financial distress. David describes why funders should consider a wide variety of partnership options.

David La Piana. (2018). After the Merger: Getting to "Yes" is Only the Beginning. *Stanford Social Innovation Review*. (22 June). Available at https://ssir.org/articles/entry/after_the_merger_getting_to_yes_is_only_the_beginning

The integration process following a merger agreement is essential to success. This article offers guidance on the structure and key steps of post-merger integration, including four fundamental areas that a newly merged entity must address head-on, persistently, and effectively to achieve its goals.

Other La Piana Consulting Resource Publications (https://www.lapiana.org/insights-for-the-sector/insights/collaboration-and-strategic-restructuring)

Drawing from decades of experience in strategic restructuring for nonprofits, La Piana Consulting has developed a range of resources, from research-based publications, to monographs for funders, to case studies illustrating various forms of nonprofit partnerships. Many resources are downloadable.

Thomas A. McLaughlin. Nonprofit Mergers and Alliances: A Strategic Planning Guide. New York: Wiley, 2010.

This book is a practical, step-by-step guide to the process of mergers, alliances, and affiliations – from design and preliminary considerations to actual implementation.

The Nonprofit Collaboration Database, GrantSpace, a service of The Foundation Center (https://grantspace.org/collaboration/)

> This robust database is a searchable collection of 650+ profiles on four types of collaborations: back-office consolidation, joint programming, mergers, and alliances. These comprehensive profiles provide information about each collaboration's participants, methods, successes, challenges, and lessons learned.

Katie Smith Milway, Maria Orozco, and Cristina Botero. (2014). Why Nonprofit Mergers Continue to Lag. *Stanford Social Innovation Review*. (Spring). Available at https://ssir.org/articles/entry/why_nonprofit_mergers_continue_to_lag

> Nonprofits can stumble over three emotionally charged issues when considering mergers: getting the boards aligned, finding roles for senior staff, and blending brands. This article shares interviews with nonprofit leaders who have faced the hurdles and suggests ways to overcome them.

Mergers That Make a Difference, a co-curated series of cases and blogs that explores effective nonprofit mergers, hosted by Bridgespan Group. Available at https://www.bridgespan.org/insights/library/mergers-and-collaborations/mergers-that-make-a-difference

> A collection of resources that use real-life examples of nonprofit mergers, looking specifically at their rationales, catalysts, and results as well as the challenges of due diligence and integration.

Donald Haider, Katherine Cooper, Reyhaneh Maktoufi. Mergers as a Strategy for Success: 2016 Report from the Metropolitan Chicago Nonprofit Merger Research Project. Available at http://chicagonpmergerstudy.org/

> This study analyzes 25 nonprofit mergers that took place in the Chicago metro area between 2004 and 2014 and highlights the diverse paths the organizations took to arrive at positive outcomes.

Wilder Research Center and MAP for Nonprofits. (2012). Success Factors in Nonprofit Mergers. (2012). Available at https://www.propelnonprofits.org/resources/success-factors-nonprofit-mergers/

This study of 41 direct-service organization mergers in Minnesota finds that nonprofit mergers can contribute to the stability of the nonprofit environment and that certain factors, when employed in the merger process, add to the mergers' success.

Denise L. Gammal. (2007). The Merger Proposal: Before You Say 'I Do'. *Stanford Social Innovation Review*. (Summer). Available at https://www.ssireview.org/images/articles/2007SU_feature_mergerproposal_gammal.pdf

This timeless article provides a thoughtful look at some of the challenges and potential pitfalls of nonprofit mergers, while acknowledging that there are times when a merger may be the right strategy.

CHAPTER 7

Risk Management and Insurance

By Pamela Davis, Founder, President, and CEO, Nonprofits Insurance Alliance

Introduction

Insurance is not often seen as a core part of an organization's work toward meeting its mission. But it is actually an important factor in running and maintaining a strong organization. It has an impact on your ability to provide services to your clients, especially after a loss, and on your nonprofit's sustainability. Insurance enables you to quickly and successfully get back to business after a fire, theft, accident, or lawsuit. It is true, insurance policies can be hard to understand, the decisions about what coverage is needed often seem capricious, and it is often not clear how to prevent risks, accidents, and claims. Don't let this deter you from seeing how ***insurance is a building block of great mission performance***.

In this chapter, you will find the key risks that nonprofits face and some key strategies to mitigate those risks. We will review the types of insurance you want to have in case your best efforts to prevent accidents fail. We will try to demystify the process of purchasing insurance and working with a broker and give you tips and

recommendations so that when you are finished reading you have clear ideas on how to implement the best insurance and risk prevention techniques in your organization.

Critical Skills and Competencies

Let's take a look at some of the most important risks faced by nonprofits, tips on how to avoid them, and the various kinds of insurance you should consider for your organization.

Risks Your Nonprofit May Face and How to Prevent Them

The majority of claims reported by nonprofit organizations are accidents and injuries related to automobiles, or slips, trips, and falls at offices, other facilities, and special events. Fewer claims result from allegations of improper employment practices, professional errors and omissions, and sexual abuse. Though less frequent, these claims tend to be the ones that are litigated and more difficult, time-consuming, and expensive to resolve. In Table 7.1 you will find some common categories of claims seen in nonprofits and the types of insurance policies that best cover these claims. This is by no means an exhaustive list, and more information on each type of coverage and recommended limits can be found below, but these examples are meant to help you think about the risks your organization may face. More information on all these topics and types of insurance for nonprofits can be found on our website at www.insurancefornonprofits.org.

Tip

The Importance of D&O Coverage

Although a minority of claims are management errors and omissions (typically covered by your Directors and Officers or "D&O" policy), 95% of these are employment related, including allegations of harassment, discrimination, retaliation, and wrongful termination. According to data at the Nonprofits Insurance Alliance (www.insurancefornonprofits.org), ***in any given year approximately one in twenty nonprofits with at least one employee will have a D&O claim against them***, nearly all of them employment related.

Table 7.1: Representative Nonprofit Insurance Claims and Relevant Insurance Coverage, Plus Other Useful Solutions

Risks	Examples	Insurance coverage	Other solutions and recommendations
Injuries (to volunteers, clients, and the public)	Slips, trips, falls, food poisoning	General liability	Create a safety program designed specifically for the risks your organization faces; ensure that your facilities and any venues you use are well lit, handrails and guardrails are installed, and general physical safety precautions are in place.
Injuries (to employees)	Slips, trips, falls, lifting injuries, violence in the workplace, ergonomic injuries	Worker's compensation	***Employees should follow established safety guidelines on which they're trained***, and be sure to include tips for proper lifting and transferring techniques. Use precautionary measures when handling any toxic or flammable substances. Have a plan to deal with violence in the workplace. Ensure that workspaces are ergonomically correct.
Auto accidents	Accidents in vehicles owned by the nonprofit, or vehicles driven on behalf of the nonprofit by employees or volunteers	Commercial auto liability; auto physical damage; non-owned and hired auto	Ask your broker or insurer about driver training programs for volunteers and employees who regularly drive on behalf of an organization.
Damage to your property	Fire, wind, or hail	Property	Install smoke alarms, fire extinguishers, and sprinklers to protect your property from extensive damage. Note earthquakes and floods typically require specific policies for coverage.
Theft of your property	Theft of computer or other equipment	Property	Make sure property is secured when not occupied and institute controlled key access. Use video surveillance. Get a police report if property is stolen, as there must be proof of illegal entry for the loss to be covered.

(*continued*)

Table 7.1: (*Continued*)

Risks	Examples	Insurance coverage	Other solutions and recommendations
Damage to others' property	Damage to another's property during an event, or a pick-up of donated goods	General liability	Train employees or volunteers about the risks of damage when they enter others' property.
Employment-related wrongful acts	Discrimination, harassment (including sexual), and wrongful termination	Directors and officers	***Have a personnel handbook that has been read and signed by every employee*** that includes policies prohibiting sexual harassment and discrimination. Consult with an attorney and your insurance company before taking a significant employment action, such as layoffs, demotions, or firing.
Theft of client or donor data	Theft of a computer with donor or client data on it	General liability	***Require password protection on your network, computers, and databases***. Don't store credit card information – use a third party.
Sexual abuse	An employee molests a client of your after-school program	Sexual abuse coverage	Anyone working with children, seniors, or the disabled should be required to submit background checks and go through extensive interviews and reference checks. Consider requiring fingerprint checks depending upon the law in your state.
Professional errors and omissions	A teen in your counseling program commits suicide	Social services professional	Ensure that your staff has the necessary qualifications for the work they're doing and that they understand and follow proper policies and procedures. Documentation, at every step of the way, is essential.

Tip

For those nonprofits without employees, the chance of having a D&O claim in a given year goes down to one in 1,000. Claims against nonprofits without employees are typically related to a breach of fiduciary duty.

While infrequent, the largest D&O claim during the period from which this data was drawn was related to a breach of fiduciary duty and cost nearly $2 million to resolve. ***The average D&O claim will cost $35,000 to resolve*** – a combination of legal defense costs and, in a few cases, settlement payments. However, one out of ten claims related to employment practices will cost more than $100,000 to resolve.

Especially if you have employees, don't take the risk of going without this important coverage or you may put your organization in financial peril – and board members personally at risk – if you are sued for an employment-related claim.

Insurance Coverages and Limits

All nonprofit organizations should carry general liability insurance; other types of insurance you should carry depend upon the specific activities of the organization, the size of your assets, and the number and type of paid and volunteer staff you have. The list below is not an exhaustive list but addresses the key insurance coverages that are applicable to nonprofits. As always, ***consult a trusted insurance broker for advice*** about what is best for your nonprofit.

General Liability: Also known as "casualty" insurance, this is the minimum an organization should have, as it covers "bodily injury" caused by "accidents" that may have resulted from the "negligence" of your operations. There may also be a provision under this policy for "medical payments" that provide a small limit to reimburse for damages resulting from injury to others, even if the nonprofit was not negligent.

Directors and Officers: This is intended to cover claims related to decisions made by your organization. This includes damages that are not covered under the general liability policy, such as employment-related actions, allegations by employees of wrongful termination, harassment, retaliation, discrimination, and failure to hire.

Business Auto (or Business Auto Liability and Auto Physical Damage): This is necessary for vehicles the nonprofit owns or leases.

Non-Owned/Hired Auto Liability: This protects your nonprofit if your employees or volunteers are involved in accidents when using their own vehicles on official business. Many people don't understand that ***an employee's or volunteer's own auto insurance always applies first if they're driving their own vehicle***. But if the amount of that insurance is not sufficient, the plaintiff will generally look for more money from the nonprofit – that's where this insurance comes in.

Property: This coverage protects the physical assets you own or lease, such as buildings, office equipment, furniture, and fixtures.

Improper Sexual Conduct: This coverage is intended to provide defense of allegations and pay for damages from sexual abuse of a client injured under a nonprofit's care, but not an employee, as that's covered under your D&O policy, as noted above.

Social Service Professional: This typically provides coverage for errors or omissions as a result of work-related activities. It typically does *not* cover physicians and the prescribing of medication, which requires medical malpractice coverage.

Accident Insurance: Unlike general liability, which is intended to cover damages caused by the negligence of a nonprofit, accident insurance provides a limited amount of coverage without regard to whose negligence resulted in an accident causing bodily harm. For example, if volunteer trips over his own feet and injures himself, accident insurance would pay for the medical expenses of the injury, even though your nonprofit was not at fault.

Umbrella: This provides higher liability limits for a variety of other coverages you have purchased in the event that the limits on your other policy(ies) are exhausted, or for damages that are not covered by your other policies.

Here are two less common policies that can also be important, especially if your organization has staff:

Employee Benefits Liability: This coverage is for specified damages from negligent handling of the administration of your employee benefits program.

Fidelity or Employee Dishonesty: This is a source for recovery of funds embezzled by employees or volunteers.

Coverage Limits

Most small to mid-sized nonprofits will find annual limits of $1 million per policy sufficient for their insurance needs; however, organizations should consider their level of assets and activities as well as funding sources or contractual requirements when determining whether to purchase higher limits. ***If you want to purchase more than $1 million in coverage, secure an umbrella policy*** to provide extra limits over your other coverages.

Tip

Worker's Comp and Health Insurance

Worker's Compensation coverage is required if you have any employees, and in some states can also apply to volunteers. This coverage provides benefits, prescribed by state law, by an employer to an employee due to a job-related injury or death resulting from an accident or occupational disease. It is important to check with an insurance professional to make sure you meet the worker's compensation requirements of your state.

Health insurance coverage is presently in considerable flux. Some organizations may choose to use an online source, but since coverages and deductibles vary widely, it is very important to understand the fine print. Your current broker may be able to provide health insurance options for you and, if so, can provide quotes for your needs.

Purchasing Insurance

Your first step toward purchasing insurance is to find a good broker. Someone with prior experience providing similar services to nonprofits is ideal. Ask your peers about their insurance broker; they may be able to give you good advice.

A broker – commonly called an insurance agent – is a professional adviser or consultant who serves as an intermediary between clients and insurance companies. Typically, ***brokers are free to you and help ensure you get the best and right coverage***, since insurance companies pay the broker or agent a commission based on a percentage of the cost of coverage (or premium). Commissions range from a low of 5% on worker's compensation to as much as 25% from some insurance carriers. A mid-range is 15% on property/casualty insurance. Some carriers pay additional

contingent commission to brokers based on volume and may charge an additional fee. It is important to ask the broker about commission and whether he or she charges any additional fees.

How to Work with An Insurance Broker or Agent

Your broker will have you fill out informational applications. ***As you complete applications for insurance, treat this process as carefully as you would a grant application and don't forget to list your assets and property addresses for property insurance***. Include all activities and events, however minor they seem. Also, be sure to answer all questions truthfully to the best of your knowledge.

Once your applications have been completed, your broker or agent will typically seek out quotes from various insurance companies. They may go to all-purpose commercial insurance companies, such as Aetna or Hartford, or to insurance companies that specialize in nonprofits, such as Nonprofits Insurance Alliance of California (NIAC) and the Alliance of Nonprofits for Insurance, Risk Retention Group (ANI), both of which are 501(c)(3) nonprofits themselves and only insure other nonprofits. The insurance companies determine the cost or premium at which they will offer you coverage and present quotes to the broker, who reviews them with you.

Keep in mind, ***the cheapest price won't always offer you the best service*** – whether in claims processing or in risk management support. In addition, it is important to ***have your insurance broker explain to you the differences among "claims made" and "occurrence" or "event trigger" policies***. There are nuances to changing from one form to another that can have important implications on whether your organization will be covered in the event of reporting a claim late.

"Claims made" policies have a very short window to report claims after the end of a policy year. "Occurrence" and "event trigger" forms cover an incident occurring while the policy is in force regardless of when the claim is filed, whether in the effective period or years later. This is particularly important in the case of improper sexual conduct claims, which often take years to surface. You should also ***find out what risk management and risk control services are offered by each company***. Some companies offer driver training, reduced cost background checks, webinars, and other support and resources. Finally, ***ask the broker for her recommendation and whether there are any financial incentives for the broker to recommend one carrier over the other***.

Tip

Read Your Policy!

Ask your broker to explain things you don't understand. Make sure your name, location(s), and other organization information are accurate and complete. Check to see if the limits are as you discussed and that you are aware of any deductible that applies. Also consider whether there are conditions in your policy that affect coverage, such as a requirement to have smoke alarms. Are there any conditions with which you need to comply in order for coverage to be in effect? Very small organizations are often encouraged to purchase a "BOP" or Business Owners Policy, but beware that this type of policy only covers your liability for activities at your stated location. If you have fundraisers or special events, the liability coverage on a BOP policy usually won't cover those. Your broker should work with you so that you understand the legal contract into which you are entering.

Review your insurance with your broker every three or four years. Double check your policies, coverage, rates, insurance providers, and whether your organization is getting the services (such as prompt payment of claims) it deserves. And just like you would with any other important business relationship, evaluate your relationship with your broker. Ultimately, insurance is a piece of paper that is a contract to pay damages when something goes wrong. But there are a lot of different types of insurance contracts and different practices around how willingly and quickly insurers pay claims. Don't change your insurance or providers if you're satisfied, but also don't allow your organization to stay in a substandard situation because of inertia or personal connections. Remember, it's about doing what is best for the organization and your mission.

Your Board's Role in Risk Management

It is important for your board to realize that there are risks to operating any nonprofit, and that these risks can be managed through appropriate policies, procedures, and staff training. Insurance is there to cover the things that happen when risk management techniques are not completely successful, and here are some ways that the board can be involved:

Monitor Suits, Threats of Suits, and Accidents

The board – or its risk management committee if appropriate – should be informed of any claims made against the nonprofit and when threats of lawsuits arise. If you're a small nonprofit, you may not face any claims for many, many years, if ever. We should all be so lucky! Or something could go wrong the first day you open your doors. In larger organizations, the board should set goals and monitor progress on safety and risk reduction, such as reviewing reports on the number and type of injuries and accidents. They should also monitor allegations of wrongful employment actions and consider what might have been done to prevent them.

Whether you represent a large or small organization, ***it's crucial that your board recognizes that risk management is good management, and it is one of their primary responsibilities to see that the organization has the resources needed to prevent avoidable accidents and injuries, and that it has the appropriate insurance coverage in place in case something goes wrong***. Good risk management means having policies in place to provide information to the board about risks the organization faces, as well as making sure that there are procedures in place to train staff and monitor activities so that accidents are kept to a minimum.

When accidents or near accidents happen, the organization needs to have a process to learn from these and incorporate more effective practices moving forward. Small organizations should have a member of the board responsible for this function, and in any organization the board chair should make it clear that the organization is meant to do its work without injuring clients, volunteers, or members of the public, or damaging property.

Periodically Review Risks, Risk Control Techniques, and Insurance Coverages

Depending on the size of the organization, the board, a board committee, a board-staff task force, or another group should ***develop a list of the key risks faced by the nonprofit and have a process to periodically review incidents or claims***. Obvious areas of concern are driver selection and training, policies to protect vulnerable clients, and potential for fraud and damage to property. Even if you are a very small nonprofit with only one or two employees, there is a risk of one of them suing you. ***It is essential that your employment policies are in compliance with the law and that they be followed rigorously***

and consistently. It goes without saying that employees should be treated with respect and courtesy at all times, particularly when unpopular employment actions are necessary. A less obvious but real risk is the damage to reputation and staff morale from poor management or decision-making.

Do's and Don'ts

Insurance and Risk Management Do's and Don'ts

- DO use a professional, licensed broker or agent to help assess your risks and recommend coverages.
- DO take advantage of risk management resources provided by your insurer or broker.
- DO discuss your organization's risks and recommended coverages and limits with your board of directors.
- DO remind your board of directors that it is their responsibility to oversee risk management.
- DO establish written policies and procedures, train your volunteers and employees about these, and consistently make sure they are followed.
- DON'T forget to add and delete assets from your policy (new equipment, buildings, vehicles, and so on) when you purchase or dispose of them.
- DON'T forget to ask for a certificate of insurance from contractors or anyone providing professional services to you.
- DON'T assume claims are inevitable; many of the most common claims like slips and falls can be avoided if the appropriate precautions are taken.
- DON'T be afraid to ask questions of your insurance broker – insurance is a complex topic, and it is her job to help you understand your risks and ensure they are properly addressed through risk mitigation and insurance.

Conclusion

Small or large, nonprofit organizations are in positions of trust in our communities. Nonprofits are created by people who want to make a positive difference in their

communities – not to harm them. Because of the wide variety of services that nonprofits provide, it is impossible in this short chapter to provide an exhaustive list of the risks you may face. But frankly, ***good risk management isn't a list; it's a state of mind***. It is a keen awareness of the workings of your organization and how you interact with your clients, your staff, your volunteers, and members of the public. Successful nonprofit managers and leaders put policies and procedures in place to anticipate what may go wrong with these interactions and train staff and volunteers on how to conduct themselves, so that problems will be avoided whenever possible and so that they're properly handled if and when they occur. High-performing boards of directors recognize that risk management is not something you have to do to keep your insurance company happy; it is discipline exercised to help you achieve your mission. When working in unison, these passionate and informed leaders can help protect an organization's downside and ensure that you have the peace of mind and support needed to do your best work in the community.

Pamela Davis *is the founder, president, and CEO of an affiliated group of charitable risk pools known as the Nonprofits Insurance Alliance. Together, Nonprofits' Insurance Alliance of California (NIAC) and Alliance of Nonprofits of Insurance, Risk Retention Group (ANI) insure more than 18,000 nonprofits in 32 states and Washington, DC, for all types of liability insurance. One of the very early social entrepreneurs, Pamela has grown these companies from a loan of $1 million from a group of foundations to organizations with $130 million in premiums and $500 million in assets. All companies in the group are 501(c)(3) nonprofits, like the organizations that they insure.*

Risk Management Resource Review

Nonprofits Insurance Alliance Group (www.insurancefornonprofits.org)

Source of insurance for nonprofits that also shares useful tips and tools developed by nonprofit property/casualty insurance companies to help ensure you get the right insurance coverage and benefit from risk management assistance.

Blue Avocado (www.blueavocado.org)

Online magazine providing practical, provocative, and fun food for thought for nonprofits, including frequent articles on risk management, insurance, and other aspects of nonprofit operations, as well as fundraising, board issues, and more.

Nonprofit Risk Management Center (www.nonprofitrisk.org)

Tools to help nonprofit leaders to identify and manage risks.

National Safety Council (www.nsc.org)

Advice and tools to help eliminate preventable deaths at work, in homes and communities, and on the road through leadership, research, education, and advocacy.

Occupational Safety & Health Administration OSHA (www.osha.gov/SLTC/index.html)

Regulatory and enforcement information, hazard identification and controls, as well as best practices and other resources to assist employers, workers, and safety and health professionals.

Advocates for Highway & Auto Safety (www.saferoads.org/issues)

Latest tips and tools for specific issues related to highway and auto safety.

BoardSource (www.boardsource.org)

Tools and resources to support excellence in nonprofit governance, as well as board and staff leadership, including suggestions around risk management and insurance considerations.

CHAPTER 8

Attracting and Hiring Staff: Acquiring the Best Talent

By Cassie Scarano, Managing Director, Koya Leadership Partners, and James Weinberg, CEO, Fuse Corps

Introduction

The battle for talent is more competitive than ever, and the opportunities and challenges facing nonprofits in successfully attracting, managing, and developing talent are huge. Successful companies have known for decades that getting the most out of your people, or your "human capital," is the most important lever to drive organizational success. Being strategic and integrating best practices in the area of human capital management will make your nonprofit stronger, and stronger organizations have greater impact.

Critical Skills and Competencies

Investment in human capital management requires a recognition that ***people are your nonprofit's most valuable resource*** and the first step is ensuring that the right people

are brought on board in the right roles at the right time. Recruiting and hiring isn't rocket science, but there are definitely some important best practices to integrate as you build your organization. This chapter will describe some of those and provide tips for integrating them into your work. First, we'll address some strategic issues important for setting up your organization for success in recruiting and hiring. Next, we'll walk through best practices related to the implementation of recruiting and hiring practices.

Must-Haves in Human Capital Management Strategy

It used to be that having a well-written job description and some strong networks got you the talent you needed. Today, you have to up your game and think strategically about what differentiates your organization and the role from all of the other opportunities available for top talent. What does this look like?

- Be thoughtful about creating and living up to organizational values: Does your nonprofit have well-defined values? Does everyone on your team know and *live* them? Do your performance reviews assess alignment to create accountability?
- Have a deep and authentic commitment to diversity, equity, and inclusion: as outlined in the next chapter, this cannot be something that you only pay attention to when you are hiring and seeking a diverse pool of candidates. Candidates from all backgrounds and demographic groups seek out employers that demonstrate a commitment to creating a diverse organization where every team member can succeed.
- Know your target candidate pool: Just as different cars are appealing to different people depending on personal taste, stage of life, and needs, so are jobs. If you're looking to hire a recent college graduate for an entry-level position, they're going to have different needs than someone with a young family or a senior leader close to retirement. Adapt your messaging based on what is important to your particular audience.
- Define and communicate your employee value proposition: Your organization has a brand as it relates to donors, constituents, partners, and others; it is

important to also ***define your brand in the talent marketplace***. Answer questions such as:

- What attracts people to work here?
- What differentiates you from similar nonprofits?
- What are your target candidates looking for in an organization/role?
- What benefits (tangible and intangible) do people get from working here?

Make sure to integrate the answers to these questions into every piece of the recruiting and hiring process, including on your careers web page, job descriptions, interview questions, and onboarding.

Implementing an Effective Hiring Process

Now that we've set the stage and have a solid organizational foundation to share with candidates, it's time to begin developing your hiring process.

Planning to Hire: Building a Competency Model

Do any of these situations sound familiar?

- A grant comes through and you have to start running a new program in three weeks, but you have no staff for it.
- One of your strongest employees just announced that she is moving across the country in four weeks.
- Your nonprofit has several positions open, but no one is managing the hiring process, so résumés are piling up.

Our best advice: *slow down*. Making a bad hire is much more costly than operating without a hire for a few more weeks. In fact, it has been estimated that ***a bad hire costs an organization between two and five times that position's annual salary***. For example, one nonprofit was so anxious to fill a program manager position that they hired one of their first candidates, without utilizing a thorough hiring process. Six months later, the position was vacant again, the supervisor was frustrated and had lost countless hours trying to "make it work," the program had suffered from

lack of attention, and the organization had to go through another hiring process. ***Developing a strategic hiring plan with adequate preparation minimizes the possibility that you will incur the financial and emotional costs of making a bad hire***.

The most effective hiring processes are built around a competency model: a predetermined set of experiences, hard and soft skills, and competencies that will make a candidate successful in a particular role. Building a competency model (see Table 8.1 for examples) will focus your entire hiring process on the requirements of the position and help you avoid common mistakes like hiring too quickly, hiring someone just because you like her personality or she reminds you of the last person in the role, or getting part way through a hiring process only to realize that your needs actually differ from what you're looking for.

In order to determine the competencies required, ***ask the people who know the position best what three to five competencies are most critical to success in the role, then***

Table 8.1: Sample Competency Models

Position	Competencies
Executive Director	Leadership
	Strategic thinking
	Staff management
	Quantitative analysis
	Relationship-building/management
Program Director	Staff management
	Project management
	Interpersonal skills
	Cross-cultural sensitivity
	Collaboration
Executive Assistant	Detail orientation
	Multitasking
	Project management
	Flexibility

compile and prioritize their responses. Start with managers, direct reports, and others in similar positions, but the more input you get, the better.

Beyond the role itself, you should also conduct an assessment of your organization, department, or team. What are their major needs from this hire, what functional roles are required to meet those needs, and what expertise do you already have on staff? ***Most people have a natural tendency to hire for the exact same position that is vacated – this can be a big mistake***. Organizations change and grow over time such that what was needed in the past is most likely not what you need moving forward.

As you scope roles, make sure that they're realistic, appealing, and strategic. ***Avoid lumping too many different types of responsibilities into one position*** – what we call the "kitchen-sink" position because (a) it will be tough to find strong candidates competent in that combination of skills; (b) the job will be too much for one person; and (c) most likely, the person will not be successful in at least one of their roles. Instead, think creatively about how to meet your needs. One nonprofit realized they didn't require a full-time, senior level finance person – and their budget couldn't support such a position – so they outsourced bookkeeping to a firm and brought on a part-time consultant to act as chief financial officer. This solution elevated their level of expertise significantly while saving them a considerable amount of cash.

Planning the Hiring Process

Now that you know what you are looking for, it's time to plan the process you'll use to evaluate candidates. Remember that ***the best predictor of future success is the past, so any hiring process should allow candidates multiple opportunities to provide evidence of how they successfully demonstrated the required competencies in past situations***. As you narrow down your pool of candidates and proceed through the stages of the hiring process, you will delve deeper and deeper into the backgrounds of fewer and fewer candidates, until you find the right fit. For most positions, **the following process is recommended:**

1. Application review
2. Phone screen
3. Initial in-person interview
4. Follow-up interview(s)

5. Reference and background checking
6. Offer negotiation and hiring
7. Onboarding

A detailed description of each stage follows later in this chapter, but first you should note that each of these stages should integrate **the four tenets of an effective hiring process:**

Clarity = everyone involved knows exactly what you're looking for

Consistency = every candidate participates in the same process

Equity = every candidate is treated the same

Legality = the process is nondiscriminatory (see Ensuring Legal Compliance sidebar)

Now that you have your process designed, it's time to think about how you'll assess candidates at every stage. ***Create an assessment tool like the form in Exhibit*** 8.1 ***that clearly reflects your competency model and is as simple as possible, while focusing attention squarely on the required competencies***. In order to ensure a legal process, it is critically important to focus *only* on the required skills and competencies.

Exhibit 8.1 Sample Candidate Assessment Form: Program Director

Competency	Evidence	Areas of Concern	Comments
Staff management			
Project management			
Interpersonal skills			
Cross-cultural sensitivity			
Collaboration			
Overall Comments and Recommendations			

Extract

Ensuring Legal Compliance

Many of the tools and processes we outline in this chapter are not only best practices, but they will also ensure that your hiring process is *legal*. Hiring can be a very complex process from a legal standpoint. In general, ***all hiring practices must be based on Bona Fide Occupational Qualifications*** (BFOQ) – those qualifications required to perform a job safely and efficiently and that are reasonably necessary to your operations. ***Federal law states that hiring decisions can only be based on these qualifications and cannot be discriminatory***.

That means that when interviewing, you should remember this simple rule: ***if you don't need to know it to evaluate whether or not this person can effectively do this job, don't ask it***. Do you need to know if they are married or have kids? No. So don't ask it. Instead say, "This position requires some overnight travel. Would that be a problem for you?"

These guidelines will help ensure the legality of your hiring practices:

Stage	Considerations
Planning	Identify the core competencies and requirements of the position. Develop a job description that clearly details these requirements. Outline and stick to a process that is standardized across *all* candidates and focuses *only* on BFOQs.
Screening and Interviewing	Ask *only* questions that *directly* relate to position requirements. Unless it is clearly a BFOQ, avoid asking any questions that relate to marital status, age, religion, race, sexual orientation, national origin, citizenship, disability, education, or arrests and convictions. ***If you are unsure about the legality of a question, err on the side of caution and do not ask it***.
Documentation	Make sure that all notes taken or comments made about candidates are directly job-related; they can be subpoenaed as evidence. Remember, any one party can sue any other at any time for *any reason* – your preparation and documentation may determine the outcome of such a suit.

Extract

*Visit the U.S. Equal Employment Opportunity Commission's website at [*www.eeoc.gov*] to learn more about preventing discriminatory hiring practices. Visit the Society of Human Resource Management* at [www.shrm.org] *to learn about the laws governing your state.*

Attracting and Selecting Great People

Now that you have clear competencies and a consistent, equitable, and legal process in place to screen candidates, it's time to start working on attracting quality candidates. ***To attract great talent, you will need a compelling job description***. A job description is, at heart, a marketing tool: it must engage potential candidates by communicating the opportunities available through the position, as well as outline the requirements so job seekers can determine their fit. Don't forget the strategy work you've done, in terms of articulating your values and the employee value proposition; make sure you know your intended audience and that your job descriptions speak directly to their needs, motivations, and priorities.

A strong job description generally consists of the following components:

1. **Title:** Keep it short, concise, descriptive of the position, and widely recognizable; avoid jargon.
2. **Organizational Overview:** Introduce your nonprofit through a succinct and enthusiastic paragraph that outlines your mission and programs, success to date, growth plans and future opportunities, and culture. Remember to include your website. Make it clear what an amazing organization yours is to work for.
3. **Position Overview:** Use one well-written paragraph to describe the overall function of the position and highlight the opportunities for impact and leadership – why this is a great job for the target candidate.
4. **Responsibilities:** Use five to seven bullets to detail the responsibilities of the position. To effectively describe the opportunities of the position, ***use engaging and active language*** and again, avoid jargon.

5. **Qualifications:** This section should outline the experience and competencies required for success in the position and at your organization, without being overly prescriptive. Make sure that your target candidate can see herself in the qualifications.
6. **Compensation Range:** ***Disclosing specific compensation information is not required and is not recommended***, as it limits your pool of candidates.
7. **Application Instructions:** ***Be very specific about how you want candidates to apply for the position***. Generally, nonprofits request a cover letter and résumé, addressed to the hiring manager and emailed to a specific address. ***Keep the application process simple***, as you do not want strong candidates to self-select out.
8. **Equal Opportunity Statement:** It's a best practice to have an equal opportunity employer policy and to include it in your job description. Technically, a simple "XYZ is an equal opportunity employer" should suffice. But having a more detailed or descriptive policy (approved by a lawyer) can be very effective in reiterating your organization's commitment to diversity, equity, and inclusion.

Generating a Candidate Pool

Now that the job description is crafted, you need to make sure the right people see it so that you get a pool of great candidates to choose from. When it comes to hiring, it should be all-hands-on-deck. Most people think "I don't know anyone who would be good for that job, so I won't distribute it to my network," but in truth, ***nearly half of all nonprofit positions are filled through the organization's network***. That means more than just your staff and board. For example, one nonprofit recently hired the daughter of a candidate who had been a finalist a year earlier for another role. Today, accessing passive candidates – those not actively looking for a job on job boards or through networking – is critical to building a robust and diverse candidate pool.

Start by mapping your network – board members, community partners, funders, and organizational "friends" – and sending them all the job description, with a personalized and engaging email. Encourage them to forward it to as many folks as possible – people who may be candidates themselves or who may know candidates. ***Offering a referral bonus for strong candidates is a great way to encourage participation in the recruitment process***. For tips on how to attract diverse candidates, consult the next chapter.

Finally, make sure that any advertising for the position is strategic and focused on the highest-yield sites (some examples are listed in the Resource Review at the end of the chapter). Typically, ***you'll want an advertising budget between $500 and $1,000 for an early or mid-career role and up to $1,500 for a more senior or fundraising role***. Make sure to utilize social networking sites like LinkedIn, Facebook, and Twitter to let your expanded social circle know about the opening.

Screening for Quality

Now that you have a stellar, diverse pool of candidates, it's time to put the evaluation process that you developed initially into practice. Remember to ensure clarity, consistency, equity, and legality at every step!

During the application review stage, consider each candidate's cover letter and résumé and evaluate the candidate against your predetermined set of criteria. Don't expect too much from these initial documents, as they are only meant to provide an overview of experience so you can determine whether a candidate may have enough of the required competencies to warrant moving to the next step.

A phone screen is a very efficient way to narrow down your pool. ***Develop a list of open-ended questions specific to the role*** (see sidebar for examples) and use your assessment tool to evaluate responses. The phone screen should hit on the whole range of required competencies and experience so that you can develop a baseline knowledge of the candidate and determine whether she represents a potential fit for the role. This is also a good time to talk about salary requirements so you don't waste anyone's time, especially yours.

Sample Phone Interview Questions: Director of Development Position

- Please tell me about why you are interested in the director of development position with our organization.
- In what type of organizational culture do you thrive? In what kind of culture do you feel less successful?

- Why are you leaving your current position?
- What skills and experience do you have that make you particularly qualified for this position?
- Tell me about the successes you have had raising money for non-profit organizations. Specifically, how much money did you raise on an annual basis? What were the proportions of money raised from different sources (foundations, corporations, individuals, and government)?
- Can you give me some examples of partnerships you created that led to increased revenue or opportunity for your organization? How did you create them? What were the results?
- Have you ever done a successful major "ask" ? If so, please tell me about it. Please describe an example of a donor relationship that you initiated; how did you identify, cultivate, solicit, and steward the donor?
- Please describe your experience working in partnership with a board of directors. What strategies did you implement to ensure an effective and productive partnership?
- To what extent have you been a part of a start-up organization, new initiative or high-growth environment? What was the situation, and what roles did you play?
- What is your salary history? What are your current salary requirements?
- How soon would you be able to start a new position?

The initial in-person interview provides an opportunity to go into more depth with a smaller group of candidates. The interview should be approximately 45 minutes and include the hiring manager and perhaps one other representative. Remember that you are still in the early stages of the process, so you don't want to invest too many resources in an initial interview process. Be careful not to make snap judgments; some candidates take a few minutes to warm up, as they may not be practiced at interviewing or comfortable talking about themselves. It is critically important to take steps to avoid bias throughout the interview process. To minimize bias, ***make***

sure to give candidates at least three opportunities to demonstrate their fit with the requirements of the position before deciding they're not a good match. Some of the types of bias you should mindfully avoid include:

- **Confirmation bias:** Using only those ideas or perceptions that support our existing ideas and beliefs
- **Observational selection bias:** Noticing things you didn't notice before and assuming the incidence has increased when it hasn't
- **Status quo bias:** Making choices that lead to things staying the same
- **Bandwagon effect:** Following the group
- **Projection bias:** Thinking that other people think like we do
- **Bias blind spot:** Seeing yourself as less biased than other people
- **Courtesy bias:** Giving an opinion that is more socially correct than your actual opinion
- **Authority bias:** Giving more merit to the opinion of someone in a position of authority
- **False consensus bias:** Overestimating how strongly people agree with you
- **Group attribution bias:** Believing that the characteristics of an individual are reflective of the group as a whole.

For more information on unconscious bias please refer to [https://www.quirks.com/articles/9-types-of-research-bias-and-how-to-avoid-them],[1] [http://io9.gizmodo.com/5974468/the-most-common-cognitive-biases-that-prevent-you-from-being-rational],[2] and [https://en.wikipedia.org/wiki/List_of_cognitive_biases].[3]

Follow-up interviews provide an opportunity for a small group of final candidates to learn more about the opportunity and meet additional members of your team while you develop a deeper understanding of each candidate's potential for success. The type and seniority of the position will dictate the number and structure of follow-up interviews, as will your organizational structure. While only one additional interview may be needed for a more junior role, it is not unusual for a senior candidate to have two or three follow-up interviews.

Table 8.2: Characteristics of Effective Interview Questions

Effective interview questions are:	Examples
Behaviorally based: asking candidates to describe past experiences when they were able to demonstrate specific competencies	*Please describe a time when you identified the need for a new program based on the requirements of a community partner and then developed that program.* *Tell me about an instance in which you created systems to increase operational efficiency and how you approached the development of measurable outcomes.*
Relevant: focusing on core competencies identified in the planning stage	*Talk about a time when you worked in an "all-hands-on-deck" environment and, specifically, what you appreciated and found challenging about that.* *Tell me about how you approached a past experience when you were asked to manage a project with limited access to resources and guidance.*
Open-ended: providing insight into thought processes and competencies	*Describe how you handled a difficult past experience that centered around issues of diversity, as well as how you might handle that situation differently today.* *What do you consider to be your most innovative or creative idea, and through what process did you come up with and develop that concept?*
Initiating: allowing for a variety of follow-up and clarifying questions, such as:	*How did you gain buy-in for that idea?* *What were the results of that improvement?* *What did you learn from that situation?*

Regardless of how you develop your interview process, be sure to utilize "behaviorally based" interviewing techniques. Recalling our premise that the best predictor of future success is past accomplishments, ***behaviorally-based interviewing asks candidates to give specific examples of times when they successfully demonstrated particular competencies in the past***. Instead of asking a candidate to hypothetically describe how she would tell your nonprofit's story in a grant proposal, for example, ask her to describe how she developed a compelling story for her previous employer. Table 8.2 offers a list of some of the most important qualities for your interview questions to have, with corresponding examples:

The reference and background check stage is often overlooked, since organizations are anxious to get someone on board and their energy for the hiring process wanes. However, ***it is critical that you speak with at least three professional references before***

making an employment offer to any candidate. In addition to helping you make the best hiring decision possible, reference checking also provides insight into how to best manage the person, if hired. For example, one organization recently decided not to hire a candidate everyone had been really excited about because they learned from her references that she needs a significant amount of managerial support to be successful, but the organization couldn't provide that. ***You should never check "off-book" references, even if you know someone who knows the candidate, as this can seriously jeopardize the candidate's current professional standing and lead you to make an important decision based on potentially unreliable information***. It may be tempting, but it's a huge no-no.

Finally, it is time for offer negotiation and hiring! This is both the most exciting and nerve-wracking part of the process because there is always the fear that your top candidate won't accept your offer and you'll be back to square one. One nonprofit recently fell in love with a candidate for a director of development position and was heartbroken to get to the offer stage and only then realize that the candidate required $30,000 more than they could offer. When discussing the situation afterward, they realized that salary had not been discussed in any of the candidate's interviews! Hence our earlier suggestion to do so during initial phone screenings.

The three keys to ensuring that your offer will be accepted are understanding what the candidate wants and needs in an offer, being open and honest throughout the process about what you can provide, and not trying to "get a deal." Make sure that your offer lays out, in detail, the responsibilities and expectations of the position, reporting structure, terms of employment, compensation and benefits (medical, dental, retirement, insurance and disability, paid time off, and so on), and any privacy, non-compete, or confidentiality policies. Many templates can be found online, including at www.bridgespan.org.

Compensating Staff Appropriately

It used to be that mission-driven professionals had no choice but to take a low-paying position within a nonprofit if they wanted to live their values on a daily basis. With the advent of corporate social responsibility, green business, and socially driven for-profit enterprise, there are now *many* more options. So, nonprofits need to consider how they can compete with other industries to attract and retain the best talent.

First, ***remember that salary is just one aspect of total compensation***. A full compensation package can include any or all of the following: a performance-based bonus, medical and dental benefits, access to retirement savings accounts (preferably with a matching policy), disability and life insurance policies, paid leave policies, tuition reimbursement, professional development budgets, and flexible work schedules. ***Make sure that you highlight all elements of the package when negotiating with potential hires*** and concentrate on the aspects that are most important to each candidate.

When determining salary levels for a particular position, do as much research as possible, but recognize that there is only a limited amount of current salary data publicly available to nonprofits, and most of that data is more applicable to larger organizations. Try to find benchmark organizations that are comparable to yours in terms of geography, size, staff levels, and mission area. Ultimately, however, the candidate pool will determine the salary range for the position; this is why it is so important to start talking about salary requirements *early* in the interview process.

Furthermore, when "selling" your nonprofit to a strong candidate, think about what makes working at your organization better than working for higher pay somewhere else. Do your employees have greater decision-making power or the ability to work on a wider range of projects? Is your culture more laid-back? Identify and highlight the unique benefits to working with you.

Having a compensation philosophy and structure can be helpful when setting salaries and communicating expectations to candidates. "Compensation philosophy" refers to the goals and intent of your approach to compensation. For example, one nonprofit is committed to being as competitive as possible with corporate consulting firms and pays quite well. Another organization believes in transparent compensation and has a career ladder with published salary ranges for each role that all staff can access.

"Compensation structure" refers to how the system is set up – for example, whether there is only a base salary, or a combination of base plus bonus. If there is a bonus, what is the amount and in what situations is it distributed? Structure also refers to a stated intention of annual salary adjustments. A general rule of thumb in terms of salary adjustments is shown in Table 8.3.

Table 8.3: Standard Annual Salary Adjustments

Employee Performance Level	Annual Salary Adjustments
Exceeding Expectations	4–5%
Meeting Expectations	2–3%
Needs Improvement	N/A
Unsatisfactory	N/A

Do's and Don'ts

Human Resources Do's and Don'ts

- DO slow down and plan your hiring process thoughtfully before getting started.
- DO utilize a hiring process that incorporates the four tenets: clarity, consistency, equity, legality.
- DO build an interview process that minimizes bias as much as possible.
- DO develop a competency model to inform all stages of the hiring process.
- DO develop a deep and wide candidate pool through multiple, strategic, and targeting sources, including job boards, listservs, organizational and personal networks, social media sites, and professional associations.
- DO use behaviorally based interview questions; the best predictor of future success is past accomplishment, so any hiring process should allow candidates multiple opportunities to provide evidence of how they have demonstrated the needed competencies in the past.
- DO allow candidates multiple opportunities to demonstrate their fit with the position and ability to be successful in the role.

Conclusion

There is no doubt that talent is any nonprofit's greatest asset. On one hand, if you took away all of an organization's resources – money, technology, facilities – but

kept its people, no doubt they'd find a way to make things happen. On the other hand, if you took away an organization's people but left their other resources, *nothing* would happen. That's why it is critical to ensure that you attract and hire the best people; it's the first step in ensuring that your nonprofit builds and develops the best team, which is a lynchpin of fulfilling your mission. Of course, the orientation, development, management, and retention of talent are of utmost importance, but integrating a few simple processes and best practices like those outlined in this chapter will enable you significantly improve hiring practices and better position you to maximize impact.

Cassie Scarano *is the founder of Commongood Careers (now part of Koya Leadership Partners). She brings a wealth of experience partnering with nonprofit boards and senior leaders to ensure they recruit and retain the best talent for their organizations. In addition to her search work, Cassie has served as a thought leader for the sector, creating and conducting training sessions on effective nonprofit recruiting and hiring, integrating an equity lens into the recruiting and hiring process, and conducting an effective job search in the social sector. Cassie has held a variety of senior leadership roles in nonprofits, is an advisor to Equity in the Center and an alum of LeadBoston, and served as a board member of Breakthrough Cambridge.*

James Weinberg *is the CEO of FUSE Corps, a national nonprofit that partners with local governments to help urban communities thrive. By placing experienced leaders in city and county administrations throughout the country, the FUSE Executive Fellowship in Civic Innovation is helping to craft policy, develop new public initiatives, and improve public services for millions of Americans. James previously served in leadership roles at AchieveMission, Commongood Careers, BELL, and the Homeless Children's Education Fund. James has also served on the boards of more than a dozen nonprofits, including Reimagining Service, Emerging Practitioners in Philanthropy, ProInspire, and Coro, where he currently serves as the Coro National Board Chair.*

Acquiring Talent Resource Review

Koya Leadership Partners (www.koyapartners.com)

Koya is a leading executive search firm focused on helping mission-driven organizations find talent.

Guidestar (www.guidestar.org)

Free searchable database of over 1.5 million nonprofit organizations, including Form 990 tax return data that document salary information for the highest paid positions at each organization.

The Management Center (http://www.managementcenter.org/tools/hiring/)

Organization focused on helping social justice leaders build and run more effective organizations; resources include training, tools, and coaching.

AchieveMission (www.achievemission.org)

Strategic human capital management consulting firm working with nonprofit leaders to develop and maximize talent strategy; resources include training, coaching, and articles.

Bridgespan (www.bridgespan.org)

Social impact consulting firm with many resources related to nonprofit leadership and management.

Independent Sector (www.independentsector.org)

National membership organization that brings together a diverse set of nonprofits, foundations, and corporations to advance the common good.

HR.com (www.hr.com)

Portal site for human resources information, including a section on the public sector and nonprofit human resources.

Idealist.org (www.idealist.org)

The go-to job board for nonprofit positions, which also includes a searchable, international database of nonprofit organizations, volunteer positions, and other information about nonprofit human resources.

Society for Human Resources Management (www.shrm.com)

An association for human resources professionals that provides a significant number of resources, tools, and templates for all areas of HR.

U.S. Equal Employment Opportunity Commission (www.eeoc.gov/)

Website published by the federal government with resources and information related to employment discrimination laws.

CHAPTER 9

How to Promote Diversity and Inclusion

By Michael Watson, Deputy Director, Human Resources, The Port Authority of New York and New Jersey and former Senior Vice President, Human Resources and Diversity, Girl Scouts of the USA

Introduction

If nonprofits are to effectively serve their clients, maintain their impact, and ensure ongoing relevance, they must demonstrate continued leadership in all aspects of managing diversity. But first, let's take a quick look at the history and current context of the Diversity & Inclusion ("D&I") movement, which is important for social justice organizations – and in fact all nonprofits – to keep in mind.

In 1964, Title VII of the Civil Rights Act was enacted. This had a major impact on workplace practices, prohibiting discrimination on the basis of race, color, national origin, religion, and sex.

Today, diversity combines elements of compliance and doing the right thing, but it has acquired new urgency due to sweeping changes in the nation's demographics. These include a larger presence of people of color, increases in longevity leading to a five-generation workforce, and a much greater proportion of women working than ever before. Finally, we also have widespread concern that the large proportion of

Baby Boomers leaving the workforce over the next decade will create a huge need to grow and sustain our talent pipeline. This is even more urgent with the significant drop in unemployment in recent years.

The premise of this chapter is this: ***when you effectively integrate diversity and inclusion into your nonprofit's strategy, more individuals will benefit from the services you offer***. A diverse nonprofit promotes greater opportunity for a broader swath of clients, employees, and volunteers. The end result is that your nonprofit will achieve far greater organizational impact and potential for growth.

Before we dive in, let's get our definition straight. *Diversity* refers to all the differences – from racial and ethnic to gender, age, sexual orientation, disability, economic status, and beyond. Diversity itself is diverse!

Because diversity represents many differences among people and groups, ***this chapter focuses on three major areas – race and ethnicity, generations, and disabilities***. We can apply many of the approaches and considerations in these three areas to other diversity categories, including gender, age, sexual orientation, geography, and so forth.

Critical Skills and Competencies

As nonprofits seek to embrace and promote diversity, there are a few important considerations to keep in mind, as well as some strongly recommended best practices. Let's take a look.

Integrating Diversity into Your Organization

Successfully achieving diversity within your nonprofit will require your commitment to making it a key aspect of your nonprofit's strategy, culture, and relationships. In particular, you must ***pay close attention to achieving diversity at four major levels within your organization: staff, volunteer, population served, and board of directors***.

Start out by taking inventory of the diversity of these various groups using a matrix like that shown in Table 9.1, customized based on desired populations and priorities:

Table 9.1: Sample Nonprofit Diversity Analysis Matrix

Categories	Men	Women	African American	Latino/ Hispanic	Native American	Low Income	People with Disabilities	Age 18–34	Age 35–54	Age 55+
Board Officers										
Board of Directors										
Direct Reports to CEO										
Staff										
Volunteers										
Population Served										

Now let's dive into these audiences and explore crucial competencies for integrating diversity within each of them.

Who Are Your Employees?

Reviewing your employee demographics helps determine whether your organization is diverse enough to provide the range of perspectives needed to serve your clients effectively; ***every nonprofit's goal should be to represent the community it serves at all levels***. After you've completed the matrix, **discuss these four key questions with your leadership team about your current staff**:

1. Do our employees reflect the pool of talent available in our community?
2. Do we have a mix of employees with the perspectives and backgrounds needed to effectively communicate with our constituency, thereby enabling us to best understand and serve them?
3. To what extent can our employees relate to the life experiences and issues of those we serve and of our volunteers?

4. Have we created an organizational environment that leverages the talents and skills of our employees, regardless of age, ethnicity or race, gender, educational attainment, or other relevant differences?

After you review your employee demographics and answer the questions above, you may determine that you need greater diversity and inclusion within your staff to better represent the community you serve. ***To reach diverse employee candidates, leverage targeted and relevant media outlets, associations, and networks***. For example, if you are looking to fill an accounting position and you want to ensure that you attract candidates from a variety of ethnic and racial groups, take the following ten steps:

1. ***Contact local leaders of relevant professional organizations***, such as the National Association of Black Accountants, National Black MBA Association, the Association of Latino Professionals in Finance and Accounting, the Society of Hispanic MBAs, and Pan-Asian Leaders in Finance and Accounting. ***Professional associations can easily be found through online searches***, and if there isn't a local chapter, contact the national organization.
2. Contact individuals from underrepresented communities who are in the accounting field, or who have broad networks, and ask for referrals.
3. ***Talk to religious leaders*** whose congregations are attended by diverse professionals.
4. ***Advertise positions in publications and on websites*** read by diverse candidates. A couple resources include the "Diversity Recruiting Resources" directory published by Harvard University (see page 17) at [http://hr.fas.harvard.edu/files/fas-hr/files/diversity_recruitment_resources.pdf] and a great article from *BlackNews.com*, "Top 10 Diversity Recruiting Web Sites For African Americans (and Other Minority Job Seekers!)", which is available at [http://www.blacknews.com/news/top-10-diversity-recruiting-web-sites-african-americans-minority-job-seekers]
5. Speak with leaders of nonprofit organizations that tailor to a diverse clientele (i.e. Urban League, National Council de La Raza, NAACP, and so on).
6. Attend diversity recruiting fairs.

7. ***Contact the Career Services offices at nearby colleges and universities that serve diverse populations*** and ask how you can reach out to their students or alumni. Search online to see if there are any Historically Black Colleges and Universities or Hispanic Serving Institutions in your area, and also reach out to local sororities and fraternities that focus on diverse membership.
8. Post job descriptions on websites frequented by diverse professionals, including www.diversityinc.com.
9. Put your network to work. ***Ask your employees, board members, and volunteers for their recommendations*** and contact individuals you know with networks in diverse communities.
10. If you work with a search firm, select them based on their track record of recruiting and placing diverse talent.

Also, remember that achieving diversity and inclusion is not a one-time goal. It's crucial to ***regularly review the diversity of your staff and the success of your efforts to attract and recruit diverse employees***. Reinforce those practices that work best and develop new approaches to replace those are least effective.

Who Are Your Volunteers?

Although paid staff drive the work of many nonprofits, volunteers make up a key component of most nonprofits' ability to serve. If your nonprofit makes substantial use of volunteers, be sure to ***assess whether or not your volunteer pool has a demographic gap and if it's missing volunteers who would help your nonprofit better serve your constituents***. This is a worthwhile time investment that provides high payoff, and **a volunteer assessment and action plan involves four simple steps:**

1. Assess whether you have an adequate number of volunteers to meet your needs and goals.
2. Based on a completed diversity matrix, determine whether your volunteer population reflects the diversity of the population you serve. If there is a demographic gap, find out *why*. Is it the lack of diversity at the beginning of the recruitment process, or is turnover higher among volunteers from specific diverse backgrounds?

3. If turnover is a problem, determine the primary causes and implement an action plan to address it.
4. If you need to recruit more diverse volunteers, ***consider adding new recruitment sources*** (see staffing section above for ideas) and customizing your orientation process for key populations.

As you can tell from the neighborhood nonprofit volunteer analysis in Table 9.2, 25% of the organization's population served is between ages 30–40, yet only 5% of their volunteers are that age. Similarly, there is a surplus of volunteers ages 51+. If these gaps are relevant and have a negative impact, they should expand recruitment of volunteers in this age group.

To recruit diverse volunteers, you'd use the same kind of resources as those listed above for recruiting diverse staff.

Are You Serving Your Entire Community?

Based on readily available US census data, comparing the population you serve to local demographics will quickly tell you whether you're serving a representative sample of local residents. Of course, you'll want to drill down a bit, because, for example, low-income populations tend to have their own demographic makeup. Your analysis can be based upon education, income, race, age, or a variety of other dimensions relevant both to your local area and the services you provide. ***When unexpected gaps are found, conduct surveys, focus groups, and other outreach strategies***

Table 9.2: Neighborhood Nonprofit Volunteer Analysis by Age

Age Categories	Volunteer Demographics (%)	Client Demographics (%)	Gap (%)
18–29	15	15	0
30–40	5	25	–20
41–50	40	40	0
51+	40	20	+20

to understand what prevents utilization of your services by those underserved. The insights you gain will assist you in improving the impact of your services and extending their reach and relevance.

Who Is on Your Board?

Last but certainly not least, the composition of your board is a critical factor in your organization's success. Membership needs to be diverse enough to discuss governance issues from a variety of perspectives and to understand the needs of the communities you serve. ***Effective boards need diverse membership, including race, ethnicity, gender, as well as a range of skill sets, networks, perspectives, and styles***. Embracing diversity in all its forms at the board level will enhance your relevance in the community and expand your ability to serve.

To increase the diversity of your board, consider the following actions:

1. Lead a discussion with board members to obtain agreement on the benefits and importance of greater board diversity. If helpful, focus on how well your board's composition matches up with the clients you serve.
2. Based on how the board defines and prioritizes greater diversity, ***identify a group of people to spearhead the effort***, possibly a current board committee.
3. Obtain clear agreement by board members on metrics that will be used to assess diversity progress and determine the frequency of reviews for progress.
4. Determine appropriate candidate sources. Several sources are similar to those for recruiting staff, but given the unique nature and role of a board, it's also recommended to contact:
    - ***Board members of other nonprofits who represent the diversity you seek – they may be able to refer people*** with similar skills and professional backgrounds
    - Corporations with strong reputations for diversity, who can offer access to highly skilled and networked employees
    - Vendors and suppliers (i.e. your accounting firm, telecommunications provider, and so forth), who can introduce you to their human resource departments for recommendations of candidates or organizations

See Chapter Thirty for additional tips on how to attract great talent at this level, and as mentioned there, be sure to have a board member agreement in place to help convey clear expectations and needs.

What I Wish I Knew

When I began my human resources career, I gained a number of unexpected diversity insights. They include:

1. **Diversity within populations**

   Groups that appear to be the same on the outside are more different than we typically think. As an example, Hispanics may be considered one ethnic category, but there are cultural, economic, educational, and other differences between Cubans, Mexicans, and other Latinos. For maximum effectiveness, ***you cannot approach all Hispanics, African Americans, Asians, Baby Boomers, LGBTQ, disabled people, or any other group the same way***. Your approach to service and outreach has to be tailored to the specific characteristics of the groups and subgroups you are targeting.

2. **People want things their way**

   If you approach everyone in the same manner, you'll fail to connect with a significant proportion of the folks you serve. For example, ***if your nonprofit works in an area where lots of people speak a primary language other than English, consider hiring staff that speak the language***. For areas where literacy levels are low, provide assistance with completing forms and paperwork. Instead of a "lowest common denominator" approach, invest in understanding the unique characteristics of the populations you serve and their particular wants and needs – this will enable you to implement relevant strategies and improve the services you provide.

3. **Diversity is a source of strength**

   Studies show that ***diverse groups, when managed effectively, perform better than homogeneous ones***. They perform best when leaders and managers ***take the time to ensure that new members from diverse groups are fully welcomed, oriented,***

included, supported, and encouraged to make a significant contribution to your organization. New employees and volunteers who do not feel included will be underutilized, underperform, or they will turn over at a higher rate.

4. **A case still needs to be made for diversity**

   Diversity as an organizational priority has come a long way over the past decade. That said, you still can't assume that people are on the same page on this issue, or that they sufficiently understand the business case for diversity. So count on having to explain the benefits of diversity, demonstrate how it is important to the service you deliver, and how an effective strategy will strengthen your organization's ability to achieve its mission. ***Making a diversity business case tailored to your organization and culture is crucial if you are to move this important agenda forward***. Bearing in mind the approaches and tactics outlined above, **utilize these eight common elements to research and present as part of your case:**

   1. Analysis of the diversity of
      a. Your staff
      b. Your volunteers
      c. The clients you serve
      d. Your board
   2. Identification of areas of concern
      a. Numerical gaps
      b. Gaps in perspective
      c. Potential concerns from constituents – those served, funders, etc.
   3. Implications
      a. How greater diversity will improve service to clients
      b. How attention to diversity will expand the number of people served
      c. Can attention to diversity increase the pool of volunteers, staff, donors, or board members?

   d. If changing demographics are ignored, what is the future of your organization? Will it shrink, or become less relevant?

   e. Will attention to diversity increase access to funding or develop new sources of revenue?

4. Call to action

   a. Define the impact diversity will have on the future of your organization

   b. Review implications of a failure to act

   c. Present case for change to senior management and board

5. **Create an action plan**

   a. Identify gaps and present an operational plan to address each of them

   b. Estimate resources needed, especially people, money, and expertise

   c. Assess return on investment and specify the targeted result of the investments

   d. Identify real and potential barriers and plans to address each

   e. Define and vet metrics for success

   f. Develop timelines and milestones

   g. Identify the people accountable for results

6. **Clearly communicate your strategy and vision to major constituencies**

7. **Develop a process for reviewing progress**

8. **Get feedback and make adjustments as needed**

A Guide to Making Your Diversity Plan Succeed

Many organizations make commitments to achieving diversity, only to fail because they overlook the factors essential to making their plan sustainable. **These ten**

factors should be incorporated into your action plan from the beginning to ensure success:

1. Ensure that top management demonstrates a *genuine* commitment to diversity. Lack of commitment from the executive director or senior managers creates significant barriers that can sink your plans, including demotivating other levels of management and employees.
2. Develop and communicate a well-articulated, customized business case for diversity. Use multiple communications platforms – memos, meetings, and new employee and volunteer orientations to ***ensure people at every level of the organization fully understand and can state why diversity is important to your work***.
3. Integrate diversity policies across all work activities – outreach, volunteer and staff recruitment, clients served, and other relevant areas.
4. Obtain ongoing input from diverse people you want to serve about their needs. Extend your outreach and keep in touch over time.
5. Implement metrics to assess progress toward your diversity goals. ***Measuring changes in the diversity of the community you serve, your employees, volunteers, and board provides you with feedback regarding the effectiveness of your strategies***. Survey the satisfaction of those served to ensure that approval is relatively equal across diverse populations and to spot potential problems.
6. Pay attention to emerging trends. A changing economy, movement of a population into or out of your community, policy and legislative changes, and other factors affect those whom you should be prepared to serve, and how.
7. Learn from others! ***No one has all the answers, and you can learn effective strategies from other nonprofits, politicians, corporations, or government agencies***. This is a two-way street, so be open to exchanging best practices.
8. Learn from your mistakes. You have to try new approaches to achieve progress in diversity. At the same time, recognize that some of these will not work. Examine what works and what doesn't, then decide whether to abandon or modify specific tactics and approaches.

9. Provide recognition for successes in diversity to encourage staff and volunteers to keep diversity top of mind and continue trying new approaches.
10. Realize that success at diversity is an ongoing process. The needs of your community, your volunteers, and employees continually evolve. Continually monitor the needs and changes of your constituents, volunteers, and staff.

Tip

Actions EDs Can Take

Present diversity to your board as part of your growth and service improvement strategy.

Ensure that candidates for open positions, especially senior management positions, are diverse.

Talk to direct reports and staff about why diversity is important to your mission.

Tip

Actions Emerging Leaders Can Take to Support Diversity

Develop and present the business case to your ED and senior management.

Identify and build relationships with organizations, partners, and resources that can serve as sources of diverse candidates for staff, volunteer, and board openings.

Take Charge of Your Education

The following actions will help you keep up with diversity trends:

1. Read books, magazines, articles, and blogs that focus on the needs of diverse populations. See resources at end of chapter for examples of great places to learn best practices.
2. Prioritize meeting people from different groups who can provide you with a new perspective on the needs of diverse populations.

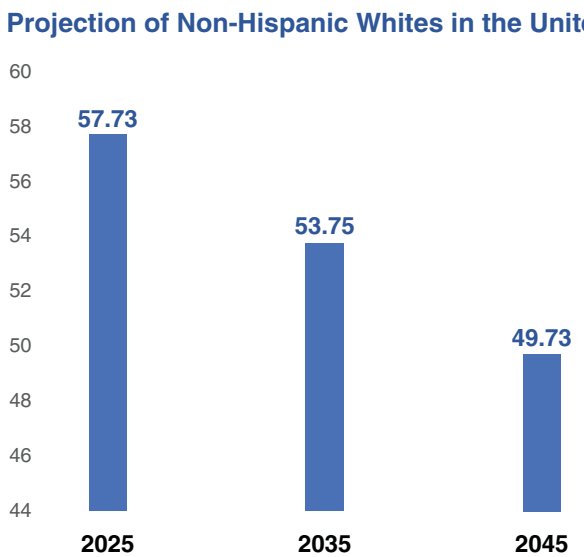
3. Attend local meetings of professional associations and other groups where you can develop relationships with members of diverse groups.
4. Track diversity trends. Business and marketing magazines, as well as major newspapers, will help you monitor and understand societal changes that may affect your work.

Definitions and Background

Race and Ethnicity

Racial and ethnic demographic change in the United States is charting a new future for America. Figure 9.1 shows the remarkable changes predicted within the next generation: by 2045, whites will make up less than 50% of the population in the United States.

Figure 9.1: When Whites Become a Minority in America



Source: Population Division, U.S. Census Bureau, released 13 March 2018 and revised 6 September 2018.

Generational Diversity

Diversity in the United States takes many forms. Beyond ethnicity, we now are experiencing five generations working alongside one another for the first time in US history. For easy reference, the generations are:

- Traditionalists (Born 1928 to 1945) AKA the Silent Generation
- Baby Boomers (Born 1946 to 1964)
- Generation X (Born 1965 to 1979)
- Generation Y (Born 1980 to 1995) AKA Millennials
- Generation Z (born after 1996) AKA Globals or the Gamer Generation

Your organization will operate more effectively by considering the difference across generations as you manage your workforce. Generally speaking, **four areas where you will notice differences between generations include:**

1. **Approach Toward Work.** Work/life balance has been growing in importance across generations. However, Millennials expect and demand that balance *now*. At the same time, Baby Boomers typically want a combination of flexibility and structured programs, such as phased retirements. Your ability to honor work/life balance across generations will provide you with a strategic advantage in recruiting and retaining staff of different ages.

2. **Feedback**. Receiving feedback for work performed is important to all – in varying degrees. ***Frequent feedback is important for and expected by Millennials, but this is not as central a need for Baby Boomers***. Failure to adjust your feedback frequency and style to the various generations' styles and to people within each generation is likely to negatively impact productivity and retention.

3. **Communication Preferences**. Millennials and Generation Z are sometimes referred to as "digital natives," given their high utilization of technology and social media. But older folks are catching up: according to 2018 Pew data, half of seniors over 65 now say they have high-speed internet at home compared to 70% of those age 30 to 49.[1] ***Nonprofits that place all their materials and information online may inadvertently overlook large groups of their constituents***.

4. **Recognition**. Traditionalists and Baby Boomers are more likely to be motivated by monetary rewards. Generation Z has a higher need for mentorship and meaningful work.

   In short, you should have policies and practices that motivate and reward across generations and individual differences so that everyone can contribute their best to your organization.

Disabilities

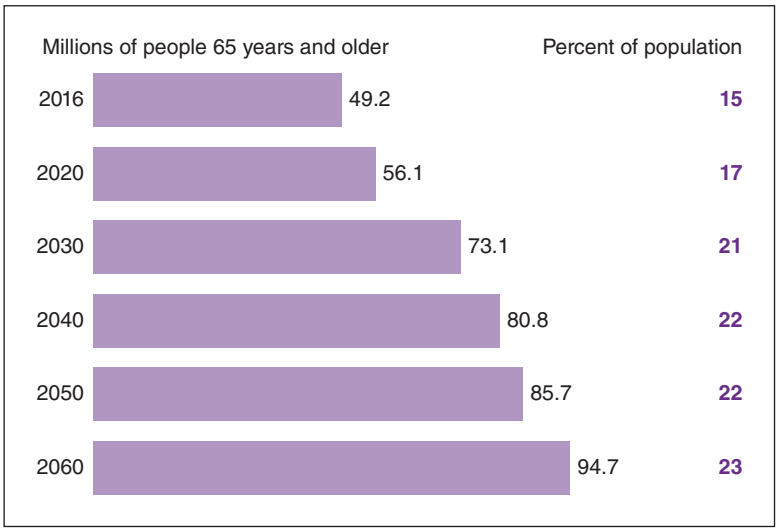
Numbering approximately 54 million, ***people with disabilities are the largest minority in the United States and the only group anyone can become a part of at any time***. Disability crosses all racial, ethnic, religious, and socioeconomic boundaries. Efforts to ensure that individuals with disabilities have access to information, services, and the workforce have increased substantially since the Americans with Disabilities Act was passed in 1990, which prevents employment discrimination and seeks to include people with disabilities fully into the mainstream of American life. Legally, an individual with a disability is any person who:

- Has a physical or mental impairment that substantially limits one or more major life activities;
- Has a record of such an impairment; or
- Is regarded (based on the perception of others) as having such impairment.

Solutions to improve access may include labeling in braille, providing optical aids, and physical changes to structures, including ramps and other changes that enable access via wheelchairs or other devices. Some of these, especially regarding larger facilitates, may be legally required regardless of the makeup of your staff.

Because disabilities tend to increase with age, we can expect the number of disabled to grow substantially given our aging population, detailed in Figure 9.2. ***Nonprofits that consider the needs of the disabled serve more people in need and have access to more volunteers and employees***.

Figure 9.2: Projections of the Older Adult Population: 2020 to 2060



Source: National Population Projections, U.S. Census Bureau, accessed 2017.

Case Study

Girl Scouts: Integrating Diversity into Nonprofit Strategy

The Girl Scouts: Outreach Based on Religion and Ethnicity

Several years ago, the Girl Scout council in Minneapolis developed membership outreach coordinators for a variety of minority groups, including the Muslim community. To overcome resistance from parents, Girl Scouts troop leaders sought out opportunities to highlight Muslim culture and included Muslim traditions like dietary requirements in their activities: for example, serving hot dogs made of beef instead of pork. The Khadija Club was developed, named for the first wife of Prophet Muhammad, geared toward exposing girls to the history of prominent Muslim women.

Case Study

The outreach in Minneapolis resulted in 280 girls joining Girl Scouts, including many who hadn't considered it before. In addition to Muslim girls learning American traditions, the opposite also happened, resulting in an increased appreciation for Muslim culture and religion.[2]

Similarly, in 2005 Girl Scouts got a grant to expand Hispanic membership in Georgia. Part of their strategy included recruiting, training, and sustaining a strong base of Hispanic volunteers, and bilingual staff were increased from 5 to 30. These staff began working in partnership with other Girl Scout employees to implement highly effective, customized outreach strategies. Between 2005 and 2008, Girl Scouts increased Hispanic membership by 40%, volunteers by 20%, and community partnerships with Hispanic organizations a whopping 76%. The bottom line is that ***with diverse populations, a little sensitivity and effort can go a very long way***.

Case Study

LIFT: Building Staff Diversity

Kirsten Lodal founded LIFT, an anti-poverty organization based in Washington, DC. When she moved the organization from a volunteer to a staff model, she decided that staff diversity was critical given the clients served. By making diversity a core part of her strategy, Lodal changed the leadership structure from one that was all-white to a team where seven out of nine of the top leaders are people of color. Between 2010 and 2018, the organization staff grew six-fold. Almost 60% of LIFT's employees are people of color. Lodal implemented a strategy of recruiting from different places, provided staff and management training on diversity and inclusion, developed staff for advancement, and worked on building a culture where differences in race, ethnicity, and perspective were respected. Lodal showed the power of a CEO's actions and commitment to the success of a diversity strategy.

Do's and Don'ts

Diversity Do's and Don'ts

- DO pay close attention to achieving diversity at four major levels of your organization: staff, volunteer, population served, and board of directors.
- DO create a diversity business case tailored to your organization and culture, wherein you explain the benefits of diversity, demonstrate how it's important to services delivered, and how it will strengthen your ability to achieve your mission.
- DO create staff, volunteer, and board assessment and action plans to guide your efforts.
- DO leverage targeted and relevant media outlets, associations, and networks in your efforts to recruit diverse candidates.
- DO ask your employees, board members, and volunteers for their recommendations of diverse candidates, and tap people you know with networks in diverse communities.
- DON'T assume you know why demographic gaps exist – take the time to research what the real problem is.
- DON'T forget that studies have shown that diverse groups perform better than homogeneous ones, and that they perform best when leaders and managers take the time to ensure that newly added members from diverse groups are fully oriented, welcomed, included, supported, and encouraged.
- DO implement metrics to assess progress toward your diversity goals.

Conclusion

Know this: the population of the United States will become increasing diverse in ways we cannot anticipate today. Embracing this diversity can be a source of continued innovation, success, and competitive advantage. Nonprofits are uniquely positioned to use their understanding of diversity – especially among those most in need – to create a better society for all. ***Failure to consider diversity in a nonprofit's strategy will result in a decline in your relevance and even possible extinction***.

Successfully integrating diversity into your operations requires a commitment to sustained research, effort, and open-mindedness, all of which lead to better-managed nonprofits that serve clients more effectively.

As a professional, your ability to work with diverse employees and volunteers and develop effective strategies to ensure that *all* are included will strengthen your personal impact and contribute to your career success.

Perhaps most importantly, nonprofit organizations' collective embrace of diversity will help create a society where everyone enjoys greater opportunity to reach their full potential and determine America's future. Join the adventure.

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Diversity Resource Review

Equity in the Center (https://equityinthecenter.org)

> EC works to shift mindsets, practices, and systems within the social sector to increase racial equity and provides resources and tools to help nonprofits advance diversity.

Building Movement Project's Research on Racial Equity in Nonprofit Leadership (http://racetolead.org/race-to-lead/)

> BMP is committed to advancing the potential for nonprofits to have an impact in building movements for progressive social change. Their *Race to Lead* report is a comprehensive study on the diversity leadership gap in the nonprofit sector, including recommendations on how to address this challenge.

Rebecca Knight (2014). Managing People from 5 Generations. *Harvard Business Review* (25 September). Available at https://hbr.org/2014/09/managing-people-from-5-generations

This HBR article provides an overview of some of the challenges of managing a wide range of age groups in the workforce and offers specific recommendations for managers looking to leverage the talents of those from different generations.

Frances Kunreuther, Helen Kim, and Robby Rodriguez. Working Across Generations: Defining the Future of Nonprofit Leadership. San Francisco: Jossey-Bass, 2008.

This book provides recommendations on how to manage the transition from one generation to another in a strategic and thoughtful way.

Working Mother Magazine (www.workingmother.com)

This magazine provides working mothers with advice on how to succeed at home and at work. It also features companies that have adopted best practices in creating a welcoming environment for working parents.

Diversity Inc. Magazine (www.diversityinc.com)

Diversity Inc. features articles and commentary on all aspects of diversity, including best practices, with an annual focus on a competition to identify the top 50 organizations for diversity.

ABILITY Magazine (www.abilitymagazine.com/)

ABILITY strives to change the public perception of what it means to have a disability by focusing on ability, shattering myths and stereotypes that surround disabilities, and bringing greater attention to the issues to shine a light on unconscious bias. They cover the latest on health, environmental protection, assistive technology, employment, sports, the arts, travel, universal design, mental wellness, and more.

A Report of the Special Committee on Aging, United States Senate (6 December 2017). America's Aging Workforce: Opportunities and Challenges. Available at https://www.congress.gov/115/crpt/srpt191/CRPT-115srpt191.pdf

This report shows the projected rise in workers over the age of 55 and how their needs differ from those of other workers. The report also provides a business case in favor of older workers, along with examples of specific policies and programs that employers use to accommodate their needs.

Government of Canada. (2012). Age-friendly Workplaces: Promoting Older Worker Participation. Available at https://www.canada.ca/en/employment-social-development/corporate/seniors/forum/older-worker-participation.html

This report promotes the employment and retention of older workers as a strategy to address forecasted departures from the labor force. It showcases what leading organizations are doing to promote the retention of older workers and shares tips on how to integrate different generations into a cohesive workforce.

Part Three

Nonprofit Law and Finance

I slept and dreamt that life was joy. I awoke and saw that life was service.
I acted and beheld that service was joy.

—Rabindranath Tagore

By now, things should be starting to come into focus. We hope you've already gained a good sense of the strategic considerations that are crucial to the successful launch of a nonprofit or initiative, and that enable you to personally excel at your role.

Now we're going to delve deeper into the operational issues, in particular on the legal and financial fronts. In addition to primers on these two topics, we'll also hear from lobbying and advocacy experts with tips on how to achieve policy reform. Why should you care? Well, ***if you have a keen sense of your financials, and if you pay attention to important legal considerations, it makes both strategic and tactical decisions a million times easier***. Which programs are generating revenue, and which can't cover costs? What does it cost us to serve each client? Questions like these can lead to a host of useful revelations.

We already mentioned that operational issues like this can be the ball bearings that help your nonprofit glide forward, or, if ignored, they will be your Achilles' heel. ***Think of operational issues like finance and the law not as burdens to be borne, but as management systems that give you a better understanding of, and more control over,***

your efforts – thereby advancing your mission. They can also open up opportunities for impact you may have previously discounted. For example, many nonprofit leaders think that they are unable to do lobbying and advocacy work at all, thereby impeding their ability to seek policy reform and promote worthy pieces of legislation. Not true, but there are absolutely some important caveats here, all of which will be covered in Chapter Eleven.

It's also important to note that ***financial and legal best practices and requirements in the social sector differ fundamentally from those in the corporate world***. Nonprofit finance includes special rules around restricted versus unrestricted funds, endowments, unrelated business income tax, mandatory audits for organizations of a certain size, and more. Compliance with these requirements is a prerequisite for operating your nonprofit.

Employment or HR law varies from state to state, and as such we will not attempt to cover it in this book. That said, hopefully some of the insights in this section will prove helpful by providing useful basic considerations regardless of where you're operating. On another legal note, we strongly recommend that every nonprofit ***seek pro bono legal counsel***, whether through recruiting someone to the board or by retaining a firm at no cost. Lawyers at big firms are usually *required* to donate some of their time, and many are so busy that they find it difficult to identify a worthy cause. It's amazing what you can accomplish with a few calls and meetings. That said, since nonprofit law is unique, look to recruit someone who has experience in the field.

Andy Stern, former president of the Service Employees International Union (SEIU), once said, "***Change is inevitable, but progress is optional, and leadership makes all the difference***." Legal and financial tools can provide you with the resources needed to let your leadership shine, so pay attention, enjoy, and good luck.

CHAPTER 10

Nonprofit Law

By Bruce R. Hopkins, Principal, Bruce R. Hopkins Law Firm, LLC, and Virginia C. Gross, Shareholder in the Nonprofit Organizations Group, Polsinelli PC

Introduction

Nonprofit law can be daunting and even scary for some. Nonetheless, ***having an understanding of the law applicable to the field is critical to the success of a nonprofit organization***. Our goal in this chapter is to provide you with this basic understanding, and to offer a resource guide so that you have a place to turn in case issues arise in the future.

The law governing the nonprofit sector is derived from many sources – principally federal tax, plus state corporation, trust, fiduciary responsibility, and fundraising law. At the federal level, nonprofits need to be concerned with additional bodies of nonprofit law in the antitrust, consumer protection, health care, intellectual property, labor, postal, securities, and other fields.

Our intention here is to provide a broad overview, along with some salient insights and practical tips. As such, ***this chapter focuses principally on federal tax and corporate***

governance laws, and in particular on the issues that leaders are likely to face, including:

- The definition and forms of nonprofit organizations
- What it takes to maintain tax-exempt status
- Types of public charities and private foundations
- Intermediate sanctions rules
- Filing of information returns
- Nonprofit governance
- Unrelated business law
- Use of subsidiaries

Defining Nonprofit Organizations

The term *nonprofit organization* does not mean an organization that is prohibited by law from earning a profit (an excess of gross earnings over expenses). Rather, the definition of a nonprofit organization essentially relates to requirements as to what must be done with profits earned or received.

A fundamental distinction between nonprofit and for-profit entities is that the for-profit organization has owners that hold the equity in the enterprise, such as stockholders of a corporation, and the organization operates for the economic benefit of these owners. By contrast, ***a nonprofit organization is not permitted to distribute its profits (net earnings) to those who control it***, such as its directors and officers.

Whether an entity is a nonprofit is almost always determined by state law; however, a few of these entities are federally chartered. ***A nonprofit organization can take many forms, most prominently a corporation, an unincorporated association, or a trust***. In brief, a nonprofit corporation is an entity that is formed by filing incorporation documents with a state, an unincorporated association is an entity formed by means of a constitution, and a trust is an entity that has been formed pursuant to a trust agreement or declaration. Most states have laws governing nonprofit corporations and trusts, which address their formation, governance, purposes, operations, and

dissolution. ***Corporations provide increased liability protection to their directors, which is not the case with unincorporated associations and trusts***.

As you already read in Chapter One, there are different types of tax-exempt status available to nonprofits, depending on their purposes and activities, and ***not all nonprofits are fully tax-exempt***. Almost all charitable organizations must file an application with the IRS to obtain recognition of their exempt status, while most other categories of noncharitable tax-exempt organizations do not.

The IRS can revoke tax exemption based on changes in the law, but generally once an organization has been recognized as exempt by the IRS, it can rely on that determination as long as there are no substantial changes in its character, purposes, or methods of operation. If material changes occur, the organization should notify the IRS of them by means of its annual information return. In some instances, the entity may have to undergo a reevaluation of its exempt status. The IRS has the authority, in extreme cases, to revoke exempt status retroactively.

Critical Skills and Competencies

Now that we've outlined the basics of what defines a nonprofit organization, let's look at **the required standards and considerations you'll need to navigate in order to maintain your organization's tax-exempt status:**

Maintenance of Tax-Exempt Status

Of utmost importance to tax-exempt organizations is an understanding of what it takes to maintain exempt status. Readers who have questions regarding the formation of organizations can visit www.irs.gov and the websites of the Secretaries of State for more information. As this book is geared towards existing organizations, ***this chapter focuses on maintaining rather than securing exempt status***.

Organizational Test

All charitable organizations – that is, Section 501(c)(3) entities – must pass an organizational test. This test focuses on the content of an organization's "statement of purposes" and the "dissolution clause" in its organizing document. The former

describes the mission of the entity, although there may also be a separate mission statement. The dissolution clause is intended to preserve the assets and net income of an organization for charitable purposes, should it dissolve or liquidate. ***Charitable organizations must meet the organizational test throughout their existence***. Other categories of exempt organizations may be required to adhere to an organizational test.

Operational Test

Charitable organizations must also pass an operational test. ***The basic requirements are advancement of one or more exempt purposes, and avoidance of private inurement, unwarranted private benefit, substantial legislative activity, political campaign activity, and excessive unrelated business activities***. Heady terms, we know, so let's look at each of these, as ***failure to comply with the operational test can result in loss of exempt status***. Other categories of exempt organizations may have to comply with an operational test.

Private Inurement Doctrine

The doctrine of private inurement basically says that a nonprofit can't be set up to benefit one or more individuals instead of a cause. Specifically, this means that ***none of the income or assets of a tax-exempt organization may be permitted to directly or indirectly benefit an individual*** who has a close relationship with the organization, particularly when that person is in a position to exercise a significant degree of control over the entity.

These people, typically referred to as "insiders," may include the organization's founders, trustees, directors, officers, members of their families, entities controlled by these individuals, or anybody else having a significant personal and private interest in the activities of the organization. The doctrine requires that these transactions or arrangements be tested against a standard of *reasonableness*, meaning that all transactions with insiders must be in line with applicable norms.

If your organization is found in violation of the private inurement doctrine, its tax-exempt status can be revoked or denied, so be sure to keep an eye out when entering into business deals with "insiders."

Private Benefit Doctrine

Beyond proving they don't exist to benefit individuals, tax-exempt, ***charitable organizations must establish that they are not organized or operated for the benefit of other private interests***. The IRS has found private benefit, for example, where a husband and wife formed a private school and entered into a management agreement to operate nearly all aspects of the school and thus were allegedly using the school's exemption for their own private benefit. Another common example occurs when a public charity enters into a joint venture with a for-profit corporation and lacks control of the venture; the idea here is that the for-profit is really just looking to benefit from the tax-exempt partner in the partnership. Incidental private benefit is permitted, meaning a small amount of private benefit will be tolerated.

If your organization is found in violation of the private benefit doctrine, its tax-exempt status can be revoked or denied, so once again, be careful when entering into all types of transactions and arrangements.

Legislative Activities and Political Campaign Activities Law

Please read the next chapter if you're interested in conducting advocacy or lobbying work through your nonprofit. Given that this is covered elsewhere, we will skip this important topic here, but we will take this opportunity to remind you to remember of the three basics of this field:

- Noncharitable, tax-exempt organizations such as 501(c)(4) entities and 501(c)(6) entities generally may engage in lobbying.
- Tax-exempt public charities – 501(c)(3)s that are not private foundations – may engage in legislative activities to the extent that lobbying is not a *substantial* part of their overall functions, which is generally defined as no greater than 5–15% of its annual revenue, and no greater than $1M per year.
- A tax-exempt charitable organization (a public charity or a private foundation) may *not* participate or intervene in a political campaign on behalf of or in opposition to a candidate for public office.

Unrelated Business Activities

Many nonprofits wish to diversify and increase their income streams through earned income strategies. This is covered in some detail in Chapter Twenty-Three, but from a

legal standpoint there are a few things to keep in mind. ***Tax-exempt organizations must pay income tax, called the "unrelated business income tax," or UBIT, on their net income from unrelated business activities and too much unrelated business can imperil an organization's exempt status***.

There is no clear definition of what an unrelated business is or of the maximum threshold of allowable unrelated business income or activity. ***The IRS is mainly looking to make sure that your organization's focus remains on the mission rather than the side businesses***. Taxable unrelated business income is reported to the IRS on Form 990-T.

A *business* of a tax-exempt organization is "an activity that is carried on for the production of income from the sale of goods or the performance of services." A business is considered unrelated if it is regularly carried on and is not substantially related to the accomplishment of your mission. ***Before conceding that an activity is unrelated and therefore that its net income is taxable, you should determine if you can cause the activity to be related to your exempt purposes, and specifically establish a "causal" link between the business and your mission***. For example, a group that does training and rehabilitation work could consider a retail grocery business related if its purpose is to further the emotional rehabilitation of its adolescent staff, *and* if the business is conducted on a scale no larger than is reasonably necessary for this purpose.

There are exceptions from the imposition of UBIT for activities that are substantially conducted by volunteers, the sale of donated items, activities meeting a convenience exception, and qualified convention and trade show activities. ***Passive income, such as dividends and interest, is also not subject to UBIT, nor is income from fundraising events*** that are not regularly carried on, such as annual galas.

In computing UBIT, an organization may offset the unrelated business income with directly related expenses. ***Tax-exempt organizations with more than one unrelated business cannot use a loss from one unrelated business to reduce or eliminate gain from another one***. Recently enacted legislation requires the deduction of expenses only in direct relation to the particular business involved. No more sharing of losses. (This is informally referred to as a "bucketing" or "silo-ing" rule.)

Subsidiaries

Tax-exempt organizations can have one or more subsidiaries, which can be nonprofits or for-profits. Most commonly, this is used to shield the parent organization from liability or because the subsidiary's activity is not substantially related to the nonprofit's exempt purpose. Sometimes, management wants a particular program or other activity to be in a separate organization for other strategic reasons.

Generally, the economic activities of a separate corporate subsidiary are not attributed, for tax purposes, to the parent. However where the parent is involved in the day-to-day management of the subsidiary, or the subsidiary is considered a mere instrument of the parent, the income and activities of the subsidiary can be deemed those of the parent. This is almost always an undesired outcome.

In many instances, ***revenue flowing from the subsidiary to the parent is considered unrelated business taxable income*** of the parent.

Subsidiaries can be quite complicated and merit thorough consideration from a legal, business, and mission standpoint. If you are interested in reading more about this topic, please refer to our list of resources at the end of this chapter.

Joint Ventures

As referenced in Chapter Six, nonprofit, tax-exempt organizations may participate in partnerships and other forms of joint ventures with nonprofit or for-profit partners. More information on this complex topic can be found in the material in our resource list, but for now we should mention that, today, *nearly all joint ventures take place within an LLC* (limited liability company) framework.

Conceptually, there are two types of these joint ventures. One is where the exempt organization places the entirety of its operations in the venture. This is known as the whole-entity joint venture. The second type of venture occurs where the organization puts only a program or other specific activity in the venture. This is termed an ancillary joint venture.

A participating nonprofit can enter into a joint venture and not endanger its exempt status when (1) the participation of the exempt organization furthers its exempt

purpose, and (2) private inurement and private benefit concerns are adequately addressed.

Other Tax-Exempt Legal Basics

Now that we've covered some of the nonprofit legal basics, let's look at:

- the difference between public charities and private foundations;
- penalties to those who unfairly benefit from their relationship with a nonprofit; and
- annual information return filing requirements.

Public Charities and Private Foundations

Charitable organizations are divided into two categories: public charities and private foundations (e.g. the Humane Society and the Bill & Melinda Gates Foundation, respectively). Every tax-exempt charitable organization is presumed to be a private foundation unless it demonstrates otherwise. ***A charitable organization that loses its public charity status automatically becomes a private foundation***.

A private foundation is funded from one or just a few sources, including ongoing support, and typically makes grants, usually to public charities. Private foundations frequently have an "endowment" that they draw upon, meaning a sum of money where the principal remains invested and the income is used for grants or other charitable purposes. Even in lean years, ***private foundations are required to give away or otherwise spend an amount equal to at least 5% of the value of their investment assets***.

In general, ***private foundations are subject to many more legal restrictions than public charities and must pay a tax on their net investment income***, meaning whatever money is earned from their endowment. Also, contributions to a private foundation can be limited or more difficult for a donor to deduct.

There are three basic types of charitable organizations that are *not* private foundations: certain institutions, publicly supported charities, and supporting organizations.

The institutions include churches, colleges and universities, other schools, hospitals, medical research organizations, agricultural research organizations, and

governmental agencies and political subdivisions. None of these are subject to a public support test.

Publicly supported charities are divided into two basic categories: donative publicly supported charities and service provider publicly supported charities. Most grassroots nonprofits typically fall into the former category.

Donative publicly supported charities must receive a substantial part of their support (other than revenue from carrying out exempt activities) in the form of contributions from the public or grants from foundations and governmental agencies. ***Typically, your nonprofit will need to receive at least one-third of its income from small donations and grants***, although a charity's public support can be as low as 10% if the organization meets other criteria for public charity status. ***The amount of a gift that may be counted towards this public support test is only the amount that does not exceed 2% of the total amount of support the organization received during its most recent five years*** (including its current year). Under certain circumstances, a large one-time gift can be excluded from the public support calculation.

The *service provider* type of publicly supported charity (such as a museum) normally receives more than one-third of its support in the form of contributions, grants, membership fees, and fee-for-service revenue from *permitted sources*, and normally does not receive more than one-third of its support in the form of gross investment income and net unrelated business income. Permitted sources do not include disqualified persons (see the following "Intermediate Sanctions" section for more information on this) with respect to the organization. Public support for these organizations is once again determined over the entity's most recent five years (including its current year).

A supporting or "friends of" organization is a public charity organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more supported organizations. More information on this topic is provided in the resources listed later; for now we'll simply say that there are four types of supporting organizations: Type I, Type II, Type III functionally integrated, and Type III nonfunctionally integrated. Typical functions of a supporting organization are fundraising and maintaining an endowment fund. Most supporting organizations are subsidiaries of supported organizations. Thus, the above discussion of the use of subsidiaries also applies here.

Intermediate Sanctions

These rules are used to tax "disqualified persons" who impermissibly engage in transactions with public charities, social welfare organizations, and certain health insurance issuers, wherein they partake of "excess benefit," such as excessive compensation. They're designed to punish the person, not the entity. Taxes are applied to the amount of the excess benefit derived from the transaction; they consist of an *initial* tax and an *additional* tax.

A person who has a close relationship with a tax-exempt organization is a *disqualified person*, again, also known as an *insider*. A disqualified person generally is a person who has or can have some type or degree of control over the operations of the tax-exempt organization involved. The term *disqualified person* is defined as (1) any person who was, at any time during the five-year period ending on the date of the transaction involved, in a position to exercise substantial influence over the affairs of the organization (whether by virtue of being an organizational manager, such as an officer or director, or otherwise); (2) a member of the family of an individual described in the preceding category; and (3) an entity (such as a corporation) in which individuals described in the preceding two categories own more than a 35% interest.

To the extent the IRS claims that an insider benefitted fairly, your nonprofit will want to invoke the *rebuttable presumption of reasonableness*, which shifts the burden to the IRS to prove that an element of a transaction or arrangement was unreasonable. To mitigate the likelihood of this happening to begin with, ***an independent board or board committee should oversee all transactions with insiders, and the board should consider comparable data to justify rates and terms, and it should make the decision properly and ensure timely documentation***, including in minutes.

If a disqualified person is found in violation of the law, they must pay an initial tax – 25% of the excess benefit – and the transaction must be undone, plus additional taxes are assessed if the initial tax is not paid in a timely manner. ***Board members are subject to a tax of 10% of the amount involved if they knowingly participated in the excess benefit transaction***, unless the participation was not willful and was due to reasonable cause. The board members subject to this tax are jointly and separately liable, and liability is capped at $20,000 per transaction.

Filing and Disclosure Requirements

Nearly all tax-exempt organizations must file annual information returns with the IRS, on which they report their income, expenses, information regarding their governance and structure, and information on their activities. And in the case of publicly supported charities, they must demonstrate that they comply with at least one of the public support tests.

Tax-exempt organizations with annual income of $200,000 or more and/or total assets of $500,000 or more must file a Form 990 every year. Private foundations must file Form 990-PF. Modest-sized organizations other than private foundations and certain other entities file a Form 990-EZ. With limited exceptions, small organizations must submit a Form 990-N annually.

If a tax-exempt organization that is required to file or submit a return in the Form 990 series fails to do so for three consecutive years, it automatically loses its tax-exempt status. Certain organizations, such as churches and their affiliates and governmental entities, are not required to file information returns.

Tax-exempt organizations must make their Forms 990 available for a period of three years after when the return was due or filed, whichever is later. If filed with the IRS, you must also post your application for recognition of tax exemption for public inspection, without charge. Finally, you must also provide free copies of these documents, other than copying and postage costs, to anyone who asks for them unless you make the documents widely available, such as publishing them online.

Nonprofit Governance and the Law

Generally, ***state – not federal – law applies to the governance of a tax-exempt organization***. The nature of the governance of a nonprofit, exempt organization depends on the form of the entity. The state act governing the creation and operation of a nonprofit entity addresses matters relating to the organization's governance.

A board of directors (sometimes called a board of trustees) typically governs a tax-exempt organization that is a corporation. If the exempt organization is a trust, it may have a board of trustees or be governed by a single, sometimes corporate, trustee. ***How the nonprofit is organized, typically via bylaws, determines how its directors are selected***. Some nonprofits are established with a self-perpetuating board of directors, meaning that the directors elect their successors. In the case of a

nonprofit membership entity, the members of the nonprofit organization typically elect the directors. In the rare instance of a nonprofit corporation organized as a stock corporation, which is allowable only in a few states, the stockholders elect the directors. With trusts, the trust document often appoints the trustees. Certain director positions may be "*ex officio*," meaning that an individual serves as a director because of a position held in an entity. For example, the president of a corporation may be an ex officio director of the corporation's private foundation, or ***the executive director of a nonprofit may enjoy a seat on the board so long as they serve in that capacity***.

However selected, ***the governing board of a nonprofit organization is responsible for overseeing its affairs***. A nonprofit organization's officers are usually elected by the governing body or by the organization's members, with the election process typically governed by your bylaws.

There is no general federal tax law requirement that a charitable or other type of tax-exempt organization have a certain number of board members or that related board members be avoided, although ***state law often requires at least three board members***. The IRS nonetheless has often denied recognition of tax exemption for organizations with small boards and/or related boards, as a violation of the private benefit doctrine.

However, ***including independent directors on your nonprofit board is definitely a good governance practice***. An independent board member is generally one with no financial or family connections with the organization, other than serving as a board member. IRS agents, when reviewing initial applications of exempt organizations, often try to impose their own views on board compositions, such as requiring the addition of independent directors, even though the law does not require this. But as one IRS official stated publicly, "***an active, independent, and engaged board of directors is the 'gold standard' of board composition.***"

Congress, the IRS, and other groups are exercising more influence and control over the governance of tax-exempt organizations, particularly public charities. Many groups have published best practice governance standards for charitable organizations and charities should become familiar with these. At this time, however, there is little federal law applicable to the governance of tax-exempt organizations. As a result of the Form 990, the public and the IRS is aware of many of the governance practices of exempt organizations.

To best protect your nonprofit and demonstrate good governance in the event of an audit or investigation, ***your nonprofit should have a conflicts-of-interest policy, a whistleblower policy, a document retention and destruction policy, a code of ethics, an investment policy, a travel and reimbursement policy, and a fundraising policy, and a gift acceptance policy***.

Do's and Don'ts

Nonprofit Law Do's and Don'ts

- DO understand the type of tax-exempt organization you're working with and what it takes to maintain exempt status.
- DO, when entering into transactions, keep in mind the private inurement and private benefit rules.
- DO know the legal restrictions (such as the unrelated business income rules, lobbying restrictions, and intermediate sanctions rules) to which your organization is subject.
- DO know whether your 501(c)(3) is a public charity or a private foundation – and understand the difference.
- DON'T ignore filing requirements, especially IRS returns and state annual reports.
- DO consider the legal consequences of new or expanded activities and consult a lawyer if you are unsure if the activities create issues for the continuing tax exemption.
- DO have a governing board that exercises its oversight responsibilities in an effective, diligent manner.

Conclusion

Tax exemption is a privilege, not a right. Tax-exempt organizations and the people who manage them should understand the legal requirements for maintaining exemption, but given that these can be unclear, you also need to invest the time needed to create good governance policies, meet your annual filing requirements, and pay special attention to your public support level if appropriate.

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***Virginia Gross** concentrates her practice in the fields of tax and nonprofit law. She represents a variety of nonprofit clients on tax-exempt matters, including charitable and educational organizations, private foundations, associations, supporting organizations, medical research and other healthcare organizations, social welfare organizations, and social clubs. Virginia is a frequent speaker on nonprofit issues and has coauthored several books on nonprofit law. She was listed in The Best Lawyers in America, Nonprofit Organizations/Charities Law, for 2008–2018 and in the* Kansas City's Business Journal's *Best of the Bar for 2018. She has served on the governing board of several charities.*

Nonprofit Law Resource Review

Bruce R. Hopkins. Starting and Managing a Nonprofit Organization: A Legal Guide (7th ed.). Hoboken, NJ: Wiley, 2017.

This book offers a detailed analysis of the legal issues facing nonprofits.

Bruce R. Hopkins and Virginia C. Gross. Nonprofit Governance: Law, Practices, & Trends. Hoboken, NJ: Wiley, 2009.

A guide to trends and best practices for the governance of nonprofit organizations.

Bruce R. Hopkins, Douglas A. Anning, Virginia C. Gross, and Thomas J. Schenkelberg. The New Form 990: Law, Policy and Preparation. Hoboken, NJ: Wiley, 2009.

A book dedicated to the preparation of the Form 990 and the law relating to the issues presented by the form.

Bruce R. Hopkins. Bruce R. Hopkins' Nonprofit Law Dictionary. Hoboken, NJ: Wiley, 2015.

A thorough professional reference for the terminology and definitions surrounding the law of tax-exempt organizations.

Tax Information for Charities and Other Nonprofit Organizations, available on the IRS website (http://www.irs.gov/charities-non-profits)

The official website of the Internal Revenue Service; this page contains publications and other information relating to tax-exempt organizations.

Jill Gilbert Welytok. Nonprofit Law and Governance For Dummies. Hoboken, NJ: Wiley, 2007.

This friendly guide demystifies the process of tax and finance standards, giving you tips and strategies for adopting uniform standards under current governance and tax laws.

Institute for Nonprofit News Legal Resources (https://inn.org/project/legal-resources/)

INN has amassed a range of pro bono and discounted legal services, a nationwide legal referral service, guides, and other legal resources.

Wayfind (formerly Washington Attorneys Assisting Community Organizations, or WAACO) (https://wayfindlegal.org/tools/legal/)

A great first stop for pro bono legal advice and services, albeit tailored to the needs of nonprofits based in Washington State. They also provide a helpful legal checklist to help your nonprofit stay on top of legal rules and regulations at: https://wayfindlegal.org/wp-content/uploads/2016/04/Legal-checklist-FINAL-3-24-16.pdf

Nolo Press Nonprofit Resources (https://www.nolo.com/legal-encyclopedia/nonprofits)

Nolo offers a wide range of self-serve documents and templates to help you file for nonprofit status, register for fundraising, and provides answers to common legal questions around tax-exempt status, governance, and dissolving a nonprofit.

501 Commons Nonprofit Legal Resources
(https://www.501commons.org/resources/tools-and-best-practices/legal-resources)

Great, free resource for relevant links and bylaws templates.

CHAPTER 11

Nonprofit Advocacy and Lobbying

By Nayantara Mehta, Strategic Partnerships Director, National Employment Law Project; Nancy Chen, Legal Consultant; Marcia Avner, Principal, Avner Consulting; and Jeannie Fox, Director of Nonprofit Management Programs, Hamline University

Introduction

Why Do Nonprofits Engage in Advocacy?

As a result of our unique, impact-oriented perspective and oftentimes community-led approach, ***nonprofits have experience and expertise that is essential in shaping sound public policies that improve people's lives***. After all, nonprofits meet societal needs with innovative and effective programs and services. But if we don't connect our expertise and work to public policy, we miss opportunities to create the systemic change the world needs. ***Advocacy is what enables nonprofits to address the root causes of problems we work to mitigate***.

By building on the knowledge and insights gained in service and program work, nonprofits have a unique perspective on problems including the need for affordable housing, disparities in health and education, strategies for strengthening families' economic security, and so much more. Without the important input of nonprofits

on these issues, policy makers simply cannot make fully informed decisions. The result can be bad policy, critical issues never adequately being addressed, and increases in the need for services. This leads to suffering in the communities we care about, and most importantly, the social changes we desire will never be fully achieved. Moreover, ***taking public stands on issues or being a vocal advocate can increase your organization's visibility and clout, resulting in increased donations and funding, interest in volunteering, and other public support for your mission.***

Nonprofits have been at the forefront of most major social change movements in American history. Many advances in civil and workers' rights, voting reforms, housing and health services, and campaigns for clean air and water have been rooted in the organizing and persuading ability of on-the-ground nonprofits. ***The public dialogue is not complete without the expertise of organizations that serve on the front lines of battles against inequality, injustice, and increasing gaps in achievement and opportunity for all people***.

Nonprofit advocacy also leads to greater civic engagement. Nonprofits have a special ability to organize the energy and ideas of a community to achieve together what individuals cannot accomplish alone. By tapping into the values, interests, and relationships of people, we can mobilize supporters and the larger community to realize our visions. Because most advocacy efforts involve the people we serve telling their stories and sharing their ideas, ***advocacy and lobbying efforts enable communities to have a voice in the issues that impact their lives***.

Many have the misconception that nonprofits aren't allowed to engage in advocacy, but as we'll share in more detail below, *that is false*. ***Nonpartisan advocacy is legal, and furthermore, it's a critical part of meeting our missions***. This chapter will cover the basic rules and provide you simple tips and tactics for building relationships with key decision makers, strategies for grassroots organizing to build support for your cause, and suggestions for effective use of the media to increase public awareness of your issues.

Critical Skills and Competencies

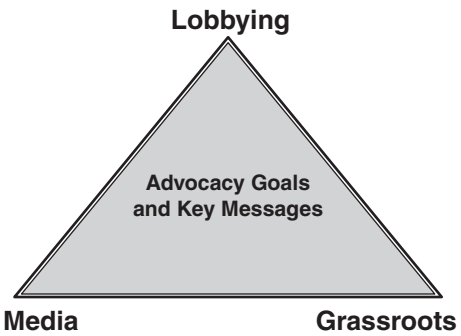
Before we begin, a quick note on the difference between the terms "lobbying" and "advocacy," which are often confused (we'll talk more about this later in the

chapter). ***Lobbying is a form of advocacy – specifically the attempt to influence certain legislation at the local, state, or federal level***. In general, advocacy is about education around a particular issue and in short can be defined as any activity that promotes or supports a cause. Lobbying is a specific type of advocacy and is generally a smaller portion of the total amount of advocacy done by most nonprofits.

You Already Have What You Need to Do This Work!

You have expertise. Decisions that affect nonprofits and the people we serve are made at all levels of government, with or without you. ***It is imperative that nonprofit organizations bring information to the public debate***. You have research and data, personal stories, and time-tested strategies for building communities and enhancing individuals' quality of life. Plus, your trusted relationships as community organizations allow you to encourage and support community members to engage in the civic activities that foster change and result in healthier, safer communities. You can amplify unheard voices and bring people who are often left out of democratic processes to the political arena, building individual and community power!

Once you have determined to use your expertise and credibility to advance social change, it is important to organize your goals and strategies around a simple framework for advocacy. It may be helpful to envision your work based on the following triangle diagram (see Figure 11.1):



As you contemplate your objectives and messages, ***your first step is to identify your key issues and policy goals***. Once you do this, you can begin to advance your work by utilizing the three strategies in the triangle: direct lobbying, grassroots organizing,

and media advocacy. To begin to develop your advocacy goals, you need to be able to **answer the following four questions with a fair amount of specificity:**

1. What is the problem or opportunity?
2. What do you want to have happen?
3. Who decides?
4. How do you influence them?

Whether your objective is to pass legislation, build a community coalition, or increase public awareness of an issue, identifying clear responses to these simple questions will help you target your limited resources for highest impact. Being systematic and strategic will ensure precious resources of time, talent, and money are effectively and efficiently employed.

Before we dive into the ins and outs of the lobbying and advocacy rules and regulations, let's take a look at these key questions one by one:

1. **What is the problem or opportunity?**

   Through your work, you are likely *uniquely* positioned to understand and describe community problems, and to identify opportunities for progress. You've seen what works and what doesn't. You have a larger view of the issue and can see what changes need to happen to drive toward your vision of making things better. Just think about something you've worried about recently and thought, "If only we could . . . "

2. **What do you want to have happen?**

   It's nice to be "for good and against evil," but that's not particularly helpful when attempting to persuade an elected official to take action. ***One key to solving problems is using your expertise to help craft solid, specific policies that will advance your mission***. Don't worry about not understanding "legalese" or exactly how a bill becomes a law. Your champion legislator or local elected official can help you through that process. Your job is to bring them your insight and good ideas.

3. **Who decides?**

   Not all things are decided at the state capitol or assembly. It is important to discern who has authority over your issues. Is it primarily a federal matter, like immigration or Medicare services? Is it a state matter where a standardized law

could be helpful, perhaps to ensure equal access to services for all citizens? Or, is it something that can be affected locally, for example state-mandated, but county-administered mental health services? ***Looking at who has the responsibility for various issues will help you target your lobbying appropriately***.

4. **How do you influence them?**

   You hear this theme throughout nonprofit work, and the advocacy world is no exception, *it's all about the relationships*. This is long-term work, driving toward a big vision. It should never be about any one legislative session or election. ***Getting to know decision makers and opinion shapers long before you have any "ask" is crucial***.

   Here are a few important tips to build and maintain relationships:

   - Assume good intentions. Most officials are inspired to run for public office because they want to contribute to their communities. You may at times disagree about how to pursue positive change but start from a place of shared common values.
   - Become a resource to public leaders. ***Invite policy makers to your organization for a "kitchen-table" style conversation*** so they can learn about your role in enhancing the communities they represent.
   - Make public policy real to them. ***Share data, but also personal stories to give the issues a human face***. Elected officials and their staff members often have to pore through spreadsheet after spreadsheet of budget figures; remind them that their decisions have an impact on real people and real communities.
   - Be 100% accurate and forthcoming. ***Never make up facts or overstate your case***. Integrity is critical to this process; if you lose your credibility, it is very hard to get it back. If you don't have an answer to one of their questions, say, "I don't know, but I will find out and get back to you." And then, do! Follow-up is key.
   - ***Never burn bridges***. The person who's against you on one issue may very well be a champion on something else you care about. Again, whether it's an elected official, program administrator, or local reporter, the goal is to build long-term relationships that are mutually beneficial. They have access to the political process and public sentiment, but you have information, relationships, and expertise that they need.

Don't Do It Alone!

A hallmark of advocacy in the public interest is coming together around a common goal. ***Nonprofits gain strength when they unite across their varied interests in numbers***. As Benjamin Franklin once said, "We must hang together, or we shall surely hang separately."

Nonprofits can cooperate in many ways to increase their impact, from aligning parallel activities to creating joint task forces. ***Coalitions are one of the most robust and important forms of cooperation for policy work***. Coalitions are alliances formed for specific purposes, which are often able to quickly mobilize large groups to influence outcomes that can be key in advancing advocacy goals. ***Collaboration of this sort involves determining common goals, creating structures for planning and execution, and being willing to share risks and rewards***. It is predicated on clear definitions of responsibilities and roles. Coalitions build power and influence by achieving greater scale and reach, increased resources, and the ability to propel momentum. Like many other relationships, coalitions are built upon mutual trust, a shared understanding of the needs, and an ability to compromise for the greater good.

Where Does the Media Fit In?

Creating a media strategy is an essential ingredient to building successful advocacy campaigns. **Building relationships with media outlets can help meet numerous policy objectives:**

- Positive media coverage can move your message to the general public, who may not know much about your issue or organization.
- News that features favorable stories on your issue can shore up your position and increase influence.
- You can control the messages you want to convey by creating your own media. Use websites, multiple social media platforms, opinion editorials, and other formats to tell your story.
- Elected officials are watching! In striving to represent their own constituents, community leaders keep careful track of what is being said in all forms of media in order to gauge public will on an issue.

More information on putting together a communications plan to develop and support your efforts is included in Chapter Twenty-Four.

And Yes, It *Is* Legal!

Nonprofit advocacy is not rocket science. There are a few basic rules governing 501(c)(3) tax-exempt, charitable organizations, which we discuss below. But the list of what you *can* do is far longer than the list of what you cannot. ***The IRS has long made clear the legal and appropriate role of nonprofits to engage in lobbying and nonpartisan election-related activities***.

As mentioned in Chapters One and Ten, most of the organizations that we think of as "nonprofits" are 501(c)(3) public charities, and they must comply with the tax code and the IRS regulations that dictate the kinds of civic engagement activities in which they may engage.

Most forms of advocacy for 501(c)(3) nonprofits are unrestricted and unlimited by the IRS, but there are two important exceptions: lobbying and election-related activity. 501(c)(3) public charities are permitted to lobby a certain amount each year (see below for details). All 501(c)(3)s can engage in nonpartisan election-year activities, such as registering people to vote, but they are not allowed to support or oppose any candidate or political party.

For organizations that want to spend more of their resources on lobbying and getting candidates elected, there are other more appropriate tax-exempt structures, including 501(c)(4), 501(c)(5), or 501(c)(6) entities; the specific vehicle that's most appropriate depends on the types of activities undertaken.

Lobbying or Advocacy?

As briefly described in the introduction, it is important to understand that ***"lobbying" and "advocacy" are not exactly the same***. Lobbying is just one type of advocacy that an organization may engage in to achieve its goals, and only occurs when an organization specifically works to advance legislation or ballot measures at the local, state, or federal level. ***The IRS only limits lobbying that attempts to influence legislation***, not your communications to government entities on administrative regulations or appeals for executive orders.

Other forms of non-lobbying advocacy include general education of the public and policymakers about the issues you work on, helping voters get information about the candidates in an upcoming election, or bringing concerned residents of a community together to learn about their rights.

Limits on Lobbying

In order for a 501(c)(3) public charity to know how much it can spend on lobbying in a year, it must first choose how it will measure its lobbying limits. ***There are two options for public charities to calculate their annual lobbying limits: the "insubstantial part test" and the 501(h) expenditure test.***

The insubstantial part test is the default test that automatically applies to 501(c)(3) charities unless they choose the alternate option. Under this test, lobbying may not be a "substantial" part of an organization's overall activity. However, the IRS has not provided guidance on what it considers to be an appropriately insubstantial amount of lobbying, nor has it provided a definition of what exactly it considers to be lobbying under this test. Most lawyers advise 501(c)(3) charities that ***if a public charity keeps its lobbying activity to less than 5% of its overall activities, this is considered within the limits***.

Not surprisingly, nonprofits that want to lobby find this ambiguity frustrating. In response, Congress introduced the 501(h) expenditure test in 1976 to provide charities with clarity on exactly how much lobbying they can legally conduct. ***The 501(h) expenditure test allows nonprofits to engage in lobbying activities with full confidence that they are within their legal limits***. 501(c)(3) charities opting to be bound by this test submit IRS form 5768 and can then use a simple formula to calculate how much money they can spend on lobbying in a year. A charity with $500,000 or less in annual expenditures can spend up to 20% of its annual expenditures on lobbying and larger groups use a formula: 20% of the first $500,000 in annual expenditures, + 15% of the next $500,000, + 10% of the next $500,000, + 5% of the remaining expenditures, with a cap of $1,000,000 on the lobbying any charity is permitted to do in a year.

The 501(h) expenditure test also provides clear definitions of what constitutes lobbying, so a charity can know what activities count toward its annual lobbying limit. Under this test, lobbying is separated into two categories: direct lobbying and grassroots lobbying. For more information on the 501(h) test, we encourage you to

visit the Bolder Advocacy website at www.bolderadvocacy.org, as this is an involved topic and our focus here is on relaying the skills and tactics needed to actually *do* lobbying and advocacy work. The Bolder Advocacy website also includes resources on lobbying, as well as advocacy definitions for specific cities, states, and municipalities.

Civic Engagement: Nonpartisan Electoral Activity

We have already established that *lobbying* by 501(c)(3) public charities is perfectly legal within the limits noted above. And to be clear: ***lobbying is nonpartisan; it's about issues, not parties or candidates***.

In addition to policy advocacy, some nonprofits do civic engagement work that includes nonpartisan electoral activity like voter registration, voter and candidate education, and encouraging voter turnout. This is important for nonprofits as they involve people in improving their communities, but again, nonprofit electoral work must be scrupulously nonpartisan.

Federal tax law imposes an absolute prohibition on engaging in partisan electoral political activities. ***A 501(c)(3) may not support or oppose any candidate for public office at the federal, state, or local level***. This prohibition means that a 501(c)(3) organization cannot make candidate endorsements or contributions to a candidate, and may not even indirectly support or oppose candidates. Indirect support may present itself, for example, as a slanted candidate questionnaire in which the nonprofit asks questions in a way designed to make one candidate look good or bad, or other communications that suggest that there is a better or worse candidate.

While we can't advocate for specific candidates, all 501(c)(3) organizations may actively engage in nonpartisan election-related activities, and as noted, this can be key to our work. So if appropriate, continue to dialogue with current legislators and other policymakers in an election year; encourage the public to register to vote and organize get-out-the-vote activities; educate voters about where the candidates stand on important issues through candidate forums and debates; and ***you can and should help candidates better understand the issues they work on***. Finally, although charities are prohibited from supporting or opposing candidates for elected public office, ***you are allowed to influence the appointment process of government officials not subjected to a public vote***, such as agency heads or federal judges. Urging or opposing the

Senate confirmation of a US Supreme Court nominee, for example, is permitted lobbying activity, because that confirmation has to go through the legislative process.

Keep in mind that ***the rules prohibiting partisan political activity by public charities apply to all forms of communication*** (print, email, calls, social media, etc.). Public charities may use social media and other channels to discuss public officials or candidates as long as the message does not suggest support or opposition. The key is to ***remember the content of your messages must be nonpartisan, and not meant to sway voters for or against a particular candidate***, regardless of whether the messages are conveyed through traditional or social media platforms. Again, more in-depth discussion and information on nonprofits and the rules regarding political activity can be found at www.bolderadvocacy.org (see Resource Library section).

Planning for Advocacy and Overcoming Resistance

As we introduced in the triangle framework for advocacy, it is important to be deliberate in this work. To maximize effectiveness and impact, ***advocacy should play a central role in all the work your organization does***.

Various planning tools and assessments exist to help you build your organizational capacity for advocacy, but **a few key considerations include:**

- Are the organization's board and staff in agreement on policy goals?
- Do you have established criteria for deciding on issues?
- Is advocacy integrated into your organization's strategic plan and job descriptions?
- Are you obtaining the necessary skills and training needed to perform this work effectively and legally?
- Have you secured and designated the appropriate people, time, and money to carry out this work?

You may have experienced resistance or barriers to engaging in advocacy. Many times, misinformation about the rules related to advocacy can be enough to scare off board members or accounting and other staff. Funders can express hesitation about your organization taking a visible role on an issue. These obstacles can be overcome with factual presentation of the rules, along with expressing the need to strive toward

social, systemic change in order to meet mission. Thinking small or defining our roles too narrowly have never led to great historical advances.

Integrating advocacy into your work can enhance all the other ways your organization seeks to achieve its goals. ***If you are not engaged in advocacy, you are certain to miss opportunities and, more importantly, your stakeholders and constituents are probably not experiencing the full potential of your efforts***.

So, what does this work really look like, and what can it accomplish? We'll close this chapter with a case study of nonprofit advocacy in action.

Case Study

Advocacy in Action: The California Domestic Worker Bill of Rights

The multi-year campaign to pass the California Domestic Worker Bill of Rights – first signed in 2013 and made permanent in 2016 – offers a story of persistence and the value of coalitions. It also speaks to the importance of the role of nonprofits in bringing about systemic change, in partnership with the community most directly affected. The strategy and approach employed was informed by the community leadership-building ethos of the coalition driving the campaign, though the lessons and strategies are applicable to nonprofits engaging in advocacy campaigns across issue areas.

The California Domestic Workers Coalition, part of the National Domestic Workers Alliance, provided a structure for domestic workers, other advocates, lawyers, and employers to work together toward the passage of the Bill of Rights. This diverse coalition of organizations and advocates first identified their policy goal, which clarified their intended impact: a legislative solution responsive to the specific needs of domestic workers who have long been left out of workplace protections, too many of whom work around the clock for low wages and few, if any, benefits. Not only did the Coalition successfully pass the bill, but the activities it coordinated leading up to that also strengthened the movement itself.

The Coalition used its knowledge of the policymaking process to help its members most strategically influence lawmakers and the public: sharing personal stories with elected officials; testifying in legislative committees and

Case Study

coordinating lobbying teams; and speaking for themselves in the media. Nonprofits may have staff who have policy or technical expertise, but who lack a firsthand appreciation of what it's like to live with the issue at hand; ***showcasing the expertise and struggles of the people the policy would affect was key to success***.

To highlight the face of the domestic worker movement and the families the proposed legislation would benefit, the Coalition engaged in creative, celebratory, family-centered actions and mobilizations, such as a Children's March. Similarly, nonprofits working on other causes can ***seek to ensure that the community most impacted is the face of the campaign and public engagement activities, and that the activities are enjoyable for and reflective of the community***.

While it was led by domestic workers, the campaign included employers and a wider circle of allies who shared why this issue was important to them. For example, the Coalition engaged in "grasstops" advocacy by cultivating relationships with highly influential and visible women. These partnerships allowed high-profile women to amplify the message of the campaign, ensuring it reached a wider audience.

The Coalition also found ways to reiterate its core message through storytelling and sharing personal stories across various media platforms. For example, an intensive media and digital campaign countered negative and dismissive messaging of the legislative proposal as a "babysitter bill," and invited legislators to "walk a day in the shoes" of a domestic worker. While the particulars of who the influencers and decision makers are varies by campaign, ***all advocacy campaigns benefit from identifying the key people you want on your side and what messages will resonate most strongly***.

In addition to showcasing the varied components of a successful advocacy campaign, this case study also speaks to the need to develop a sustainable movement and empower advocates to continue working after the campaign. The Coalition showed how vital it is for nonprofits to be active participants in advocacy, and to bring their talents, expertise, and relationships to the work of making our society better.

Do's and Don'ts

- DO establish common ground and a shared agenda with any potential spokespeople, partners, or decision makers you wish to engage.
- DO make a concise, clear, and compelling case to anyone you speak with about your advocacy goals.
- DON'T personalize differences of opinion.
- DO strive to become a resource to public officials.
- DON'T overstate the case or misrepresent facts.
- DON'T burn bridges: who's against you today may be with you tomorrow!
- DO thank decision makers who support your cause.

Conclusion

Nonprofits aim to impact public policy in the best interests of the communities we serve. Advocacy enables nonprofits and their constituents to participate in systems change to create long-term benefits to communities, while giving a voice to those historically marginalized within policy development. Before engaging in policy advocacy, nonprofits must be aware of the laws that affect their advocacy activities, as well as the strategies, planning, and media tactics that have been successful for organizations actively engaged in this work. We hope this chapter and its related resources help you better understand relevant legal guidelines and gets you started on the path of positive policy change and civic engagement.

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Lobbying and Advocacy Resource Review

Nancy Amidei. So You Want to Make A Difference: Advocacy is the Key (16th edition). Washington, Ds, iC: OMB Watch, 2010.

> This short but powerful work has become a classic and helps individuals and organizations understand the basic rationale for engaging in public policy. The new edition provides basic information about governmental structures and processes.

David Arons. Power in Policy: A Funders Guide to Advocacy and Civic Participation. Nashville, TN: Turner Publishing, 2007.

> This book makes a compelling case for supporting advocacy and helps foundations understand the value of investing in advocacy and supporting policy work. It includes case stories and essays by leaders in the philanthropic community and

illuminates the importance of advocacy in meeting the missions of nonprofits and foundations.

Marcia Avner. The Lobbying and Advocacy Handbook for Nonprofit Organizations: Shaping Public Policy at the State and Local Level (2nd Edition). Nashville, TN: Turner Publishing, 2013.

This handbook serves as a road map to shaping policy by giving step-by-step instructions for building the capacity to do policy work and develop a sound advocacy plan. It includes information on how lobbying is an effective strategy for meeting a nonprofit's mission and practical steps for how to initiate, support, or defeat legislation. It includes information on media advocacy, state and federal regulations, collaborative efforts, and organizing support for policy initiatives. Worksheets guide organizations through systematic and strategic advocacy planning and implementation.

Marcia Avner, "Advocacy, Lobbying, and Social Change," and David O. Renz, editor. The Jossey-Bass Handbook of Nonprofit Leadership and Management (4th Edition). New Jersey: John Wiley and Sons, 2016.

This chapter introduces key concepts about the value of nonprofit advocacy, the role of nonprofits in public dialogue, the laws governing nonprofit and nonpartisan electoral activity, ways to build capacity for policy work, and a pragmatic framework for engaging in advocacy and lobbying.

Gary Bass. "Advocacy in the Public Interest," in Essays on Excellence: Lessons from the Georgetown Nonprofit Management Executive Certificate Program. Washington DC: Georgetown University, 2009.

This study, based on the author's research and advocacy on policy issues that impact the nonprofit sector, is a useful study of nonprofit advocacy.

Bolder Advocacy, an Initiative of the Alliance for Justice (www.bolderadvocacy.org or 866-NP-LOBBY)

Bolder Advocacy serves nonprofits with free technical assistance about lobbying and disclosure laws. It offers online and print publications, including:

- *Worry Free Lobbying for Nonprofits: How to Use the 501(h) Election to Maximize Effectiveness*. This is a brief and clear primer for nonprofit board and staff that

explains the laws that govern lobbying and how to ensure that an organization understands what activities are permissible and how much lobbying a particular organization may do.
- *How to Create a (c)(3) Advocacy Plan*. This provides a good start for organizations in creating an advocacy plan that states goals, strategies, and expected outcomes.
- *Keeping Track: A Guide to Recordkeeping for Advocacy Charities*. This publication helps public charities comply with federal tax law by accurately tracking their lobbying activities. Practical materials, including sample forms, help set up useful systems.

Independent Sector (www.independentsector.org/policy)

IS is a national membership organization for nonprofits, philanthropy, and corporations. They advocate for public policies that impact the charitable sector and provide timely information on issues that impact nonprofits. Their website provides important background and updates on policy issues, especially at the national level.
IS Publications include *Beyond the Cause: The Art and Science of Advocacy*. 2016. This study identifies five approaches to successful advocacy and analyzes the effectiveness of advocacy on issues facing the entire nonprofit and philanthropic center. The research for this study informs Independent Sector's educational initiatives.

National Council of Nonprofits (www.councilofnonprofits.org/everyday-advocacy)

NCN keeps nonprofits informed and able to maintain a positive public policy environment that supports the sector. It is a network of nonprofits with over 25,000 members, many participating through state associations of nonprofits. The Everyday-Advocacy component of the website hosts issue updates and tools for nonprofits, including articles on public policy.

K. LeRoux and M. Feeney. Nonprofit Organizations and Civil Society in the United States. New York: Routledge, 2015.

This text provides a comprehensive overview of the history and evolution of the vast nonprofit sector in the United States. Several chapters cover the appropriate role of nonprofits (the why!) in advocacy, dating back to our country's founding, and there are chapters that also cover rules and strategies (the how!) related to advocacy and lobbying.

CHAPTER 12

Nonprofit Financial Management

By David Greco, President & CEO, Social Sector Partners

Introduction

Successful financial management is not just the ability to produce accurate balance sheets and income statements, but the ability to understand and use that data to facilitate good decision-making. ***Having the timely, accurate, and transparent financial data that board members, senior leadership, and program staff need to make better decisions is critical***. Financial success depends on creating a culture that understands the role finance plays in delivering on mission and is committed to building a revenue and business model that drives impact and ensures financial sustainability.

At the core of good financial management is understanding the fact that ***money and mission are inseparably linked***. Nonprofit organizations exist to provide services that the commercial sector is unable or unwilling to provide, and financial data should serve the mission, not drive it. Leaders have an obligation to understand the nature of their business model, and to know the fully loaded cost of delivering their programs and services, and to communicate this to funders, supporters, and other stakeholders.

In the nonprofit sector, too often leaders focus on the legal and compliance aspects of finance, which makes the numbers seem unrelated to, or even interfering with, program delivery. Many managers who are not trained in accounting or finance often dread dealing with finance and don't want to spend any more time than is necessary to comply with policies, regulations, and legal requirements. But ***in order to sustainably deliver on mission, nonprofits must understand what it really costs to deliver outcomes and how to create revenue and business models that cover those fully loaded costs***. This is directly linked to your organization's ability to respond to a changing economic landscape and the rapidly changing needs of your community.

Now let's tackle some of the core skills and competencies you'll need when running your nonprofit "business."

Critical Skills and Competencies

To make better decisions, nonprofit leaders need better information. The goal of this chapter is to help you find and use financial information to gain a deeper understanding of your organization's financial situation, which leads to more effective leadership and management. This is not meant to be a primer on nonprofit accounting (but we will direct you to some great resources for that) or a deep dive into financial analytics. I will also provide tips and techniques that help you more effectively communicate your financial needs to supporters, funders, and your board.

Unfortunately, it's not always easy for nonprofits to know where they stand. Nonprofit financial statements, audits, and the IRS Form 990 all provide a good deal of data. However, these sources of financial information were all created exclusively for tax and legal compliance reasons, *not* as management tools. The information the IRS cares about is often not the same information you need to make strategic programmatic or organizational decisions. Consequently, executives, program staff, and boards must be able to translate legal and compliance data to management data to present an accurate picture of their organizations' financial health.

There are a number of financial statements the nonprofit manager needs to learn to read and interpret – more than can be covered here. This chapter will focus on audited financial statements – particularly the Statement of Activities and the Statement of

Financial Position – as they represent the highest, most useful level of reporting. However, whether you are using audits, IRS Form 990s, or internal financial statements, the key questions remain the same. Your accountant, auditor, or financial adviser should be able to guide you through reading, understanding, and creating other statements and point you to the numbers that matter for tax and legal compliance. Several excellent resources for reading and interpreting financial statements are included at the end of this chapter.

Key Concept

Nonprofits Need Profits

When thinking about nonprofit finance, we need to always remember that nonprofits are *corporations*. They are classified as tax-exempt corporations under the 501(c) section of the IRS tax code. That means ***any profits generated from operations are exempt from taxes, as the organization exists for charitable or public benefit purposes***. Profits cannot be distributed to individuals (there are no shareholders for a nonprofit) and must be reinvested in the business. Nonprofits need profits (surpluses) to operate sustainably, and they need to cover overhead, train and pay employees, and refresh service offerings in the regular course of business.

Nonprofit Finance 101: The Basics

As mentioned earlier, this chapter is not meant to be a deep dive into accounting, but it will be helpful if we review some basic accounting and finance terms to ensure everyone is on the same page and has a solid foundation before we dive into the details. One thing that sometimes makes nonprofit finance difficult is it seems we have three names for everything. For example, the Statement of Activities is also called the Income Statement or the P&L. So whenever possible I will try to provide other terms you might see to describe the same financial statement.

Accounting Methods ***There are generally two types of accounting methods nonprofits use for their financial reports***. The first is called *cash basis*. This is very similar to how

you manage your personal checking account. Revenue is recognized when cash comes in, and expenses are recognized when cash goes out. Generally, this approach is used by smaller or relatively simple organizations.

The other is called *accrual basis* (and you may hear it called GAAP accounting, which stands for Generally Accepted Accounting Principles). This method provides a more rigorous and comprehensive look at your financials that incorporates two key financial concepts:

Accounts Receivable: What others owe to you

Accounts Payable: What you owe to others

Remember that ***with accrual (or GAAP) accounting, revenue does not always mean cash*** – it can include pledges from donors or receivables (for example, when you submit an invoice to the county or city for services provided and you are waiting to be reimbursed). Revenue is recorded when it is earned (that is, when you deliver the program or service), and expenses are recorded when resources are used, or services provided, *not* when cash comes in or goes out.

Financial Statements There are a few different financial statements that are included in audits, tax reports, and annual reports. The two main statements we will focus on here are:

- *Statement of Financial Position* (Balance Sheet), which includes assets (everything you own), liabilities (everything you owe), and Net Assets (net worth or retained earnings); and
- *Statement of Activities* (Income Statement, Profit & Loss, or P & L), which includes contributed revenue (sometimes called support), earned revenue (ticket sales, fee-for-service, etc.), expenses (program, general and administrative, and fundraising), and change in net assets (surplus/deficit).

Other financial statements include the Statement of Cash Flows and the Statement of Functional Expenses, but for our purposes we will focus on the ***Income Statement and the Balance Sheet, the two most important reports you'll need to get your financial basics in place***.

Note on Recent Accounting Changes

In August 2016, the Fair Accounting Standards Board (FASB) issued an update to the accounting standards for nonprofits to provide improved information about performance to donors, creditors, and other stakeholders. *Accounting Standards Update No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, took effect for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods within fiscal years beginning after December 15, 2018.

The ASU 2016-14 presents a series of changes and updates on nonprofit accounting. There are three important changes that will impact our discussion: how you need to classify restricted and unrestricted revenue; how you need to account for your liquidity; and how much detail nonprofits must provide about expenses. For more information, we have included a list of resources about the new FASB standards and related topics at the end of this chapter.

To help illustrate key financial principals, we will use the financial statements (Table 12.1 and Table 12.3) from a real, but anonymous, nonprofit we will call "Social Services Center."

Core Competency #1: Understanding Operating Performance via Your Statement of Activities

Just like with your personal financials, ***your first key question is, "Are you living within your means?"*** For a nonprofit this means asking "Are you bringing in enough revenue to cover your expenses?" This sounds like an easy question to answer, but in fact accounting rules can actually make it difficult to determine your organization's true operating performance.

To understand operating performance, we need to examine the Statement of Activities (see Table 12.1), also known as the Income Statement or your Profit & Loss (P&L), which shows how much revenue the organization generated (1) compared to the operating expenses (2) for the given time period; and whether the

Table 12.1: Statement of Activities (Income Statement)

SOCIAL SERVICES CENTER

Statement of Activities

	January 1, 2018 to December 31, 2018		
	Without Donor Restrictions[10]	With Donor Restrictions[11]	Total[12]
REVENUE[1]			
Grants and Contributions[4]	7,264,203	1,761,121	9,025,324[6]
Gov't Contract/Earned	633,673	–	633,673
Sales	6,045,935	–	6,045,935
Other Income	507,067	–	507,067
Total Support	14,450,878	1,761,121	16,211,999
Net Assets Released from Restriction[5]	2,537,935	(2,537,935)	–[7]
TOTAL REVENUE	16,988,813	(776,814)	16,211,999
EXPENSES[2]			–
Management & General	1,975,568	–	1,975,568
Fundraising & Marketing	1,508,866	–	1,508,866
Program Services	13,025,784	–	13,025,784
TOTAL EXPENSES	16,510,218	–	16,510,218[8]
CHANGE IN NET ASSETS[3]	478,595	(776,814)	(298,219)[9]

organization had a surplus or deficit, technically called a Change in Net Assets.(3) The Statement of Activities is not that different from a personal income statement, in which your salary and other sources of revenue (investments, gifts, etc.) are compared against expenses.

Key Concept

Restrictions on Use of Funds

Before we analyze our Statement of Activities, it's essential to discuss the restrictions on the use of money in the nonprofit sector.

In the for-profit world, when you buy your coffee in the morning, you cannot tell the coffee house that you want the money only to be used to pay the barista or to support the coffee grower. For-profits take your money and can use that revenue for *any* business needs. But ***in the nonprofit sector, donors are allowed to restrict contributions – that is, they can tell nonprofit organizations when or where they can use their money***.

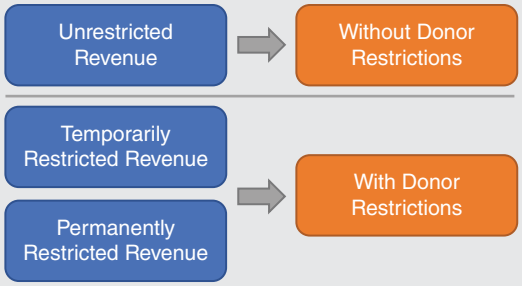
As covered in the "Classification of Revenue" sidebar, ***restricted contributions are funds that organizations can use only for specific purposes, and/or they must be spent within a specified timeframe*** (e.g. multi-year restricted program grants). Some donors, especially foundations and government funders, place caps on how much of their grants can be used for "indirect" costs such as fundraising, finance, human resources, and administration. While these costs are necessary for the nonprofit to operate and support the successful delivery of programs, many funders still mistakenly believe them to be unrelated and unnecessary for mission success. Consequently, not all revenue is created equal. ***You can have all the cash in the world, but if it's restricted to a specific program or time, you may not be able to use it to pay salaries or the light bill – even in an emergency***.

All operating expenses (salaries, utilities, rent, and so forth) can only be paid out of unrestricted funds. So as restrictions are met (i.e. the new fiscal year begins, or you start work on a specific program), funds are "released" from the temporarily restricted category, reclassified as unrestricted revenue, and can then pay for operating expenses. ***For permanently restricted funds (endowments), interest earned from investing those funds are classified as earned revenue and therefore unrestricted and available for use***. The use of restrictions actually makes nonprofit accounting more complex than in the for-profit world, and these rules can hide or confuse the organization's true operating performance.

Classification of Revenue

Nonprofit financial statements traditionally break revenue into three categories: restricted, temporarily restricted, and permanently restricted.

Under the new FASB accounting standards, revenue will be categorized either as "with donor restrictions" or "without donor restrictions." This change is intended to reduce complexity and make the information more understandable to donors and internal users. But note that disclosures are still required to include information about the nature and amounts of donor-imposed restrictions, including time, purpose, and perpetuity.



- Without Donor Restrictions (a.k.a. Unrestricted Revenue)

  As in the for-profit world, this cash comes with no strings and is considered "liquid." Often it is generated by earned income (selling products, fee-for-service contracts, and membership dues) or from unrestricted donations from individual donors. This revenue, which you can use at your discretion, often covers general operating and other costs that aren't supported by restricted revenue (such as rent, office supplies, etc.).

- With Donor Restrictions

  While your financial statements will only include the two classifications of revenue, you still need to track and disclose revenue that is "Restricted for a specific purpose" or "Restricted to passage of time" – known as temporarily restricted revenue – versus revenue that is "Held in perpetuity," formerly known as permanently restricted revenue.

- Temporarily Restricted Revenue (restricted for a specific purpose or passage of time)

  With this cash, funders and donors restrict the use of their contributions either to specific programs or specify that funds are spread over a certain amount of time (usually multi-year grants). ***Although these restrictions can ensure money is there for specific programs or future use, an organization can't use it to pay for immediate or urgent expenses that fall outside the specific parameters of the contribution***. If the supporter's restrictions are somehow met and funds are left over, the remainder of this revenue usually transitions to unrestricted funds. However, check your grant or donor agreements, as some do require unspent funds to be returned or for a new proposal to be submitted for you to justify keeping them. Think of putting your temporarily restricted funds in a piggy bank or cookie jar, where you put away money today so that you can use it in the future.

- Permanently Restricted Revenue (held in perpetuity)

  Most often this cash is for an organization's endowment. Organizations can often use the interest generated from investing these funds however they like, but they are restricted from touching the principal or corpus. Think of it as putting your permanently restricted funds in a safe where they are locked away for perpetuity.

To answer the question of whether or not you are living within your means, let's look at a real-world example (we changed the name for confidentiality). In looking at the Statement of Activities (Table 12.1) for the Social Services Center, a large social services agency providing a range of programs that also operates a café and bakery, we want to understand the organization's profitability – that is, did they bring in enough revenue to cover operating expenses?

The first thing to do is look at the "bottom line" to see if the organization had a surplus or deficit – officially called "Change in Net Assets" [3]. However, there are actually a number of bottom lines we can look at, each presenting a different picture.

Most people look at *Total* Change in Net Assets (9), which is what the IRS is concerned about – the Total column on the audit is equivalent to the revenue and expense summary on Part 1 of the IRS Form 990. But the question the IRS is asking is, "What is the total amount of *new* revenue that came into your organization in the fiscal year?" They make no distinction if that revenue has donor-imposed restrictions or not. That means ***even if you cannot use that money to pay for operating expenses, the IRS still counts it as revenue.***

Let's look at two places that illustrate the problem with just looking at the Total column. If you look at the "Grant and Contributions" line (4) for 2018, you will see $9,025,324 in Total contributions. But can the organization use all of that to pay for operating expenses? No. Because $1,761,121 came in with donor restrictions that as of December 31, 2018 had not been met; therefore, these funds were *not* available to cover salaries or light bills. Social Service Center only had access to the $7,264,203 of unrestricted revenue to cover its operating expenses.

Then look at the "Net Assets Released from Restrictions" line (5) for 2018, and you see a $0 under the Total column, but $2,537,935 under the Without Donor Restrictions column. Net assets released from restrictions is essentially revenue that was pledged or received in previous fiscal years, but that the organization gets to spend this year as restrictions are met. The IRS does not count this money for fiscal year 2018, because they accounted for that revenue in the year it was pledged.

The Total column (12) shows restricted money that you cannot use right now and excludes money that you can use (net assets released). While that might make sense for accounting purposes, ***for management and decision-making purposes, it's crucial for managers to know whether the nonprofit brought in more than it spent on an unrestricted basis***. Remember because revenue with donor restrictions (temporarily or permanently restricted funds) are off limits, the only money available to pay for operating expenses is from the Without Donor Restrictions column (10).

In this case, if you look at the Total column (Table 12.2), it looks like the organization is operating at a deficit of ($298,219) – and technically from an accounting perspective that is accurate. But our question really is, "Did the organization have enough *unrestricted revenue* to pay for operating expenses?" And looking at the Without Donor Restrictions column, you see they had $16.9M in

Table 12.2: Statement of Activities – What You Need to Know

SOCIAL SERVICES CENTER

Statement of Activities

	January 1, 2018 to December 31, 2018		
	Without Donor Restrictions[10]	With Donor Restrictions[11]	Total[12]
REVENUE[1]			
Grants and Contributions[4]	7,264,203	1,761,121	9,025,324[6]
Gov't Contract/Earned	633,673	–	633,673
Sales	6,045,935	–	6,045,935
Other Income	507,067	–	507,067
Total Support	14,450,878	1,761,121	16,211,999
Net Assets Released from Restriction[5]	2,537,935	(2,537,935)	–[7]
TOTAL REVENUE	16,988,813	(776,814)	16,211,999
			–
EXPENSES[2]			–
Management & General	1,975,568	–	1,975,568
Fundraising & Marketing	1,508,866	–	1,508,866
Program Services	13,025,784	–	13,025,784
TOTAL EXPENSES	16,510,218	–	16,510,218[8]
CHANGE IN NET ASSETS[3]	4,78,595	(776,814)	(298,219)[9]
	What You Need to Know		What the IRS Wants to Know

revenue compared to $16.5M in expenses, for an unrestricted operating surplus of $478,595. So yes, they did have enough unrestricted revenue to cover expenses and generate a profit.

We focused here on better understanding unrestricted operating performance, but **here a few other things to look for when examining the Statement of Activities (Income Statement):**

Where does the organization's money come from?

Your Income Statement reveals the sources of grants and contributed revenue from foundations, government sources, corporations, and individuals. The Statement also shows revenue earned from investments, ticket or product sales, membership dues, etc., and if any funds were released from restrictions.

Is revenue reasonably diversified or at risk?

If your revenue is heavily concentrated in one area (such as government funding), there might be risk should there be changes in funding priorities. However, organizations can over-diversify as well. Managing many different funding streams can become complex and confusing. In our example, we see a fairly well-balanced funding stream with earned income and contributions being the major sources of revenue.

Do revenue streams appear reliable?

By comparing multiple years of Income Statements, you can determine if your different revenue streams are consistent and reliable, or if there are wild swings in funding from year to year. Identifying and understanding patterns in revenue streams is critical to planning strategically for the year ahead.

Expense Dynamics

To get more detailed information on expenses, you will generally have to look at another statement called the Statement of Functional Expenses. Under the new accounting standards, ***expenses must be reported by both their nature (salaries, rent, transportation) and function (program services, management, fundraising)***. The presentation of expenses must be provided in a single location, but nonprofits do have a choice in how to present this information, including:

- on your Statement of Activities;
- as a separate statement; or
- within notes to the financial statement.

When looking at financial information from year-to-year, you can see if expenses are adjusted to changes in revenue. For example, if an organization lost a major grant or contract from one year to the next, did it keep spending constant or did it reduce expenses accordingly?

Core Competency #2: Understanding the Balance Sheet

The next key step for social sector leaders is to understand how much risk they can take. If they try something new – expanding programs or launching a new earned revenue venture—and it fails, will it take the organization down with it? And ***to understand risk, we need to examine the Statement of Financial Position, better known as the Balance Sheet***.

The Balance Sheet (Table 12.3) shows the assets, financial resources, debts, and other liabilities at any given moment, typically the last day of a fiscal year or reporting period. Think of it as a snapshot that reveals the net assets – particularly the unrestricted net assets – available to support the organization. **The three basic elements of a Balance Sheet are:**

- **Assets:** Everything the organization has or owns. Typically listed from most liquid (cash and receivables [money owed to the organization]) to least liquid (property and equipment – also known as P&E or Fixed Assets).
- **Liabilities:** Everything an organization owes either to its employees (accrued salaries and benefits) or banks and financial institutions (mortgages and debt).
- **Net Assets:** What the organization has or owns, free and clear of any liabilities. Although for-profit businesses have something called Owners' Equity, nonprofits aren't "owned" by anyone, hence they have Net Assets (i.e. Total Assets less Liabilities). For individuals, this is called "Net Worth."

There are far more things to analyze on a balance sheet than we can cover in this chapter, such as distribution of assets (how much is cash or liquid versus how much is fixed or property and equipment), how much debt the organization has, and the composition of net assets. For our purposes, we will focus primarily on liquidity and the organization's "safety net." "Liquidity" refers to how quickly and cheaply an asset can be converted into cash. Assets like real estate that generally can only be sold after a long exhaustive search for a buyer are known as illiquid. At the end of the day, cash is still king, and when something goes wrong, you need to know that money is immediately available to keep operations going.

Table 12.3: Statement of Financial Position (Balance Sheet)

ASSETS	2018	2017
CURRENT ASSETS		
Cash and Cash Equivalents[4]	2,332,266	2,947,980
Accounts Receivable	801,504	394,623
Contributions Receivable	300,000	496,500
Other Current Assets	89,697	86,265
Prepaid Expenses and Deposits	110,448	70,617
Inventory	126,242	128,539
TOTAL CURRENT ASSETS	3,760,157	4,124,524
Long-Term Receivables	262,500	386,000
Fixed Assets (P&E), Net[5]	8,646,738	7,528,359
TOTAL ASSETS[1]	**1,26,69,395**	**12,038,883**
LIABILITIES AND NET ASSETS		
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	625,897	984,499
Notes Payable, Current[6]	18,389	–
Accrued Payroll and Benefits	908,752	695,382
TOTAL CURRENT LIABILITIES	1,553,038	1,679,881
Notes Payable, Less Current Portion[7]	1,183,041	700,000
Deposits	22,533	–
Other Long-Term Liabilities	1,468,000	918,000
TOTAL LIABILITIES[2]	**4,226,612**	**3,297,881**

Table 12.3: (*Continued*)

NET ASSETS	2018	2017
Without Donor Restrictions		
Unrestricted[8]	(867,488)	(729,134)
Board Designated	–	
Fixed Assets (P&E), Net[9]	7,445,308	6,828,359
Total Without Donor Restrictions[10]	**6,577,820**	**6,099,225**
With Donor Restrictions		
Purpose Restriction	1,024,370	1,451,051
Time Restriction	840,593	1,190,726
Held in Perpetuity	–	
Total With Donor Restrictions[11]	**1,864,963**	**2,641,777**
TOTAL NET ASSETS[3]	**8,442,783**	**8,741,002**
TOTAL LIABILITIES AND NET ASSETS	**12,669,395**	**12,038,883**

There are many measures of liquidity and other risk ratios. However, we will focus on two metrics here. The most common measure is months of cash, also known as cash on hand or working capital. And the other, which I consider the most important, is called your operating cash reserve or liquid unrestricted net assets (a.k.a. LUNA)[1].

How Many Months of Cash Do You Have?

"Months of Cash," one of the most common measurements of an organization's liquidity, represents the number of months an organization can operate if no additional funds are received, and is calculated with this simple formula:

INDICATOR	CALCULATION
Months of Cash	Total Cash and Cash Equivalents Average Monthly Expenses (Total Expenses / 12 months)

You will often see the term "Cash and Equivalents" as the first line on the Balance Sheet [4]. This simply means that you add both actual cash on hand plus bonds, money market mutual funds, T-bills, and other short-term investments that can be readily converted into cash. This is usually the first line on the Assets side of the Balance Sheet. In our case this totals $2,332,266 [4].

You can calculate Average Monthly Expenses by taking the annual operating expenses on the Statement of Activities and dividing by 12 months. Using this simple formula, Social Services Center's annual operating expenses were $16,510,218, which when divided by 12 equals $1,375,852 in average monthly expenses. Plugging those numbers into our formula, we get:

$$\text{Total Cash} = \$2{,}332{,}266^{(4)}$$

$$= 1.7 \text{ Months of Cash}$$

$$\text{Average Monthly Expenses} = \$1{,}375{,}852$$

Social Services Center could survive a little less than two months before running out of cash if no new revenue was received and the organization continued to operate as normal. ***Most nonprofits should aim for a minimum three months through a combination of cash (and near-cash) on hand and access to cash through a line of credit to manage cash flow and timing delays***. You may need more or less liquidity depending on your nonprofit's stage of development, cash flow cycles, capital needs, and reliability of funding sources.

However, you need to remember that not all of your cash may be available for use by the organization. Social Services Center receives some restricted contributions and that means that portion of their cash is spoken for and cannot be used immediately for operating expenses.

There is a much more accurate measure, but it requires a little more math. If this is important to you, you'll need to calculate your operating cash reserve or Liquid Unrestricted Liquid Net Assets (LUNA), which articulates your nonprofit's ability to meet its obligations while recognizing that cash is not always readily available for operational use.

What Are "Liquid" Unrestricted Net Assets?

New account standards will require nonprofits to show the nonprofit's financial assets that will be available to meet cash needs for general expenses within one year of the balance sheet date. For those assets, the disclosure must also include factors that may affect their availability, such as their nature (are they restricted?), internal limits imposed by board decisions (a.k.a. board designated reserves), and external limits imposed by laws, donors, or contracts (permanent restrictions, debt obligations, deferred revenue, etc.). What the new rules are trying to get at is, "How much of your cash is really available for operating use free and clear of any restrictions and/or debt obligations or liabilities?" We will call that your *liquid unrestricted net assets* or *operating cash reserve*. But to get there, we first need to discuss what's in your net worth.

Many Balance Sheets will simply list Net Assets Without Donor Restrictions (Unrestricted Net Assets) and Net Assets With Donor Restrictions (Temporarily and Permanently Restricted Net Assets). ***The challenge for the nonprofit manager is that lumping all unrestricted assets together will not reveal how much of your unrestricted assets are "liquid."***

Assuming your financial statements do not break out the net assets classifications into specific details, I'll now walk you through how to arrive at your operating cash reserves or LUNA determination. But first, let's take a look at what is in your net assets (or net worth).

Just like your own personal net worth, your nonprofit's Net Assets Without Donor Restrictions (Unrestricted Net Assets)[10] is not just cash. It includes different types of assets such as:

- **Fixed Assets:** Building, land, equipment, vans, computer systems, etc. They are part of your net worth but cannot be used to pay your bills.
- **Receivables:** This is money that is owed to you from donor pledges or fee-for-service contracts. This will turn into cash but maybe not for three to six months.
- **Board Designated Reserves:** Resources the board has set aside for contingency funds (rainy day fund), building and systems replacement reserves, or program reserves, etc.

- **Liquid Unrestricted Net Assets (LUNA):** ***Once you have set aside the building, receivables, and any board designated funds, you are left with cash that is free and clear of any restrictions and liabilities***. This is your operating cash reserves – your real safety net.

The calculation for liquid net assets is:

INDICATOR	CALCULATION
Months of Liquid Net Assets (Operating Cash Reserve)	Total Unrestricted Net Assets – (Fixed Assets (property & equipment) – Mortgage) Average Monthly Expenses

Again, using Social Services Center as an example, below is how you will typically see the net assets laid out on the Balance Sheet (see Figure 12.1):

Figure 12.1: Net Assets on the Balance Sheet

NET ASSETS	2018	2017
Total Without Donor Restrictions[10]	6,577,820	6,099,225
Total With Donor Restrictions[11]	1,864,963	2,641,777
TOTAL NET ASSETS[3]	**8,442,783**	**8,741,002**

Remember from the calculation above, that Social Services Center has 1.7 months of cash on hand. To calculate months of liquid unrestricted net assets (LUNA) for the Social Services Center (see Figure 12.2), we have:

Figure 12.2: Calculating LUNA/Operating Cash Reserves

Total Liquid Net Assets[10]	$6,577,820
– [P&E[5] ($8,646,738) – P&E Debt[6,7] ($1,207,430)]	$7,445,308
= **Liquid Unrestricted Net Assets (LUNA)**	**($867,488)**
Months of LUNA (LUNA / Average Monthly Expenses)	–0.6

An asset is technically something that can be converted into cash. On the Balance Sheet, assets are not listed by market value, but rather cash value. ***To calculate LUNA or your operating cash reserve, you need to know how much of an asset, such as a building, you own versus how much the bank owns***. For Social Services Center, their building is worth $8,646,738 (5). But they owe $1,201,430 (6,7) in the form of a note payable including both the current (what is due within the next 12 months) portion of $18,389 (6) and the long term (what is due beyond 12 months) portion of $1,183,041 (7). So, the portion of the building that they own and what is counted toward their net assets is $7,445,308 – which is what we see on the Fixed Assets (P&E) Net line under the Without Donor Restrictions (9). Note: if you do not have any facility-related debt or mortgages, you can simply use the value of the property and equipment listed under the assets section of the balance sheet.

When we back out the value of their building, we are left with a negative number. This means that the Social Services Center has negative liquidity. ***Negative liquidity means the organization is borrowing internally within the organization***. Typically, this means they're using restricted funds to pay for operating expenses, or they are delaying payments to contractors and debtors to keep cash in the organization (called "borrowing from your vendors"). This is not uncommon in the sector, but it is *not* recommended as it is a bit like borrowing from one credit card to pay another, which is not sustainable.

Would you be making different decisions if you thought you had seven weeks of cash available, versus knowing that you cannot cover expenses with unrestricted cash and are borrowing from restricted funds? I hope so! That is why it is so important to understand the different measures of liquidity. If a nonprofit has limited or no unrestricted liquid net assets, it has very little ability to responsibly invest in new programs or infrastructure, respond to changes, or take advantage of opportunities. ***LUNA is a powerful tool to highlight assets available for use and provides a good indication of overall financial health***.

While we have focused primarily on understanding liquidity, **your Balance Sheet can also help identify several other strategic issues such as:**

Is the organization investing in its fixed assets? If the value of the fixed assets (facilities and equipment) are decreasing year after year, it might indicate that you are not investing in upkeep, maintenance, and upgrades.

How "leveraged" are fixed assets? That is, has the nonprofit used significant debt (loans) to fund its operations? ***If used responsibly, having a line of credit is a good business practice for many nonprofits*** and using loans for large construction projects can make a lot of sense. But remember, ***debt is not a substitute for revenue***. Taking on debt to fund operations without a dedicated repayment source can be risky business. Paying down debt means taking cash that would otherwise be invested in the organization and its programs and using it to cover interest and principle repayment.

Key Concept

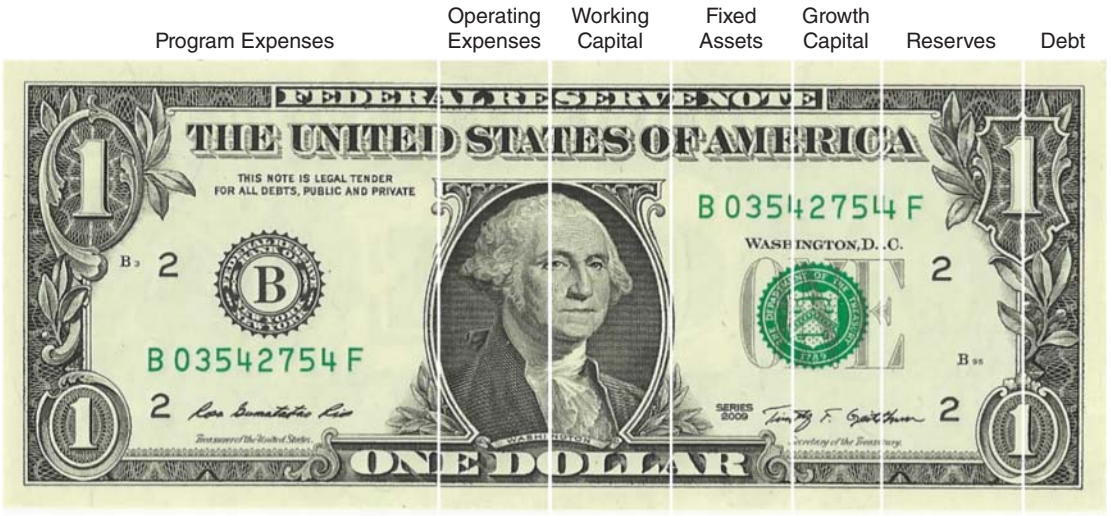
Understanding Full Cost

When you think about your personal financial health, yes you focus on paying your rent and how much you need to buy groceries – that is, direct living expenses. But you also probably think about how much money you should have in your savings account (typically 3–6 months of expenses), how much you should be socking away in retirement accounts, how much you need to save up to buy a house or pay for your children's schooling, and how much should to invest in personal and professional development. For a nonprofit organization, it is no different. We need to invest in our retirement accounts (we call them reserves), we need money in our savings account (liquidity and working capital), and we need to invest in our capacity and infrastructure to better deliver on mission.

When you think about the fully loaded cost of delivering programs, running your organization, and preparing for the future, there are a number of key items to consider:

- **Program Expenses:** These are direct programmatic expenses, as defined by the organization.
- **Operating Expenses:** These are the indirect and operating expenses, which include fundraising and revenue generation, finance and operations, human resources, and information technology.
- **Working Capital:** This is your liquidity and cash on hand to manage cash flows and timing delays.
- **Fixed Assets:** This is your building, tables and chairs, computers, and vans; the physical assets that must be maintained, repaired, and occasionally replaced.

- **Change or Growth Capital:** This is money to invest in new programs and services, new fundraising strategies or earned revenue businesses, expanding into new markets, or strategically repositioning your organization.
- **Reserves:** This is money you set aside now for long-term sustainability, like your personal retirement account. Reserves include a wide array of funds including contingency or "rainy day" funds, board designated reserves, facility improvement reserves, and endowments.
- **Debt:** If your organization has borrowed money from banks or individuals, you need to plan to pay back both the interest and principle.



If you only budget for program and operating expenses, you are not budgeting for full cost! For our case study, Social Services Center's operating expenses for 2018 totaled $16.5M. But this is not the full cost of doing business. For example, we know that Social Services Center has negative liquidity and needs additional money to help dig them out of a hole. And then they also need to set start setting aside some money to improve their liquidity. And finally, their building will need improvements and upgrades at some point in the future, so they had better start saving for that as well. There could be other needed investments such as staff, systems, or debt servicing. But those would be based on the strategic plan and direction of the organization and are not immediately determinable from financial statements.

Examining your full cost allows you to build a fundraising or revenue generation strategy that includes the right types and amounts of money you need to be financially sustainable and deliver on impact.

Communicating Your Financial Story

The nonprofit leaders who understand their operating performance are not only *much* more likely to be successful, but they're better able to tell the organization's financial story to staff, board members, donors, and the community. For the Social Services Center, what's their story?

The Good Part

Social Services Center has a diversified revenue stream and did generate a significant unrestricted operating surplus. While they have some debt, it's not significant for a nonprofit of their size, and they have more than enough current assets to cover any current liabilities. A large majority of their Net Assets (Net Worth) – what they own free and clear of any liabilities – is unrestricted. And they have almost two months of cash on hand.

The Not-So-Good Part

Social Services Center relied heavily on releasing restricted funds to cover operating expenses the past two years, which means they're dangerously reliant on grant funding to generate surpluses. This also leads us to believe they need to continue to invest in expanding their fundraising strategies. They have significant resources, but much of their net worth is tied up in their building – this is what you will sometimes here referred to being "house rich but cash poor." This means they have no unrestricted cash to draw on. Lastly, they're currently not raising enough money every year to cover their fully loaded cost of doing business, including liquidity and facilities' needs.

Should they experience payment delays, a decline in contributed revenue, or need to make some major repairs to their building, do they have the resources available to do so? Not really. Social Services Center is not immediately in danger of closing as these things might not happen, but it does mean there is a high degree of risk if any of these problems arise – and the management team and board members need to be aware of these risks.

In communicating your nonprofit's financial story to staff, board members, and donors, you need to know how much it really costs the organization to do what it does, and why. You need to understand that ***what may look good on paper can hide risk – such as most of your net assets being restricted***. Though board members may be looking at months of cash, you need to be able to explain your *real* liquidity position. Most important, you need to articulate *why* it's necessary to generate surpluses, and how these surpluses will help sustain your organization through good times and bad.

Our role as social sector leaders is to ensure that people continue to have access to the programs and services essential to creating a more just, equitable, and sustainable world. ***To truly lead, we need to shift from a mindset that views finance as a necessary evil focused on legal and compliance regulations to one that understands having timely, accurate, and meaningful financial data can improve decision-making***, help you understand what it really costs to deliver outcomes, and enable you to build a strategy to ensure your organization has the financial strength to deliver real world impact both today and tomorrow.

Financial Basics: Budget Tips & Tricks

We have focused here on understanding two of the most important financial statements – the Statement of Financial Position (Balance Sheet) and the Statement of Activities (Income Statement) – but I want to mention a few things about budgets, since they are what most managers use on a day-to-day basis. ***A budget is an organizational plan that helps to allocate resources, provide a road map, allow the nonprofit to monitor progress, and set and clarify goals***. It is not etched in stone and is meant to be a living document that should be updated periodically to reflect the realities of your financial situation. **Here are some key tips and best practices when it comes to budgets:**

- Budgets are expressed in terms of *revenue*. Revenues are assumed to be cash but can also be in the form of receivables (money that is owed to you).
- Budget ≠ Cash Flow Projection. A cash flow projection is a separate document that forecasts the timing of cash in and cash out of the organization. Even if you use cash basis for accounting, the budget will present total cash in and out for the entire fiscal year but will not identify any potential cash flow challenges that may occur during the year.

- ***Do not plug budget gaps with 'to be raised' placeholders!***
- Account for revenue restrictions. Budgets should focus on unrestricted revenue – funds you can actually use in that fiscal year to pay salaries, light bills, and operating expenses. Net assets released should be included as operating revenue in the year they are released.
- Avoid the term "carryover" – it is not a formal accounting or finance term and can mean many things! Generally, it is actually your savings (a.k.a. net assets), which is not revenue.
- Format for clarity and be audience-appropriate. ***Lay out your budget so that it directs the reader to the most relevant items***. Consolidate information to provide appropriate level of detail for a particular audience.

Financial ratios and indicators can be powerful tools for measuring financial performance. When used correctly, they provide insight to your performance over time and as compared to other similar organizations. However, ratios can be misused and misunderstood. As the old saying goes, a little knowledge can be a dangerous thing. ***Applying ratios mechanically without understanding the underlying numbers and their meanings can lead to erroneous conclusions about performance***.

We covered three key indicators in our discussion here (Unrestricted Operating Performance, Months of Cash, and Operating Cash Reserve – also known as Liquid Unrestricted Net assets), but there are other common ratios you may come across. **Below are two very common ratios or indicators that are used in the field, but you should use them *with caution*:**

Indirect Cost Ratio (also called the Overhead Rate or Admin Cost Ratio). This is supposed to be a measure of efficiency indicating that the organization does not spend excessively on non-program-related activities. But ***there is no legal, accounting, or factual basis to support the idea that the overhead rate is in any way linked to efficiency, effectiveness, or outcomes***. Likewise, the term 'overhead' is not a legal or accounting term and has no common definition. **The basic calculation is:**

(Total Fundraising, General, and Administrative Expenses)/Total Expenses

Goal: There is no universally accepted measure. ***Many of the charity watchdog agencies normally want to see at least 65–75% of your expenses spent on programs.***

Current Ratio. This is a measure of an organization's short-term liquidity, i.e. how well it can meet its short-term debt obligations. The main challenge with the Current Ratio is that Current Liabilities (liabilities that need to be paid in the next 12 months) include a wide range of different factors that may or may not actually require the use of cash, such as accrued salaries and benefits, deferred revenue, or conditional contributions. **To calculate your current ratio:**

Total Current Assets/Total Current Liabilities.

Goal: Minimum of 1.0. But ***higher is better, with a ratio of 2.0 or more preferred.***

Do's and Don'ts

Nonprofit Finance Do's and Don'ts

- DON'T forget that finance is about decision-making and being better able to drive sustainability and mission.
- DO remember that nonprofits are businesses and must meet a financial bottom line to continue operations. Being a 501(c)(3) is a tax status, not a business model.
- DO review your Statement of Activities at least quarterly to assess your finances over a particular period of time and to establish the consistency and reliability of your revenue.
- DON'T ever use restricted contributions for *any* purpose other than the ones they were intended for, as conveyed by the donor or funder (i.e. specific programs, or before or after a specified timeframe).
- DO pay all operating expenses (salaries, utilities, rent, and so forth) out of unrestricted funds and pay attention to whether your nonprofit brought in more than it spent on an unrestricted basis.
- DO set aside a "rainy day" fund with at least 90 days of operating expenses.
- DO regularly review your Statement of Financial Position (Balance Sheet) to reveal the net assets available to support your organization at a specific moment in time.
- DO monitor "Months of Cash" in order to protect against your worst-case scenario; calculate Liquid Unrestricted Net Assets (LUNA) if a more accurate measurement is needed.

Conclusion

Own Your Numbers: Know what it really costs for you to deliver on your mission. The full cost includes more than just programmatic expenses; liquidity and working capital needs, investments in your revenue and fundraising business, reserves, and debt payments should also be considered, and all of these elements should be built into your full cost of doing business.

Don't Apologize! Starbucks doesn't apologize for the price of its lattes, and you shouldn't apologize for what it costs you to execute your programs. You are doing work that for-profits cannot figure out how to make money doing. You are tackling complex, multi-dimensional, and intergenerational social challenges. It is not easy, and it's certainly not cheap.

Understand Both Your Revenue and Investment Needs: All enterprises – for-profits, nonprofits, and social enterprises – need regular revenue, generated from delivering programs and services, to cover the cost of running the organization. They also need investment dollars for product development, growth, new revenue or business ideas, infrastructure, capacity, and long-term financial health.

Share Full Cost with Your Board and Your Funders: If your board is to truly champion your work, they're going to help fundraise. They need to know what it really costs to deliver on the mission, so they can ask for the right amount and types of money to ensure your long-term sustainability.

Articulate Your Financial Story: Focus on Communicating the Impact of Your Activities: Ultimately, donors and funders want outcomes and impact. When you help them understand what it takes to deliver those, you can avoid falling into the overhead trap. Plus, the reality is that regardless of what your fundraising to program ratio is, ***100% of every dollar goes to impact.***

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Financial Management Resource Review

Strong Nonprofits (www.strongnonprofits.org)

This resource, from the Wallace Foundation and Fiscal Management Associations, provides a wealth of free financial tools and resources of financial management including their Program-Based Budget Builder, available at http://www.wallacefoundation.org/knowledge-center/resources-for-financial-management/pages/program-based-budget-template.aspx

Cornerstone OnDemand Foundation (www.nonprofitready.org)

This is a library of free online training resources that covers everything from finance to governance and human resources.

Propel Nonprofits (formerly Nonprofit Assistance Fund) (www.propelnonprofits.org)

Propel provides training, tools, and a great resource library on financial health and sustainability.

Fiscal Management Associates (www.fmaonline.net)

FMA provides consulting and advisory services around accounting and fiscal management, as well as outsourced financial management services.

Nonprofit Finance Fund (www.nff.org)

NFF provides financial consulting services and lending to nonprofits across the country.

National Council of Nonprofits (www.councilofnonprofits.org)

NCN is a national advocate for the nonprofit sector and is leading the effort to educate government funders about the need to better cover full costs in their contracts with nonprofits. Great tools, resources, and research. #OwnYourOwnCosts

FASB Accounting Resources:
Fiscal Management Associates (fmaonline.net)

Green, Hansen, Jenks (www.greenhassonjanks.com)

Nonprofit Quarterly
(https://nonprofitquarterly.org/2018/05/22/new-fasb-nonprofit-accounting-guidelines-whats-next-implementation-strategies-tips-success)

National Council of Nonprofits (https://www.councilofnonprofits.org/thought-leadership/what-are-the-new-significant-changes-required-fasb-nonprofit-financial-statements)

Nonprofit Capacity Building Resources:
Think Money First (www.thinkmoneyfirst.org)

They provide an innovative, experiential training that transforms how senior nonprofit leaders and board members work by helping them align business models and fundraising strategies with their ability to deliver on mission and impact.

Social Sector Partners (www.socialsectorpartners.com)

Features a wide range of trainings and workshops for both nonprofit leaders and funders to help build the capacity, financial sustainability, and impact of community-based organizations.

The Generative Group (www.thegenerativegroup.com)

This organization supports the work of donors, foundations, and families to generate possibilities, solutions, and excellence, and to transform charitable giving into meaningful social change.

Loring, Sternberg & Associates (www.loringsternberg.com)

Loring, Sternberg & Associates is a nonprofit fundraising and management consulting firm that offers a variety of services designed to increase efficiency, effectiveness, and fundraising capacity.

Center for Story & Spirit (https://medium.com/the-center-for-story-and-spirit)

Find free articles exploring the intersection of storytelling and spirituality.

Advocacy Resources:

Charity Defense Council (www.charitydefensecouncil.org)

CDC works to correct misconceptions about charity that compromise nonprofit effectiveness.

Forefront (formerly Donors Forum)
(https://myforefront.org/increase-funding-real-costs)

Develops tools and trainings to help both grant-makers and nonprofits address the issue of real cost funding.

Fund the People (fundthepeople.org)

Advocates for investing in the nonprofit workforce to increase performance and impact in the social sector.

Guidestar (www.guidestar.org)

Provides information that advances transparency, enables users to make better decisions, and encourages charitable giving. Check out their "Six Tips for Busting the Overhead Myth."

Investing in Infrastructure (http://research.cep.org/investing-in-infrastructure)

IiI makes the case for nonprofit infrastructure organizations and their crucial importance in helping foundations and nonprofits maximize effectiveness.

The Overhead Myth (www.overheadmyth.com)

The Overhead Myth is a joint project of GuideStar, BBB Wise Giving Alliance, and Charity Navigator to end the "Overhead Myth" – the false conception that financial ratios of administrative overhead versus fundraising and programs are the sole indicator of nonprofit performance.

Part Four

Nonprofit Technology and IT

Technology does not drive change – it enables change.

—Anonymous

In the eight years since this book was first published, the technology landscape has evolved rapidly. It is nearly impossible to imagine a workplace without computers, spreadsheets, and email. Not to mention struggling without the power of social media to mobilize people around your cause. Facebook alone has grown from having 500 million users to over 2 billion, making it the equivalent of the largest country on the planet.

What are the implications of today's information revolution and, more important, what opportunities does this new digital age present you and your cause? First and foremost, ***technology is the greatest empowering force in history***. It expands your network and amplifies your voice. It flattens hierarchy and allows information to flow freely. And if you're struggling at a small, resource-strapped nonprofit, that means that if leveraged strategically, it can be the great equalizer that enables you to function at the level of a much larger organization, generated outsized impact.

So, in a world where resources and attention are stretched thin, ***the real question is how can you leverage technology to expand and engage your community?*** The chapters in this section – combined with some related contributions in the marketing and

fundraising sections – are designed to provide you with exactly these kinds of insights. In addition, they will help you harness the power of technology to make your nonprofit run more smoothly.

Technology is unique in that it is both an internally and an externally facing tool. Within your nonprofit, it can play a crucial role with helping manage information, measure impact, and communicate with staff, board, and stakeholders, etc. Externally, technology can support marketing and cultivating relationships, enabling you to raise funds, engage your community, keep tabs on partners, and more.

In this portion of the book, we'll look at both the inward- and outward-facing roles of technology as they relate to your nonprofit. We'll start with a broad overview of unique considerations whenever engaging in any kind of tech planning, then dive into website design, measurement and evaluation, and finally how to maximize technology's role in building and maintaining a database of your constituents. We've worked closely with all our contributors to ensure that they explain their topics, no matter how involved, in simple, easy to understand language.

As you begin, remember the words of tech pioneer and pioneering philanthropist, Bill Gates:

> *The first rule of any technology . . . is that automation applied to an efficient operation will magnify the efficiency. The second is that automation applied to an inefficient operation will magnify the inefficiency.*

CHAPTER 13

Technology Planning

By Amy Sample Ward, CEO, NTEN

Introduction

At this point in history, it is inevitable that every person on your staff uses technology of some sort to get their job done. In NTEN's decade of research into the way nonprofits use, budget, and make decisions about technology, we consistently hear from organizations of all sizes, locations, and mission types that they have the tools they need to do their work, but they don't have the training to use those tools as effectively as they could.

Ultimately, this is great news for your technology planning! You can stop the constant worry that you don't have the "best" thing out there. My top tip for you is: ***don't buy more technology – train your staff instead***! I want you to think about your technology planning in three parts, in order of priority: invest in staff, then in process, and finally, in technology.

Critical Skills and Competencies

Technology is not something that is relegated to one department or is the responsibility of just a few people. When I talk to nonprofits about technology, it is very

common to hear, "Oh, that's something our IT Director manages," or, "Well, I don't think I get to decide this because the IT department makes those calls." ***You don't need to have "IT" or "technology" or even "data" in your title to make decisions, be part of planning, budget for, or otherwise manage the technology that you and your team need to do your work***. A term we often use is "tech-responsible staff" because there are many different people in a nonprofit who are responsible for technology decisions and management. ***Depending on the team, the tool, and the goal, all levels of your nonprofit must be involved***, whether their titles are Communications Director, Program Manager, Operations Coordinator, Development Manager, Executive Director, or anything else.

Another important term in our lexicon is "technology adoption." This is a concept that represents a holistic view of technology's use in an organization. This does *not* mean that a nonprofit has implemented and purchased as many different tools as possible; instead, it means that they have the practices, policies, and training in place that enables success for any tools they implement. From NTEN's research over the years, we've found a number of ***technology-related practices that consistently demonstrate a nonprofit's level of technology adoption.***

Investing in Staff

Before doing anything else, focus on your staff, whether you are the only person in your nonprofit or you have a staff of 10 or even 100. Ultimately, your staff are closest to your technology and the ones in the best position to increase your impact.

Do tech-responsible staff participate in strategic and planning discussions?

Most definitely. Maybe you're working on a new strategic plan or it's time for annual budgeting and departmental planning. Or, you're scoping out a new project or program. ***Regardless of the type of strategic planning you're doing – from a one-time project to a multiyear plan – tech-responsible staff need to be part of the conversation***.

The most common pushback to this is when staff say, "IT will be updated on our decision." That doesn't serve you, your nonprofit, or your goals well. ***The insight and perspective brought to planning discussions over the course of the entire process is irreplaceable, especially from those who are responsible for using or managing the technology required***. Yes, this means likely having more people involved in planning, which means it can take longer. However, a better, more inclusive process will create a better plan in the end.

Do you train staff to use your tools and systems?

New staff are often trained on various tools and systems during their first week or so on the job. That's also the same time they are trained on *everything* else that's part of the job! There's certainly no way that staff can learn how to use the various systems and software needed in their job to their fullest extent in just the first few weeks as a staff member.

Similarly, training around technology shouldn't by siloed to the "IT department" or "IT staff." Remember that everyone in the organization may be tech-responsible for certain tools or teams. ***Training on technology must be something all staff participate in year-round***. It can take many forms. Look for opportunities to integrate tech training into other meetings you already have, especially in ways that invite staff from across the organization to lead. One great option is to ***reserve ten minutes at your weekly staff meeting for a show-and-tell of a tip, trick, or application that a staff member has found helpful***, or you can add space on meeting agendas where staff can raise tech-related questions, so answers are shared with everyone during the meeting.

Of course, ***whenever your nonprofit gets a new system or even updates existing software, be sure to have dedicated training for all staff***. When planning tech training, keep in mind that you are likely to have staff that learn in all different ways, including some who do well in a group and others that need one-on-one opportunities to learn and practice. ***Training should always be the biggest part of implementations, not the smallest***.

Do you provide budget for tech-related professional development?

Not all training can be done internally. Your nonprofit should have a professional development budget and provide tech-related training for all staff. Again, learning about the latest technology, getting more specialized training in specific software, or connecting with others who use similar tools should be something encouraged for *all* staff, regardless of their title and department.

Again, tech-related professional development can look different for different staff and people with different needs. ***Consider paying for or allocating time for your staff to enjoy memberships or participate in user groups and capacity building organizations, attend user conferences or nonprofit technology events, and sign up for subscriptions or online trainings and tools***.

Do you rely on consultants for tech guidance and support?

There's a time and a place for consultants in nonprofit work, including with technology planning and projects. There are also a lot of different opinions (and feelings) about consultants in the nonprofit sector. Whatever your stance, here are some **questions to consider when evaluating if and how it makes sense for you to bring on consultants when it comes to technology work:**

First, is this a one-time thing or something that you'll decide (or evaluate, or plan) again in the future? ***If this is something you're going to do multiple times, invest in building the internal capacity to manage that in the future***. That may still involve hiring a consultant, but their scope may not be do the work for you, and instead to help design a process, train and coach staff through it, and document it so that staff have the ability to lead next time.

Next, what is it about the project (or decision) that has convinced your staff that a consultant is necessary? Without first exploring those answer(s), you aren't able to really know if it's important or how to successfully scope the work they'd do for you. And if you find that you answer the question by claiming staff don't have the experience, knowledge, or capacity to do it, consider solving that issue first: invest in getting staff that experience, knowledge, or capacity because if they aren't able to participate in the work now, bringing in a consultant to do it for you is going to leave you in the same spot.

Lastly, do you have the budget for both the technology project and a consultant? ***Many projects stall because there's no budget to implement a consultant's recommendations***. Depending on the type of project, there may be guidance available, including from your software provider(s) or capacity building organizations to which you have a membership or connection. ***Be sure that your desire to hire a consultant isn't leading you to overlook staff who may actually have the knowledge and skills to move a project forward*** but who aren't in the "right" department or don't have a "relevant" title.

Do you rely on volunteers for tech guidance and support?

As outlined in Chapters Thirty-Two and Thirty-Three, eager, skilled volunteers can provide incredible support to nonprofits, or can be hugely stressful. Truly, that experience can be either a gift or a nightmare on the volunteer's side, too! It's

important to **keep a few things in mind if you're going to work with a skilled volunteer on any sort of technology project:**

Of course, the expertise needed for successful technology projects usually includes a working knowledge of the actual tech platform. But, the more critical area of expertise is understanding your *organization*. Volunteers (nor consultants for that matter) simply don't know as much about your mission compared to your staff, who live it every day. So, ***a successful volunteer tech project is not one where the volunteer does all the work on their own; staff still need to be closely involved in the project***.

Remember the old saying, "if the only tool you have is a hammer, every problem looks like a nail"? Unless you work with someone that has very broad experience, ***it's important to be explicit about tech bias***: a volunteer who knows Drupal and offers to build your new website is likely going to suggest you use that platform, even if it's not the best one for the job. That's what they know, so of course that'll be their recommendation. They will likely not factor in all the considerations and priorities that you and your staff would, like considering what your current site is built in, what systems it needs to integrate with, required functionality, and so on. If at all possible, ***it's best to do your decision-making and planning internally so your plans aren't crafted by a volunteer's preferences***. Then you can find the right volunteer to help you implement the solution you've identified.

Finally, remember that any work done by volunteers must belong to you. Your staff should have access to passwords and content control from the beginning. There are too many horror stories of volunteers offering to set up websites, fundraising campaigns, or other content for a nonprofit and then letting it go fallow or even running away with it because staff never had access. ***Even if you bring on a trustworthy, passionate, and skilled volunteer, staff should always have administrative-level access to all tools and content they use on behalf of your organization***.

Investing in Process

Once you've taken care of the staff considerations and completed your first step, it's time to invest in the processes that support success, which directly affect your team. There are many small processes you can invest in now that will make a huge difference down the road, like a shared "how to" resource that staff can add and update (a wiki, for example). And ***it's really helpful to have documented policies about when you buy new computers, what happens to hardware you replace (can staff buy***

them?), and what other technical supplies staff may access (wireless mouse, standing desk, second monitor, etc.). Any steps you take to make the access to, use of, and management around technology both transparent and understandable for your staff will help you more effectively manage your nonprofit.

Do you use a process to evaluate tech needs?

Of course, on any day of the year you can ask staff which tech needs are most pressing and get as many different answers as you have staff, if not more! With that many answers, how do you prioritize and make sense of potentially competing requests? ***An evaluation process is important to ensure you include the right people, balance decisions against existing realities and commitments, and can consistently repeat the process for various kinds of tech decisions with different staff leading the process***.

A process for evaluating tech needs should include these steps:

1. **Gather feedback:** When asking for input, be sure to include staff in different roles who bring distinct perspectives and needs, including those who will be frequent users, others who may not be but will rely on the data or output of the work, and also community members who will either interact with the technology or have their data stored by staff. It is also valuable to gather feedback on frustrations or challenges folks are experiencing as well as new options or requests.
2. **Identify themes and goals:** Once you've gathered feedback from everyone, you will start to see opportunities to group things with shared themes, focus areas, or goals. Ultimately, you want to create a defined, comprehensive set of goals and gain clear insight into the changes or recommendations needed to advance them. All of this will help you crystallize tech needs and projects, and clarify the value they hold for your mission if pursued. Do you see a number of suggestions that related to customer service and support and others related to better program evaluation? How do those themes serve your mission? There may be multiple specific goals under a larger theme, but seeing how they fit together and how they help you reach your mission allows you to avoid discussing the specific goal or project as a silo. ***Grouping your goals helps to ensure every planning conversation, whether it's with staff, volunteers, vendors, or when pitching funders, keeps the focus on your mission and intended impact, instead of on an isolated technology project***.

3. **Prioritize goals and work:** Next, evaluate your goals and identify work associated with pursuing each one. Then compare the goals and associated work to identify where there's overlap with current efforts or your strategic plan, development and fundraising focus, or even program opportunities. And using insights from the previous step in this process, weigh the potential impact of each goal to determine which are best suited to advance your overall mission – this is key since nonprofits typically don't have the resources to pursue every project on their wish lists, tech-related or otherwise, at least not at the same time. ***Identifying where technical projects connect to other prioritized work helps generate buy-in and informs management***.
4. **Create a timeline:** With your priorities ready, you can now start putting together a timeline for the work. This can also be called ***an IT Roadmap, which is usually a multiyear look at various overlapping tech projects that clarifies their interlocking stages, including planning, design, implementation, training, and evaluation***. Multiple projects can happen at once, but usually at different stages. A timeline or roadmap is a great orientation tool for staff and is helpful when talking with potential vendors.

Do you review how tech can strategically improve administrative effectiveness?

It's one thing to evaluate the needs your staff knows they have, but ***proactive evaluation about how to improve operational effectiveness is critical to getting in front of your needs***, instead of always having to react. This kind of review can also be called business optimization or business process review. There are consultants or skilled volunteers that can help with this, but it's valuable to have staff lead the process if possible.

If you do decide to have an employee take point on this, you should note that staff often tend to look at the way things work as the only way they can work. Take a volunteer signing up for a shift as an example. Maybe you manage volunteer communications and shift assignments via email through a volunteer coordinator. That probably works just fine, but perhaps there's a better way that can free up time for your volunteer coordinator to focus on other areas of work.

That's where a regimented process can help unearth another, better way of doing things. ***A business process review first asks who is involved and what is the goal***. The answer here is not: volunteer coordinator emails with volunteers and offers available

shifts, and then corresponds until volunteer confirms the one they want. Instead, the answer is: volunteer coordinator and volunteer are involved; the coordinator manages the available shifts and tracks the ones assigned, and ultimately needs volunteers committed to shifts. By thinking on a level where the current way of doing things isn't the only "answer," it becomes easier to see that maybe there's an opportunity to use a Google Spreadsheet or Form to list the available shifts and allow volunteers to sign up on their own, allowing the coordinator to send one email to everyone at once, and then enabling volunteers to directly confirm shifts as they're posted, which saves them time and back and forth, too.

While the business process review may help to identify a new, helpful technology, it can also serve to clarify inefficiencies that can be corrected in other ways. Maybe you'll identify there's a duplicative step in your current process you can cut out, a step that's happening in the wrong order causing more work later, or a different staff member who should be involved.

Do you review how tech can strategically improve interactions with clients and program effectiveness?

Just as the focus of a business process review for operational effectiveness is on your people and goals, evaluating how your technology and tech processes can better serve your mission requires stepping out of how you currently do things. This enables you to focus on your staff, clients, and program goals.

Evaluating opportunities for improving your interactions with, communications to, or systems for program participants requires strategic, direct engagement with them. Your planning process cannot rely exclusively on staff, nor only on a select few community members that are close to your nonprofit. Be sure to include groups and clients with various levels of engagement, like those who have never participated in a program (but have stayed on your newsletter list or otherwise receive information), have participated but only once and never came back, consistently participate, and those who only recently signed up.

Gaining insight into a diverse group of experiences and "user stories" helps you see things from more perspectives and can surface new opportunities for improvement, or help to highlight priorities that may have otherwise slipped. Along these lines, ***it's crucial to consider other important diversity lenses when seeking and evaluating***

community feedback, especially race, ethnicity, age, primary language spoken, Internet access and digital skills, and cognitive differences.

Do you review how other organizations or industries use tech to address the challenges you face?

It can easily feel overwhelming to think of all of the potential technical changes, improvements, or adoptions you can make, or even "should make" according to your staff or board members! That feeling is valid and okay. Find solace, though, in knowing that it may be a lot of work, but the good news is you're likely not the first one to try to solve these challenges.

Just because another nonprofit does something, or does it a certain way, doesn't mean you need to do it, too. However, ***there's much to learn from how other organizations approach similar projects or goals***, so stay curious and build bridges. You can find case studies and shared lessons online, especially from capacity building organizations. For example, at NTEN we feature content like this from nonprofit staff of all kinds of organizations. It's also a great conversation starter at conferences, events, or even meetings you have with other nonprofits, funders, or businesses.

And, of course, be sure to reciprocate and share your ideas, reflections, lessons, and plans with others. Doing so can help spark feedback you may not otherwise receive or know to ask for.

Investing in Technology

It might feel like you had to trudge through some hard work to get to the shiny, fun part (or maybe the people and process steps are more your style), but we are now at the *technology* part of all of this! Remember that form follows function, which is why ***it's critical to start with people and process, before moving onto the tools and platforms***.

Nonprofit staff often ask, "what's the right amount to spend on technology?" with the hope that the answer is an easy number. NTEN's research over the last decade has shown that ***it isn't about spending more, but about spending intelligently and strategically***. Looking at nonprofits of all different sizes, when we change our thinking from a total budget dollar amount to either a per-staff ratio or a percentage of the total operating budget, there's far less difference between organizations. And nonprofits spending the most are not necessarily doing better.

What we see is that simply spending more on technology doesn't guarantee success because tech isn't that simple. Staff aren't necessarily going to know how to best use your tech tools if your nonprofit's approach is to keep purchasing more of them without sufficient training. And buying the most expensive product available doesn't mean it is the best one for the needs of your staff and community.

Do you educate staff on how your data and systems serve the mission?

Before you and your team can make smart decisions about technology investments, staff need to understand how the data you collect and the systems you use are connected to, and contribute toward, your mission. It's not worth investing in software, hardware, or other applications if it doesn't *directly* support the impact you want to make in the world. If you pay for things that don't help you achieve your mission, this is an invitation to evaluate why you are and consider if there's an opportunity to change that.

Do you include technology in your strategic plans?

It is important for staff to understand the role technology plays in achieving your mission, but it's equally important that your board, donors, and funders understand this. ***Regardless of the type of strategic plan you have, technology must be considered***. That's not to say you should name every piece of software you use, but that the role of and investment in technology, and where it serves your strategic goals, should be made clear. Again, ***tech is a tool, so clarifying how it's applied and adds value is critical to galvanizing support***, both as buy-in within your nonprofit and as funding from the community at large.

This may mean identifying a planned investment in a more dynamic, web-based client management portal to advance your strategic goal of enabling those you serve to help find employment, or embracing new online content and learning models, community training and engagement, or even strengthened data security because of your widening focus on serving immigrants and refugees.

Including the application of technology in your strategic plan helps connect both your current IT tools and your tech roadmap to the strategic clarity needed when communicating your work and allocating for tech investments in grant proposals. ***Technology isn't "overhead," but is an integral way for your nonprofit to operate, for your programs to run, and for your services to be successful***.

Does your budget define technology separate from overhead or supplies?

When someone asks how much you spent on technology, can you easily answer them? Is that line item in your budget shared with printer paper, pens, staples, and coffee? If so, there's no way you can evaluate your return on tech investment or make informed decisions about it.

If technology is all owned by one single budget, it also means that the software, tools, or applications used by departments aren't properly understood or transparent. ***Every staff person and team should be able to reference your budget and see the portion of shared or unique technology associated with their work***. Doing this better supports all tech-responsible staff in being part of the budgeting conversations that come with planning and decision-making, helping bring more people into the conversation with a financial understanding of the impacts of decisions.

Do's and Don'ts

Technology Planning Do's and Don'ts

- DO involve community members in your planning and decision-making, instead of only looking to staff for input.
- DON'T assume "IT staff" are the only ones managing technology; recognize the responsibility that all staff have for tech and include as many of them as possible in strategic planning and decision-making.
- DO budget for technology separately from office supplies, instead of putting it in the same bucket with coffee and toilet paper.
- DO include technology in your strategic plan, versus thinking about its role and trying to add it to your plans after they're developed.
- DO ensure that *all* staff participate in technology training and professional development that supports their learning styles and needs.
- DO talk about technology projects in the context of how they serve your mission and not as overhead.
- DO talk openly about the challenges you have and investments you make with technology so you can learn from the experience of other leaders and organizations in your network.

Conclusion

From NTEN's research, we've developed a four-tier tech adoption ladder that goes from *struggling* to *functioning*, then *operating*, and at the top, *leading*. Looking at the size of nonprofits by either staff size or budget, we see that every tier in that ladder includes organizations of every size. Simply being bigger or having more money doesn't guarantee effectiveness, efficiency, or success. Regardless of how many staff you have or the size of your budget, you can be at the leading stage of the scale – it's possible!

Leading nonprofits at the top of the ladder do all of the things detailed in this chapter: they invest deeply in staff before anything else; they evaluate their processes and systems regularly; and they spend whatever tech budgets they have intelligently and strategically. The steps outlined in this chapter may sound simple or obvious, but designing and implementing them *equitably* and *sustainably* is the key to success. There's no time to waste being ineffective, so start with investments in your staff today and build from there.

Amy Sample Ward *is NTEN's CEO and former membership director, and she is driven by a belief that the nonprofit technology community can be a movement-based force for positive change. Her prior experience in direct service, policy, philanthropy, and capacity building organizations has also fueled her aspirations to create meaningful, inclusive, and compassionate community engagement and educational opportunities for all. A frequent conference presenter and keynote speaker, contributing author for* Stanford Social Innovation Review, Fast Company, *and other publications, Amy co-authored* Social Change Anytime Everywhere, *a finalist for the Terry McAdam Book Award in 2013.*

Technology Planning Resource Review

Tech Accelerate (https://www.nten.org/accelerate)

> Free, comprehensive tech assessment tool that provides a customized report identifying areas of needed investment and resources to learn more.

NTEN's Research (https://www.nten.org/research)

All of NTEN's research reports and resources are available for free on the website and cover everything from trends in digital engagement to cybersecurity and professional development.

Allyson Kapin and Amy Sample Ward. Social Change Anytime Everywhere. San Francisco: Wiley, 2013.

Written for nonprofit staff who want to get a better understanding of how email communications, social media, mobile, and other technologies can help nonprofits advance their missions, this book offers clear tips and tools for effective integration and utilization. It is organized to guide readers through the planning and implementation of online multi-channel strategies that spark advocacy, raise money, and promote deeper community engagement in order to achieve social change in real time.

Nonprofit Technology Management Professional Certificate (https://www.nten.org/education/professional-certificate)

An in-depth, certified training produced by NTEN that shares best practices in technology planning and investment, digital strategy, and leadership.

TechSoup (www.techsoup.org)

Access discounts on all kinds of software to support your mission; limited to qualified nonprofits in the US and beyond.

Taproot Foundation (www.taprootfoundation.org)

Taproot helps nonprofits and social change organizations solve critical challenges in their communities with the support of skilled volunteers sharing their expertise, including tech planning and website design, pro bono.

Catchafire (www.catchafire.org)

Catchafire matches skilled professional volunteers with nonprofits to help them increase their capacity and achieve their missions.

CHAPTER 14

The Nonprofit Guide to Web Design

By George Weiner, Chief Whaler, and Rachel Clemens, Digital Strategist, WholeWhale.com

Introduction

Why do you have a website?

Why invest so much money and time into this combination of pixels and code? What are you trying to do with it? It's crucial for nonprofits to move past the idea that a website is a brochure with a donate button attached. ***When you design a website with clear outcomes in mind, it can become a digital tool that drives long-term impact, advancing your mission and supporting fundraising efforts***.

In this chapter, we'll outline clear insights and best practices for every step of the website development process, from setting a budget and defining goals to website launch and maintenance. Whether you're thinking about creating a new website for your nonprofit or looking to optimize the site you already have, these tips will help you build what you need with the fewest headaches and the best results.

Critical Skills and Competencies

Website Design: Terms to Know

- **Host:** A site *host* is the entity that houses, serves, and maintains files for your website.
- **Domain:** Your *domain* is the name of your website, or the address for your homepage as it's entered into a web browser. A *subdomain* is a part of the larger domain, and the domain can have unlimited subdomains. For example, facebook.wholewhale.com and twitter.wholewhale.com are both owned by the root WholeWhale.com account and can be forwarded to their respective social media profiles.
- **URL**: A *URL* (Uniform Resource Locator) is the exact web address used to find a specific webpage within your site. For example, WholeWhale.com/University is a direct link to our digital marketing trainings.
- **Wireframes:** These are used before the design phase to help layout key pages of the site with basic line drawings. Think of it as a skeleton version of the site with no color or design.
- **Developer:** In the context of building a website, your *developer* is the programmer who works to code your website. Back-end developers work on the server and database side of a site, and front-end developers work on the part that users see.
- **Designer:** Not to be confused with your developer, your website *designer* creates the layout, user interface, and other visual, user-facing elements of your website. The current web design styles to know are Skeuomorphism, Flat, and Material.
- **Content Manager:** It's also important to have a *content manager* or copywriter on your team who should be in charge of overseeing your website content during any site launch. A significant amount of content editing, creation, and organization is integral to this process and is not addressed by developers or designers.

What's Your Budget?

Start by asking yourself the critical question: How much can you spend? ***It's 100% possible to design an effective and even elegant website on a nonprofit budget***, but understanding these limitations from the outset allows you to make the decisions that will set you up for success:

Low Budget (<$5,000)

On a shoestring? No problem. Start by using an online graphic design marketplace like 99designs (99designs.com) to find a designer who can handle the site branding work, and a website like Upwork (www.upwork.com) to find a freelance website designer and developer who can build a Squarespace or basic WordPress site for your nonprofit, likely leveraging existing templates. Choose vendors that have done good work for other nonprofit clients and be ready to spend time as a project manager and usability tester.

Medium ($5,000–$30,000)

Consider creating a request for proposals (RFP) to find a small firm that handles both design and development. See below for tips on how to craft an effective RFP. ***WordPress is the recommended content management system (CMS) for creating a content-focused website***, hosted on WordPress' WP Engine or Pantheon. Visit wordpress.com or see the Resource Review below for more information.

With a mid-level budget, you should also consider options for basic site integrations with tools like email marketing platforms (such as MailChimp), CRMs (like Salesforce), and relevant donation systems. See Chapters Twenty-Seven, Sixteen, and Twenty, respectively, for more on these powerful tools.

High ($40,000–$100,000+)

Create a technical RFP and find three competitive bids for a website design and development firm. When you're selecting a firm, make sure to consider database integrations and how site functionality connects to the automated marketing tools most integral to your nonprofit's day-to-day work.

Why You Need a Website

The Digital Impact Chasm and Digital Logic Model

After you establish your available budget and resources, return to the question of your organizational goals. This will lay the foundation for the website development work that follows.

You know what you're doing and what you hope to achieve as an organization. But in the middle of these two "knowns" is a gap. Nonprofits often try to bridge this gap with vanity metrics, such as your website's monthly sessions and visits. These numbers, while important, do *not* represent impact. Metrics are the map, not the destination.

One way to focus on the "why" of your website and combat the digital impact chasm is to implement a digital logic model focusing on input, output, and outcome (see Figure 14.1).

Use this model to help ***refine your website goals by starting with your desired outcomes, and then work backward***. Identify the short- and long-term outcomes you expect as a result of your work, then identify the digital outputs that will achieve those goals. Finally, consider what you need to invest to produce those outputs. ***This framework will force you to consider the role of your website in each stage of this process with your end-goal in mind***, as opposed to allowing yourself to get lost in the digital chasm.

The Impact Marketing Funnel and the Metrics That Matter

Once you've established a clear destination, return to the map. How do you measure your website goals? Which metrics matter?

The impact marketing funnel (see Figure 14.2) can help you determine key metrics and performance indicators for your website. At the top of the funnel, you start with

Figure 14.1: The Digital Logic Model

Source: Reproduced from https://www.wholewhale.com

Figure 14.2: The Impact Marketing Funnel

Source: Reproduced from https://www.wholewhale.com

an audience that is *aware* of your nonprofit and website. Some of these aware audiences will become *interested,* a few will become *engaged,* and a small amount will become *committed* to your organization.

Define each level of this funnel qualitatively; how do you expect people to feel and behave at each step? Then consider the corresponding *quantitative* metrics to measure engagement and confirm hypotheses. This will enable you to clearly map out how a

piece of site content leads to an email signup, which leads to a volunteer inquiry, or a monthly recurring donation.

Setting and Measuring Goals for Your Website: Google Analytics

Use the key performance indicators (KPIs) and the goals you've defined as your guideposts when it comes to setting up your site analytics. ***We recommend installing Google Analytics immediately upon re-launching or setting up a new website***, which is free. This will allow you to make decisions about your site layout, content, and calls-to-action based on actual user behavior. Your KPIs can be codified and tracked as Google Analytics Goals and Events. For a free starter pack of Google Analytics dashboards and goals, check out WholeWhale.com/Google.

Identifying Stakeholders

After identifying the goals that will help you to build a website that's more than just a brochure, identify the key stakeholders for your website and establish regular communication with them.

Schedule regular meetings during the development process to keep primary team members informed on progress. Use this time to discuss any questions that come up. If possible, ***there should be one in-person meeting scheduled early in the process to generate user stories***, which serve as archetypes of different kinds of visitors to your website, each of which has their own demographic background, needs, and goals for their interaction with your site. Schedule a follow-up meeting before the site goes public to familiarize these users with the final product and ensure you got it right.

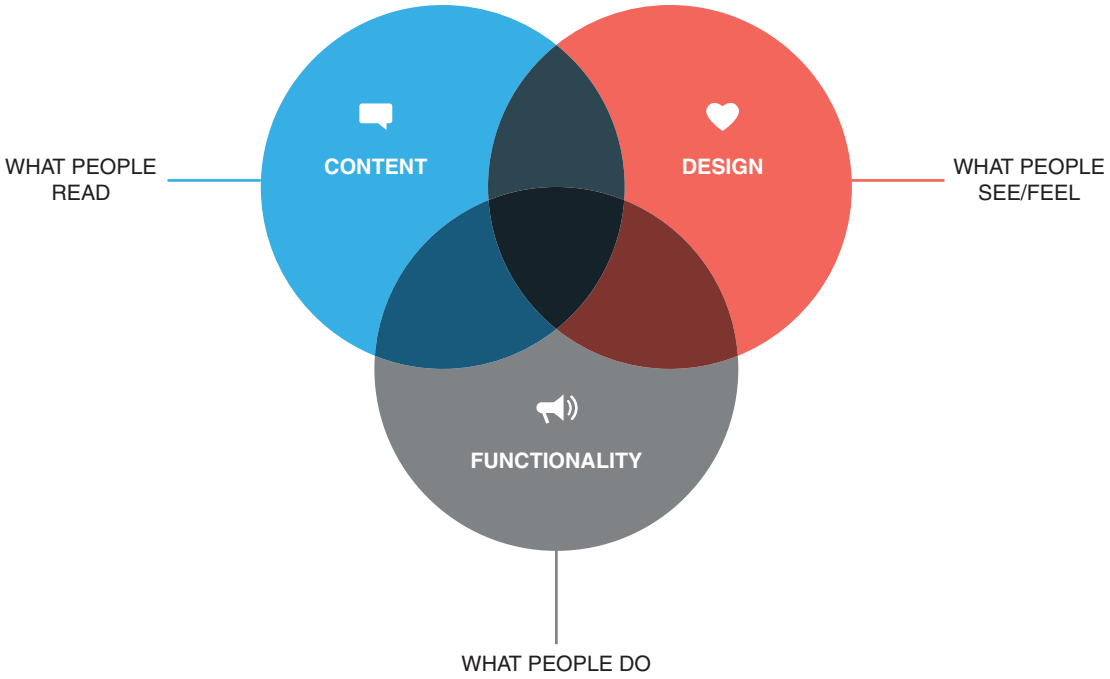
Different types of stakeholders might think differently about the website's goals and target audiences, but you should still be able to identify clear themes and user stories.

Conceptualizing Your Website

Think about your goals and stakeholders in terms of these three areas (illustrated in Figure 14.3):

1. **Site content**: what users read
2. **Site design**: what users see and feel
3. **Functionality**: what users do

Figure 14.3: Conceptualizing Your Website



Source: Reproduced from https://www.wholewhale.com

Content: What Users Read

Use your goals and impact marketing funnel to begin to draft your website's "information architecture" (IA), which is a simplified outline of what content will appear on the website and how it will be arranged. Your IA should be informed by key questions to your stakeholders, including:

- Does the IA reflect the most important user stories and most likely navigation pathways?
- Will new content or sections need to be added in the future?
- Who will create the content for each section?

Consider your information architecture both in terms of broad navigational categories, as well as on the level of individual pages. A *sitemap* refers to the list of all the pages in a website and is a key part of this process.

Design: What Users See and Feel

User stories provide the connections between your site goals and its design. These are sketches of how and why users will interact with your website, what they'll see, and the desired results of those interactions.

Elements of website design to consider include:

- Which elements of your existing brand assets and overall aesthetic will be carried over to the new site?
- What kind of look and feel are you aiming for? Examples will help direct a designer.
- What will the homepage and the main template pages look like? Don't ignore the real front door to your website: ***most users enter a site on a deep content page rather than the homepage***.
- How will your design and content look on mobile devices?
- What are the main things your stakeholders will need to do on the site?

In addition to current user data and discussions with stakeholders, ***consider any common questions you field as another source of user stories.***

Functionality: What Users Do

Site content and design achieve their intended effect when they operate in tandem with functionality. What people do on your website is a result of the types of software you choose and what integrations are available within these systems. Choose the right site host and content management system (CMS) with site functionality in mind.

When choosing a host, ***consider using a managed host, which is like having a live-in super in an apartment building***. Your site will always need maintenance, updates, or some kind of fixing, and managed hosts take care of that. Squarespace and WordPress' WP Engine are just a few of the user-friendly managed hosts available.

Building your website with the right CMS in mind is just as essential as building your website with the right host. There are three tiers of CMS options: simple drag-and-drop, more advanced mid-range systems, and custom systems that allow you to build a CMS from scratch. Regardless of your preference, **there are a number**

of important questions to ask to guide your CMS selection when building a website:

- **Author Experience:** Will this CMS be easy to learn and maintain?
- **Customization:** How much can the CMS be customized to suit your needs? How easily?
- **Extensibility:** Are there open-source plugins and extensions available that can work out-of-the-box?
- **Elements:** How easily can you make updates to core elements of the website without needing to hire a developer?
- **Developers:** When you do need to a developer, are there enough in your price range who work with the specific CMS?
- **Cost:** How much are the monthly fees associated with the CMS, and are server charges handled separately?
- **Security:** How secure will this CMS be?
- **Updates:** How often and how streamlined are the updates provided by the CMS platform? How much will it cost to maintain the functionality and integrations that you plan to build?
- **Responsive**: As noted in Chapter Twenty, more and more web traffic is shifting to mobile devices, so ensure whatever CMS you select can automatically resize your content so it appears properly on screens of all sizes.

Putting Out a Request for Proposal (RFP)

If you're hiring a firm, creating an RFP is critical and leads to much more relevant proposals and bids. ***Your RFP should outline your nonprofit's mission and purpose, the needs you want to meet through your website, and timing, plus it should provide an overview of the project and detail site features and other requirements.***

There is no one-size-fits-all RFP, but **the following steps apply regardless of the size and scope of your web design project:**

1. **Planning and writing the RFP:** Meet with your key stakeholders and gather their requirements for the project.

2. **Soliciting and managing bids:** Find reputable vendors through your network and in the larger circles of your trusted online communities. Make sure to contact other nonprofits who have great websites and ask for referrals.
3. **Internal evaluation:** Create clear guidelines for your project and try to rank the proposals across different attributes. Filter out the junk and only share top proposals with your team. Track the bids and give grades across desired criteria for each vendor.
4. **Interviewing and deciding:** Choosing the right vendor is more art than science. That said, it is very helpful to rate all proposals along the same criteria. You will probably end up with a range of proposals; ***put a budget range in your proposal to ensure you don't waste anyone's time***.

Refer to RFP templates and examples to help you and your stakeholders consider which information is most necessary to convey the goals and scope of your web design project.

Questions for Potential Vendors

It's just as important to know how to ask the right questions of potential vendors as it is to answer key questions yourself. ***Ask questions that make them speak to their experience, their design and tech influences, their budgeting and pricing models, and their work process.*** Here are some examples:

- Which staff will actually be working on the project? (This is especially important with large firms.)
- For the key people on your team, how much experience do they have?
- Have they developed other nonprofit sites?
- What's their experience with search engine optimization (SEO)?
- What's their experience with Google Analytics?
- Do all of the web projects they've recently worked on have a similar aesthetic? (That's okay, as long as you like that look and feel.) If not, are you confident in their capacities to expand their design?
- Do they outsource design?

- What technologies do they have experience with?
- What changes will you be able to make to the site *without* their aid, or that of another designer?
- What CRM systems do their technologies integrate with?
- How will invoicing work?
- What are the *milestones* and *timelines* associated with their development process?
- Are they comfortable with the timeline you've identified?
- What software do they use to manage their development?

Ask yourself:

- Would you want to spend a weekend in a cabin with these folks? You're going to be working with them for months.
- Have they genuinely attempted to understand your goals for the web project?

Selecting Your Designer/Developer

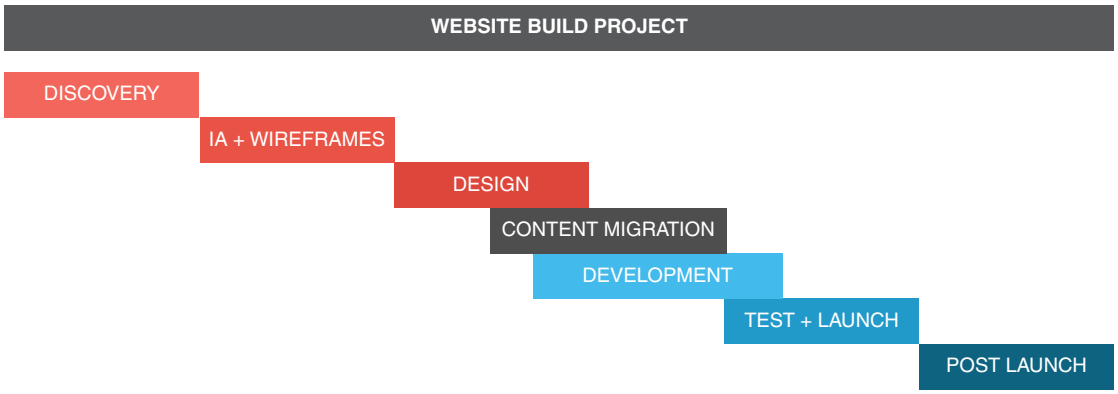
Make sure to ***rate each potential vendor along the same scale regarding the quality of the vendor's proposal, their proposed budget and timeline, and your confidence in their design abilities***. Rank each of these elements on a numeric scale to see how vendors stack up against one another. You can even consider asking vendors to complete a small sample project, although that'd likely entail some kind of budget for them.

Completing your web design project as intended will rely on continued project management from you as you vendor's client. Think about how you can build aspects of the "agile" approach to software development into your website design project by breaking down the work into manageable pieces and encouraging oversight, fluid product requirements, and flexible internal timelines.

The Website Design Process

After you've signed a contract, it's important to stay involved so that you can communicate with your designer about any aspects of the site that can't be designed the way you want them to be, and then work together to find alternatives – you may even end up with something better than you originally imagined! Conceptualizing a

Figure 14.4: The Steps of a Website Build Project



Source: Reproduced from https://www.wholewhale.com

website and creating it are not separate processes; they should inform one other (see Figure 14.4). ***A cooperative approach to web design projects will make sure that the new site's content, design, and functionality work together toward achieving the larger goals of the site and your nonprofit***.

First Round of Designs

Bring your user stories, information architecture, and sitemaps when you first meet with your designer. Talk them through your impact marketing funnel, corresponding KPIs, and key trends in user behavior. Remember to remain open-minded about insights and ideas that your designer may bring to the table, and to capitalize on their experience to create the best website possible for your audience and cause.

Development and Content Migration

This phase involves the developers in heads-down mode, turning the designs and wireframes into code.

The content migration may begin once the core CMS is in place, and it can be done with an automatic import. For larger sites, ***create a content map in a spreadsheet that details all existing content and notes if it needs to be kept, edited, or killed*** (hack: use Google Analytics' Behavior » Site Content » All Pages report and export that to a CSV to get a list of URLs).

The majority of delayed website launches happen as a result of this phase, so begin this process as soon as possible and don't underestimate how much time and work this will take.

Testing and Final Sign-Off

Like the first draft of a paper, there will be typos in the code and content. These errors will only be found through testing your user stories, which is a tedious but important process. ***Enlist the support of clients, volunteers, and staff to test any drafts of your website before publishing***. Log any bugs in a spreadsheet or online tool recommended by your developer. Be detailed with the activity, page, and device/OS used when testing. Use a tool like BrowserStack (www.browserstack.com) to help you test across different devices. There will be many bugs, so be sure to prioritize which bugs are critical and must be addressed before launch versus those that are lower priority.

Choose a low-traffic day to launch, and don't make an announcement until you give the new, live site some time to be tested in the real world.

Pro Tip: After launching, watch your Google Analytics and look out for 404 errors, as all of your content may live at new URLs and the developer may not have created redirects. Using a content mapping spreadsheet helps with this.

Growth and Training

Just because you've completed your site design project doesn't mean that you should stop asking specific questions of your site analytics to better harness the power of your web traffic.

One of the first and most frequent questions you should ask of your website is, "How is organic traffic doing year-over-year?" ***Use Google Analytics to analyze site popularity over time, with the goal of a 20% increase year-over-year***.

You should also continue to use your site analytics to ask the question, "Are we reaching key decision makers?" You have the ability to create audience segments that track the behavior of each. Use analytics to learn more about what they're doing on your website now and take steps to better reach and engage key audiences.

Growing Your Assets: Traffic and Lists

Google Ad Grants

Once your site is launched, the next step is to make sure you apply for and maximize a Google Ad Grant. ***Google offers qualifying nonprofits $10,000 a month in free in-kind Google Ads spending***. This grant can be a huge source of extra traffic to your site, thereby augmenting your other digital strategies and driving more conversions. Learn how to apply for a grant and how to use it to maximize your impact by taking Whole Whale's course on the Google Ad Grant for Nonprofits (https://www.wholewhale.com/university/adwords).

Search Engine Optimization (SEO) for Nonprofits

If you can get your site to the first page of Google search results naturally, regardless of any ads you may place, you can expect a flood of traffic to your website. ***The secret to building up your organic site traffic is creating high-quality content that meets searcher's needs, and ensuring popular, relevant keywords are included on your site and others that you link to or from***. But steer clear of "keyword-stuffing" to increase your rank without putting good content behind it, since Google and other search engines will penalize you for that.

This means that once you create a website, strategic content marketing is key to driving users to your front door. Successful content marketing includes performing regular, data-informed keyword research, developing and implementing an editorial process, optimizing content to drive conversions with A/B testing, and measuring and tracking success with Google Analytics and Google Search Console. Learn these and other SEO basics by taking Whole Whale's course in content marketing and SEO to drive impact (https://www.wholewhale.com/university/content-marketing).

Increasing Email Leads

As shared in Chapters Twenty and Twenty-Seven, building a list of people that want to hear from you via email is the foundation of digital fundraising – which is why ***email has an ROI of 122%, four times the return on paid advertising, content marketing, and direct mail.***[1] Email moves your supporters through the funnel: much in the way you wouldn't expect someone to marry you on the first date, email helps

you to build and nurture a relationship from aware to committed. ***Make sure your site is actively collecting emails on every page*** if possible (the header is a great place to stick a "Subscribe" button). Pro-tip: Consider using a pop-up like SumoMe.com to have email asks trigger when users indicate they are about to leave the site.

Case Study

Website Design on a Tight Timeline

Donate Life America is the largest national organization working to register Americans for organ donation and has worked with Whole Whale for three years to spread awareness about the cause and increase the database of registered organ donors across the country. DLA knew they would need a new, modern website before the launch of their partnership with Apple in 2016, so they moved through the steps of the web design process in just two months. This is how they made it happen:

- Week 1: Discovery + Strategy. Review brand surveys, tech specifications, and user personas.
- Week 2: IA + Wireframes. Outline information architecture and wireframes.
- Week 3: Wireframes + Design. Revise wireframes and work on style tiles inside of InVision, an app that allows for quick iteration and collaborative feedback.
- Week 4: Design. Review all site content to be migrated, finalize style tiles, and design page mockups. DLA's focus on content was the secret behind hitting their two-month deadline.
- Week 5-7: Development. Finalize designs and implement code.
- Week 8: Run beta testing and launch! The DLA team reserved time to go through each page of the site, noting key issues quickly. ***Planning ahead is key to ensuring that your team can stay on track***.

DLA followed the standard process of building a website from ideation to launch, but the real impact of the project happened as a result of their continued work. Following their site relaunch, the DLA team continued to prioritize digital marketing work on all fronts to increase overall website traffic by an average of 20% per year. Their work included:

Case Study

- **A/B Testing:** Starting immediately after the new DLA website launched, they experimented and eventually discovered that by adding a second registration button at the bottom of specific organ pages, they were able to improve donor registration by 89%.
- **Content Marketing & SEO:** The DLA team built out new pages detailing different types of organ donation that followed SEO best practices. This helped to prevent traffic from dropping after the launch of their new site.
- **Google Analytics:** DLA upgraded to Universal Analytics and implemented cross-domain tracking so they could see the entire user journey from donatelife.net to registerme.org.
- **Google Ad Grant:** DLA used the Google Ad Grant to drive relevant traffic to their site and continued to optimize grant performance for impact to register more organ, eye, and tissue donors.

Do's and Don'ts

Website Design Do's and Don'ts

- DON'T design a website without thinking critically about how you will use it to increase your impact.
- DO design your website navigation and information architecture with specific user journeys in mind.
- DO present a clear message with clear calls to action.
- DON'T create a website that conceals your organization's size, staff, or personality.
- DO include training in your design contract, and make sure you've allocated appropriate staff time to maintain the site.
- DO use Google Analytics to track and analyze your site performance and better understand how key audiences engage with it.
- DON'T forget about your website once it's up. Schedule regular updates and maintenance to your CMS, plugins, and other aspects of your site.

Conclusion

Despite the volume of concrete decisions and steps that make up the site design process, your nonprofit website can be distilled down into one goal: *impact*. To understand and explain why you need a website, look at your data and focus on key insights. When you're discussing the reasons for creating a new site, bring key metrics into the conversation and develop goals that correspond to real user behaviors and the real change you seek to make.

Understanding how these goals relate to your site performance and knowing what your data says will help your nonprofit decide for itself why it has a website and how to use it for greater impact.

George Weiner *is the Founder and CEO of Whole Whale, a digital agency that leverages data and technology to increase the impact of nonprofits and for-benefit companies, and the co-founder of Power Poetry, the largest teen poetry platform in the US. George's inspiration for founding Whole Whale came from his seven years with DoSomething where, under his leadership as CTO, the nonprofit became an innovator in social media, mobile technology, and social causes, engaging a community of over 1.5 million young people taking action. George is a board member of America's Charities (*charities.org*) and the To Be Heard Foundation (*www.tobeheardfoundation.org*) as well as the founder of CTOs for Good (*http://www.knightfoundation.org/grants/20110372*).*

Rachel Clemens *originally supported the Whole Whale team in content creation before taking on her current role as Digital Strategist Whaler. She is the producer of Whole Whale TV and coauthor of The Simple Guide to Building an Awesome Internship Program and contributes regularly to Whole Whale's online resources. Rachel is certified in Google Analytics and Google Ads, and her creative fingerprints have been found on Whole Whale's work with Power Poetry, Prizeo, Charitybuzz, Donate Life America, Lung Cancer Foundation of America, Concern Worldwide US, and AFS-USA.*

Website Design Resource Review

Steve Krug. Don't Make Me Think, Revisited: A Common Sense Approach to Web Usability. Berkeley, CA: New Riders, 2014.

This book offers a common-sense guide to website usability.

Luke Wroblewski. Mobile First. A Book Apart, 2011.

This book hammers home the point of how important mobile is to the success of your website.

Seth Godin. Purple Cow Transform Your Business by Being Remarkable. New York: Portfolio, 2009.

This book helps you think creatively about content and market positioning.

George Weiner. The Simple Guide to Creating and Navigating Tech RFPs. Brooklyn, NY: Whole Whale, 2016.

This book walks through the critical steps in the RFP process while providing simple examples, stories, and checklists to help nonprofits create RFPs that set them up for success.

Whole Whale (www.wholewhale.com)

Leading website design and development consultancy that also offers a wide range of helpful resources on its website, including:

SNORKL (www.wholewhale.com/snorkl)

This free RFP generator will help you swim through the RFP writing process and connect you to a database of vetted vendors.

Whole Whale University (www.wholewhale.com/university)

Whole Whale's online courses on digital topics that helps nonprofits amplify their awesome work.

47+ Terms You Should Know When Working with a Developer (https://www.wholewhale.com/tips/developer-terms-glossary)

This complete glossary of terms will help you translate developer jargon throughout your web design process.

How to Build a Website on a Budget (https://www.wholewhale.com/tips/build-awesome-website-budget)

This video and article walk you through the fundamental steps of building a website on a nonprofit budget.

CHAPTER 15

Measurement, Evaluation, and Learning Plans[1]

By Lovely A. Dhillon, JD, CEO, Jodevi

Introduction

One of the most important things your nonprofit needs to be able to do is measure its impact – that is, what difference are you actually making in the world? While some nonprofits do this well and can dynamically report back on these impacts, it is increasingly important as more and more individual donors expect this information, and institutional funders now routinely include measurement and evaluation as an explicit part of grant requests and reports.

For some organizations, measuring impact feels like a task that drains precious staff and financial resources away from core work and serving clients. Nonprofits want their funders to trust them when they say that change is happening, rather than requiring data and evidence of that change. Nonprofit employees often know they're making the difference based on observations, experience, and instincts – through the

people they see every day, the stories shared, the impact they witness directly, and the firsthand experience of seeing the change in a person, family, institution, or community.

However, measurement and evaluation benefit your nonprofit in incredible, even transformative, ways. This is especially true when done with rigor and acumen, with a spirit of learning, in conjunction with a wide range of departments and tools, and most importantly in partnership with stakeholders. ***Data that is culled from measurement and evaluation should not be used to prove or disprove but rather to improve.*** This chapter provides basic information on measurement, evaluation, and learning, and shares how a nonprofit can use these strategies to improve its work, garner more support, and ultimately have more impact.

Critical Skills and Competencies

Designing a Measurement, Evaluation, and Learning Plan

Creating a rigorous Measurement, Evaluation, and Learning Plan ("MEL Plan") goes beyond simply measuring activities. A MEL Plan is most effective when it is:

- based on an outcomes-focused Theory of Change,
- clear on audience and purpose,
- based on measures that provide a diverse data set through varied methodologies,
- tied to multiple organizational department and tools, and
- immersed in strategic learning and real-world application.

Develop a Theory of Change

Ideally, a MEL Plan should be a product of your Theory of Change. A Theory of Change documents how you think your nonprofit is going to bring its mission into being.[2] These are often presented in sequential order– one result leads to another, and ultimately to your mission. For example, a nonprofit may want to eliminate hunger through hosting food banks, while another may link people to jobs so they have more money to buy food. Both have the same mission – eliminating hunger – but different theories about how to best advance that goal.

Theories of Change are often visualized as a one-page flowchart of sequential outcomes that depict what changes you expect as a result of your activities and strategies. Theories of Change should never be crafted in isolation, and instead should be developed with stakeholders such as staff, board, beneficiaries, partners, donors, supporters, and communities. It is important to have credibility and ensure relevance in developing your Theory of Change. Organizational stakeholders should consider why the nonprofit does what it does and also what changes they expect to result from its strategies and actions.

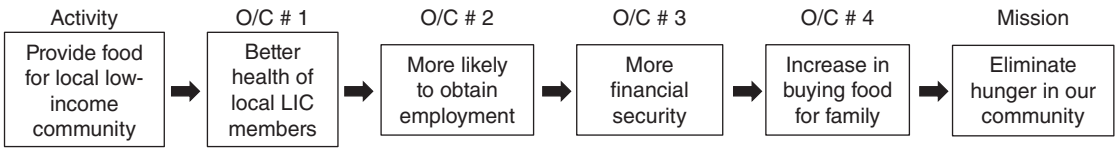
Your MEL Plan will measure the impact of your organization's work as you advance through your Theory of Change. ***A rigorous Theory of Change should be outcomes based rather than outputs based***. *Outputs* are often numbers and typically convey the immediate result of activities –e.g. the number of homeless people fed. While outputs can be important to track and often share valuable data (e.g. is your food bank feeding the number of people it expected to serve?), they don't necessarily share much about *what changed* for the person, organization, or community.

On the other hand, ***outcomes reflect the change(s) that occurred as a result of your activities or strategies***. How did people's lives improve as a result of the coming to the food bank? What increased or decreased? Did people become healthier? Did they feel a greater sense of community with others? Were there fewer hospital visits? All of these things may be important outcomes depending on your Theory of Change.

An example of a very simplistic, outcomes-based Theory of Change is feeding low-income community members (the organization's activity/strategy) will lead to better health (outcome 1), which will lead to a better ability to get a job (outcome 2), which will lead to more income (outcome 3), which will lead to buying more food (outcome 4), which will lead to the elimination of hunger (mission) (see Figure 15.1).

Measuring outcomes allows you to test your Theory of Change and determine early on whether it's working. In the food bank example, the nonprofit staff may believe that feeding people will lead to better health and more jobs. In testing these

Figure 15.1: Sample Theory of Change



assumptions through their MEL Plan, they may discover that better health and more financial stability doesn't result. Thereafter, they can consider new strategies, such as adding a workforce development program or changing the type of food served – or they may even choose to reconsider the validity of their Theory of Change. Measuring outputs, such as the number of people fed, can also provide useful data. ***A mix of outputs and outcomes is ideal, with outcomes measured at different sequential stages: short, intermediate, and long term***.

Determine Audience and Purpose

Once you've developed your Theory of Change, it's time to develop the elements of your MEL Plan. The elements of the MEL Plan that is developed will depend on the audience(s) for the plan and the purpose(s) of that data. ***Typically, the two primary audiences for nonprofit MEL Plans are funders and internal staff, but you should also consider your beneficiaries a core audience***. Measurement for funders will likely fall within that funder's funding requirements – e.g. the foundation's goals or the outcomes they're looking to achieve through its grants. These are often shared in grant request guidelines, grant agreements, or through conversations with funders (more on this in Chapter Nineteen).

The audience of a MEL Plan should also include your staff and board. Data provided through the plan yields organizational insights about activities, strategies, and ultimately your Theory of Change. ***The MEL Plan will unearth where you're meeting targets, where there might be a lag requiring more attention, what you're doing right and might want to do more of, and what's not working***, which you might want to adapt or eliminate. Ideally, the MEL plan will inform strategic decision-making and provide the basis for adjustments to strategy.

A MEL Plan can also share the contributions of your nonprofit and its departments, providing insight into how your organization works as a whole when pieces are rolled up together in the data. This can be particularly beneficial in making teams more productive as members consider what has worked and what hasn't and how they're contributing to overall outcomes.

Additionally, a MEL Plan can help you allocate staff and financial resources during annual planning. This can be scary sometimes, especially when you're worried that the data can be held against you (e.g. perceiving it as "hit this target or we are going

to assume you're not successful"), but ***measurement and evaluation is about learning and improving, and should provide internal staff with an opportunity to do both***. As a nonprofit leader, you should never rely exclusively on MEL to evaluate team performance. Rather, leaders treat it as a tool for strategic learning, as described below.

Other audiences and purposes for a MEL Plan include:

- The public (e.g. to share the impact of the organization, for public relations, to raise funds)
- The media (e.g. to increase coverage and build interest in and support for the organization's work)
- The communities you serve (this is often overlooked but critically important)

Determining What to Measure

Once you've identified your audience, what you need to measure becomes clearer. One of the first things your organization can do is determine what it *has* to measure. Often this will mean culling through donor and contractual agreements and ***making a list of metrics, outputs, or outcomes to which you've committed***. For one global client, I found 79 data points through this first step! Ideally, these data points will align to your Theory of Change, but often they do not. When this occurs, it should raise a red flag. This can help identify programs and activities that may not be aligned with your Theory of Change, and as such likely need to be re-evaluated to determine if they're still a valuable use of limited resources. It can also indicate that your grant requests are tying you to work that isn't linked to your Theory of Change, and realignment may be necessary.

The next step is to ***determine which outcomes in your Theory of Change are pivotal and must be measured because they underpin your assumptions about how change will happen***. The best way to identify these is through group discussions that include a wide array of staff, board members, beneficiaries, partners, and community perspectives.

As noted earlier, the outcomes you measure should include short, intermediate, and long-term goals so that progress can be regularly evaluated, and you can ensure

progress toward longer-term goals. ***A good MEL Plan includes a diverse set of intended outcomes and outputs and utilizes a diverse number of data sources***.

Your nonprofit may already track activities (e.g. number of homeless fed to determine the budget needed to purchase food) that you should consider including in your measurement plan. For larger organizations, the value of these output-oriented measures may be limited, but for smaller nonprofits, it is usually beneficial to have all of the data in one location.

The final step in developing your MEL Plan is determining your organization's strategic learning goals. *Strategic learning* is the gathering of data to provide useful insights and/or inform a decision-making process. Strategic learning isn't necessarily tied to your Theory of Change (what you expect to happen) or current work, but rather is about what you want to learn that might help you decide which new activities, strategies, or even outcomes to pursue. Often, with strategic learning, you'll ask questions in advance, such as "What do we want to know? What, if known, will help us do our work better? What will help us determine which direction to pursue?" For example, the nonprofit working on health outcomes for the homeless may ask their homeless clients, "What do you think would be the most helpful to improve your health?" or ask partners, "What is the greatest area of unmet need for the homeless?" This intentional and regular learning can be pulled into strategic planning discussions in organizational strategy and activity development.

One note of caution when determining what to measure: make sure you prioritize. There are many things that may be helpful to measure, but limited time and resources translate into limited measurement. It is better to measure a few well that to measure lots of things that may not matter, which results in wasted time and useless data. **When considering how prioritize what to measure, consider the following factors:**

- Do we have to measure it?
- Is it currently being tracked in some other form?
- How helpful will it be in our future planning?
- How valuable will the data be in testing our Theory of Change?
- How likely are we to actively use the data?

- How resource intensive is it to collect (e.g. staff time, cost)?
- How easily accessible is the data?
- Are there other sources for this data (e.g. partners who may have the information and share their data)?

Measurement Mechanics

Once you've developed your Theory of Change, clarified your audience and why it's important to communicate with them, and landed precisely on what you'll be measuring, it's time to start building the structure of your Measurement and Learning Plan. A good MEL Plan will yield a mix of quantitative data (data that is numeric and typically utilizes statistical analysis) and qualitative data (data that is descriptive in nature rather than numeric, such as from interviews). The MEL Plan should be designed with both in mind. **Your MEL Plan should include:**

- **Data Points**: These are the specific outcomes or outputs that you measure. Strategic learning questions can be included as data points or in a separate part of the MEL Plan.
- **Indicators**: Indicators are the specific things you can observe and measure (e.g. "the number of," "a change in condition") that demonstrate your progress (or lack thereof) toward a data point(s). ***To identify your indicators, just ask: How will we know if this data point has happened?*** For example, an indicator for improved health in a homelessness program might be: "The number of homeless clients who are diagnosed by medical staff with improved health conditions." Or "Homeless clients reporting feeling healthier after participating in our three-month health program." Or "Fewer hospital stays reported for our client population."
- **Methodology**: You will need to determine how the data will be collected. Examples of methodological approaches include online surveys, interviews, observations, research, and more.
- **Data Sources**: This describes where you'll look for support for that indicator. Data sources should be varied, for example: staff observations, other people (e.g. beneficiaries participating in a program, attendees to an event), media

(e.g. social media, news media), publications (e.g. journal articles, academic papers, studies, and websites).

- **Responsibility**: Determine all of the people who will have responsibility for providing information for that data point as well as one person who will have primary responsibility and be accountable for ensuring that the data is collected.
- **Collection Period**: Determine the schedule for when the data should be collected and entered. ***I recommend collecting data quarterly, as it's typically manageable while still providing relatively current insights***.

In addition, here are some optional items to include:

- **Target Status**: ***Establishing a target or desired trend level for the data point helps you determine which goals are on target and which may require attention***. Just like the dashboards detailed in Chapter Five, these can often be designated by a green, yellow, red system – on target, progressing, needs attention.
- **Purpose**: It can be helpful to have the purpose of data points indicated in the MEL Plan. Some suggested high-level categories to use in noting this are Grant Requirement, Strategic Learning, and Media Point. These can be valuable when segregating data.
- **Theory of Change Outcomes**: It is good practice for your MEL Plan to link data points to specific outcomes from your Theory of Change. This is very helpful when testing a particular part of your organizational theory.

Linking to Departments and Plans

Your MEL Plan should serve as a centralized source of data that is linked to your nonprofit's departments and strategy tools. As a result, the MEL Plan should be designed in consideration of, and ideally with the participation of, *all* departments. Once your MEL Plan is linked, the data and insights it yields will offer valuable, easily accessible, and current information in one central location. ***Having this clearinghouse saves staff from time-consuming, repetitive conversations and stressful fire drills***. For example, when you, your executive director, a board member, or another staff needs data quickly, such as to meet with a donor, for a speech, or when fulfilling a last-minute media request, the data will be readily available.

In addition to supporting your Theory of Change, your MEL Plan should also be used to both test and inform your strategic plan. ***Initially, your MEL Plan should test some of the strategies and activities contained in your strategic plan*** and provide vital insights about progress, challenges, and learning. That data can be utilized to inform the subsequent iterations of your strategic plan as you move forward. Through this cycle of testing and learning, your nonprofit can iterate strategies and activities to have as meaningful impact as possible.

The MEL Plan should also link to fundraising tools, including fundraising plans (see Chapter Seventeen), grant reports, and grant requests (Chapter Nineteen). As mentioned above, limited resources require prioritizing which data points need to be tracked by the MEL Plan, and ***it will definitely benefit your organization to fold data already needed by fundraising staff into your MEL Plan***.

Similarly, if you have a communications and media plan (see Chapter Twenty-Four), it can be helpful to link that with your MEL Plan. This enables your communications staff and others to pull directly from the MEL Plan, especially when posting on social media and in response to unexpected media requests.

There are certainly other departments, such as human resources and accounting, which will benefit from a well-designed MEL Plan. Depending on the size and complexity of your nonprofit, consider the other organizational plans, tools, and departments that may benefit from being linked to your MEL Plan.

Strategic Learning

Finally, you should design your MEL Plan with *learning at the core*. As stated previously, data is best when it is used to learn and improve. Therefore, ***you should constantly consider what you're learning and how that can be folded back into your work to improve it***. Testing the assumptions behind your work is key to making the most of a good MEL Plan.

Similar to your strategic plan, your MEL Plan should be a living document that is revisited and revised periodically. In regular check-ins, consider if the data you're collecting is providing the insights you need without being too burdensome and, if not, how you should adapt the plan. You should also look out for any surprising revelations that may point to changes needed in how you execute programs so you can optimize against your ultimate outcomes. Finally, it's also important, especially

for smaller nonprofits, to consider if the work involved with the MEL Plan is too resource-intensive for any one person or team. It will be important to negotiate and possibly redistribute that workload, and at times this may mean relaying any change of plans to funders, your board, and other stakeholders.

Do's and Don'ts

Measurement and Evaluation Do's and Don'ts

- DON'T include everything you want to learn or know about in your Measurement, Evaluation, and Learning Plan.
- DO choose a few things to measure accurately and deeply. Start with something simple and build up over time, refining as you go.
- DON'T add data points to your MEL Plan without considering factors such as resource cost (staff, financial), impact value (e.g. on the client base, community, organization), strategic learning value, short-term versus long-term value (how long will it take to obtain rigorous data results), alignment with MEL audience(s) and purpose(s), and return on investment (what the organization will gain through the data produced).
- DO involve stakeholders in the design of your MEL Plan, especially people representing different teams on your staff, your target community, board, partners, and others with knowledge of your work and the field.
- DON'T agree to additional measurement and evaluation requirements (e.g. for new funders) without considering your MEL Plan to ensure alignment.
- DO ask your staff what would be most valuable for them to learn in their work.
- DO budget at least 3–5% of your annual budget on MEL. You may need more if an audience (e.g. funder) or purpose (e.g. strategic planning process) requires it.
- DO ask funders (foundations and individual donors especially) to support your first MEL Plan design, such as through capacity building grants.

Conclusion

Measurement, Evaluation, and Learning is a critical part of running a nonprofit. Sometimes creating or executing a MEL Plan can feel overwhelming. However, by creating a plan that starts with a few prioritized measures, focuses on learning, and links with your organization's departments and other strategy plans, you'll find that it's well worth the investment of effort, money, and time.

All nonprofits are united in wanting to improve the world. Succeeding in your vision takes resources – staff and money certainly, but it also takes strategy that is both well-conceived and well-informed. A well-designed Measurement, Evaluation, and Learning Plan can provide vital support in making your work more meaningful to you and your impact on the world more significant.

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Measurement and Evaluation Resource Review

American Evaluation Association (www.eval.org)

Comprising over 7,300 practitioners and users of evaluation from every state and 80 countries, the AEA has regional affiliates and is a great place to network, learn more about evaluation, and find evaluators for projects. Their website offers a robust compilation of resources, some of which require membership to access, and they also produce a great annual conference with hundreds of workshops and panel discussions on monitoring, evaluation, and learning. Be sure to review the AEA's guiding principles (https://www.eval.org/p/cm/ld/fid=51), cultural

competence statement (https://www.eval.org/ccstatement), "evaluation roadmap" (https://www.eval.org/evaluationroadmap), and the AEA 365 Blog (https://www.aea365.org).

Donna Mertens and Amy T. Wilson. Program Evaluation Theory and Practice: A Comprehensive Guide (2nd Edition).

This comprehensive, updated book provides a helpful overview of evaluation. It shares historical and current theory and practice; development of evaluation plans; data collection methodologies; data analysis techniques and tools; methods for communicating results; and issues and trends within evaluation.

"Basic Monitoring and Evaluation Concepts" video by Ann-Murray Brown (https://www.youtube.com/watch?v=lR8FalapJf0)

This resource is a clear and succinct summary of the key evaluation concepts of inputs, activities, outputs, outcomes, and impact.

Better Evaluation (www.betterevaluation.org)

This website is one of the most comprehensive collections of evaluation methodologies, practices, tools, and resources.

The Step-by-Step Guide to Evaluation: How to Become Savvy Evaluation Consumers (evaluationguide.wkkf.org)

This free handbook is one of a number of valuable resources the Kellogg Foundation has produced for evaluation users and practitioners. The easy-to-read resource provides practical techniques and engaging examples, with a focus on real-life application.

Evaluation Flash Cards (https://ottobremer.org/wp-content/uploads/2017/12/OBT_flashcards_201712.pdf)

Updated in 2017, these cards are a collaboration of the Otto Bremer Foundation and Michael Quinn Patton. This free resource provides summary information for evaluation methods, concepts, and tools.

Lovely Dhillon and Sara Vaca. (2018). Refining Theories of Change. *Journal of MultiDisciplinary Evaluation*, [S.l.], v. 14, n. 30, p. 64–87 (April). ISSN 1556-8180. Available at http://journals.sfu.ca/jmde/index.php/jmde_1/article/view/496/444

Evaluation is best when linked with a solid Theory of Change. This article reviews the basic components of a good Theory of Change and provides ways to reflect additional complexity, suggests linkages to other organizational tools, and shares innovations in visual representation.

Stafford Hood, Rodney Hopson, and Henry Frierson. Continuing the Journey to Reposition Culture and Cultural Context in Evaluation Theory and Practice. Evaluation and Society, 2014.

The editors review approaches, theories, and practices in culturally responsive evaluation, and address the importance of placing evaluation within the context of cultural issues at play, especially in light of global trends and changing demographics. A diverse group of chapter authors share practical guidelines and approaches to being culturally responsive in evaluative inquiry.

Ann P. Zukoski, David M. Fetterman, and Liliana Rodriguez-Campos. Collaborative, Participatory, and Empowerment Evaluation: Stakeholder Involvement Approaches. The Guilford Press, 2018.

The authors provide basics on how to involve stakeholders in the evaluative process by focusing on three growing trends in evaluation approaches: collaborative, participatory, and empowerment evaluations. They review each approach, provide context and practical steps, and share helpful examples.

Hallie Preskill. Building Evaluation Capacity. 2nd edition. SAGE Publications, Inc., 2015.

This how-to book provides activities, examples, and guidelines for developing and implementing evaluations.

EvaluATE (www.evalu-ate.org)

This website offers resources, webinars, and workshops to increase evaluation capacity and promote discussion on related issues.

Scott Chaplowe and Brad Cousins. Monitoring and Evaluation Training: A Systematic Approach. SAGE Publications, Inc., 2015.

The authors provide insights on how to optimize monitoring and evaluation training to best increase capacity and skill.

Wendy Tackett. Having FUN with Evaluation!: Embedding Engaging Activities to Facilitate Evaluation Use. 2018.

Recognizing that evaluation can sometimes feel burdensome and inaccessible, the author suggests ways to integrate creativity and fun into evaluation projects. The book provides tools that evaluators, users of evaluation, and other stakeholders can utilize to understand and feel more engaged throughout the process.

Kylie Hutchinson. A Short Primer on Innovative Evaluation Reporting. Community Solutions Planning & Evaluation, 2017.

This book shares tips to make evaluation reports more accessible and interesting.

Stephanie Evergreen. Effective Data Visualization: The Right Chart for the Right Data. SAGE Publications, Inc., 2017.

This book focuses on data visualization for reporting evaluation results. Working completely in Excel, the author explains basic concepts, shares insights about which visualization formats are most impactful, and provides examples for creating effective evaluation reports.

CHAPTER 16

Constituent Relationship Management

By Kevin Bromer, VP Product Delivery, and Lori Freeman, VP Industry Solutions, Salesforce.org

Introduction: What Is Constituent Relationship Management (CRM)?

Running a nonprofit is complex. Fortunately, you're the rare individual that remembers every person you've ever met. You remember their names, phone numbers, email addresses, the address of their summer homes, and of course little Susie's birthday. You've memorized the full universe of processes at your organization for each staff member, volunteer, contractor, or consultant with whom you've ever worked. You can instantly transfer all of this knowledge as needed to donors, employees, board members, beneficiaries, or the IRS.

Or maybe not. If you're anything like us, those details are hard to keep straight. Luckily, there is a solution: Constituent Relationship Management (CRM) systems. Often, a limited number of free CRM licenses may be available to smaller organizations who meet certain criteria. CRM can serve as the digital "brain" of your nonprofit, saving you countless hours of organization, memorization, and awkward

re-introductions. Many nonprofits choose to move to a CRM after years of using multiple spreadsheets to manage contact, donation, and organization program details. CRM allows you to access and manage your data in sophisticated ways that spreadsheets don't allow.

While even a free CRM is often described as "free . . . just like a puppy!," with a little bit of care and training your CRM will become a dedicated member of your nonprofit family and an indispensable part of your day-to-day workflow. Before we dive into how to select and use a CRM platform, let's dive a bit deeper into how it can help you meet your mission more efficiently and effectively.

What Does CRM *Do*?

Let's start with some nomenclature. You'll often hear CRM described as "enterprise class," "enterprise grade," or "enterprise software." While this can sound intimidating, it is only indicating an important fact about a particular CRM: whether it is designed to meet the needs of the entire organization (the "enterprise") or to aid a single department or program. We will talk about the value of deepening the use of your CRM momentarily, but for now just remember that everybody in your organization should be users!

At its core, CRM is a piece of software encompassing two key components: first, a database that provides a storage repository for key information about the people, things, places, metrics, measures, and ideas your nonprofit cares about on a daily basis. Second, it contains a business process engine for automating and executing regular tasks that use that key information. ***A good CRM can help you do things like "acknowledge a new donation" or "post new content to the website" or, for direct service organizations, "complete intake for a new program participant."***

Like a puppy, the more training and attention you provide it, the better behaved and more obedient it will be. Or, put another way: ***the deeper the use of your CRM, the more value your nonprofit will receive***. While using CRM for data storage alone certainly provides value, you will only achieve the full value of your investment by using all of its features.

"Business process automation" is the name of the game in the world of CRM. ***When properly configured and used, your CRM actually does your work for you***. Going back

to our earlier examples, automating the process of sending donation acknowledgement letters when each transaction is completed ensures donors receive timely acknowledgments, you maintain compliance obligations, and you have a giving and communication history for donors at your fingertips. For service-oriented organizations, a CRM can ensure new program participants receive a welcome packet and are automatically enrolled in the appropriate introductory programs.

This sounds powerful, but also potentially overwhelming. After all, the limits of what can be automated are really up to your own imagination and a bit of technical ingenuity. Don't be intimated. Business process automation tools are designed for users like you, and most modern CRM systems provide wizards, drag-and-drop design tools, and tons of learning resources to help you get the most out of your automation journey.

Beyond helping staff manage internal information and processes, the strongest CRM users expand how they connect their stakeholders by bringing them inside the digital walls of the organization. Portals, online communities, your website, and more can all serve as engagement points with your constituents. In fact, many constituents have now come to expect this level of access in today's digital age. Adding a donation form to your website, creating an interactive forum for board members or clients, providing a data feed to a national funder or partner, powering a mobile app, or simply soliciting feedback from the voices you care about most can all be good reasons to selectively share data and processes from your CRM externally. CRM can also allow you to track and view the history of those engagements as they're happening, learn from them, and tailor experiences unique to your constituents in real time. As you might imagine, ***close attention to security, user access, and data visibility are critical to ensuring that each user has access only to the data they need***, but these tools are powerful and the use cases are endless.

What Are the Benefits of CRM?

CRM can help you:

- Codify and standardize workflow you're already using, making the process and your organization more efficient
- Increase relevant information sharing amongst current and future staff, board, volunteers, and constituents

- Deepen your relationships with supporters and stakeholders
- Help you make informed decisions based on data and evidence
- Coordinate day-to-day activities, schedules, and resources
- Create a thriving "institutional memory" as your nonprofit evolves and changes

Core Skills and Competencies: Using CRM

Now that we've reviewed some of the main reasons why nonprofit leaders choose to implement CRM platforms in their organizations and what those platforms are capable of, let's take a look at how to get the most out of your system.

Contacts and Communications

Just as with all technology tools (see Chapter Thirteen), to get the most out of CRM it's absolutely critical you start with a strong foundation, based on a clear grasp of how it can add value to your efforts and advance your mission. At its core, ***CRM helps you manage your nonprofit's relationships with three key constituencies: investors/donors, program beneficiaries, and employees/staff***. Without quality data to drive everything else, all of the business process automation and engagement in the world won't help your organization function better.

The central role of CRM is to record encounters (often referred to as "touches" or "interactions") with these stakeholders. While every CRM is different, ***each and every person your organization encounters should be entered in as a "contact"*** (this can sometimes be a "person" or "account" as each CRM product uses slightly different terminology). The attention given to recording these encounters will ultimately determine your CRM effectiveness and the level of trust YOU have in your data. If you trust your data and practice good data hygiene, you can trust your system to send email directly through the CRM to an individual contact, groups, or your entire database.

You can also help future-proof your outreach by scheduling an email to be sent out at a specific time or based on a specific condition (i.e. once your fundraising target is reached). In each case, ***all emails sent through the system are recorded on each contact's file***, typically referred to as a "record." This means that anyone else looking at that

record can see the history of communication with that contact. That's what we mean we say that you can ensure an "institutional memory" – even if the particular point person on a relationship moves on, you still have access to all of their information.

The same is true for phone calls or postal mail – by logging all interactions with your contacts, your CRM helps you track and optimize relationships. Imagine being on a call with a prospective donor. You bring up the donor's record and notice their daughter recently participated in a volunteer event and their spouse is an executive at a local nonprofit. This background information supports a more thoughtful and productive conversation, creating a stronger sense that you "know" the prospect better and increasing the likelihood of a contribution. Similarly, if you run a nonprofit that houses abandoned animals, when planning your annual fundraising campaign, you could easily identify anyone who previously adopted a dog or any veterinarians who provided medical services.

Outreach: Measuring Financial and Other Forms of Value

CRMs are great tools for helping to track the effectiveness of your outreach efforts. Outreach campaigns are meant to generate a return on your investment, which might be financial, or it may help you advance other efforts, such as increasing awareness about a political or social issue. ***The key is to assess upfront how important a particular return is, what it's worth to you, and then track how effectively your campaign is able to achieve those goals***. Fortunately, CRMs are great at this work. How might you set this up?

To start an outbound campaign, record your upfront costs and set your goals for your desired return. Goals might include registering a specific number of volunteers, soliciting letters to politicians to raise awareness of an issue, or a dollar amount you hope to raise. The important thing is that you ***choose goals that are S.M.A.R.T.***, or:

- (S)pecific
- (M)easurable
- (A)chievable
- (R)elvant
- (T)imebound

Once your goals are set, it's time to execute. ***All good CRM platforms contain a mass communication feature that can be used to initiate an outreach campaign***. Once your communications have gone out and you've achieved the desired response rates (you *are* A/B testing your messaging, right?), now it is time to look at your results. Let's assume you're sending out a multi-step call to action asking your constituents to do any or all of the following in support of your organization:

1. Donate
2. Contact their local government officials
3. Host a house party to raise awareness of your organization

Donations are the easiest to track. ***Most CRMs will help you track your donations out of the box, either by manually entering them or through integration with your website or payment tool***. Those donations add up to a dollar amount that is easily comparable against your campaign's goals, enabling you to assess the effectiveness of your campaign.

How about the other two goals? Online forms linked to your CRM can facilitate your constituents telling you they've contacted their representative. Similarly, with the house party, entering self-reported details into your CRM will later help you identify who your most engaged constituents are, the best way to reach them, and the right individuals to engage as your champions and messengers moving forward.

All of that information together will help you assess and analyze the effectiveness of your efforts, in addition to pointing to impactful next steps, and can all be stored in your CRM. We'll talk about how your CRM can help you "assess and analyze" and how it informs strategy and tactics in the "Business Intelligence" section below.

Just about all nonprofits communicate with external audiences, and your CRM is key to making those interactions as impactful and effective as possible.

User Adoption

If a tree falls in the woods and nobody is there to hear it, does it make a sound? Or, the CRM corollary: if your CRM contains all of the information and business processes your organization needs to operate, but nobody uses it, does it make a difference? In short, no.

In the world of CRM, adoption is what it's all about. ***Adoption refers to how deeply, effectively, and regularly your staff uses your CRM***. The database experts out there may cringe to read this, but users who don't find your CRM to be intuitive and effective – or see early and accessible value when using it – simply won't bother. Their data won't be kept up to date (or even recorded at all!), further degrading the value of your CRM. And so the downward spiral toward technology abandonment begins.

Fortunately, you have tools at your disposal to help increase user adoption! ***Providing mandatory training on your newly-implemented CRM platform is absolutely critical to ensure your team understands it, is clear on the value it provides, and has the opportunity to share questions and concerns***, all of which is key to ensuring widespread adoption. Beyond that, setting house rules such as "if it's not in the CRM, it doesn't exist" can certainly help in a variety of situations, but many nonprofits find working closely with users to identify how to best utilize your CRM's processes and tools is the best way to accommodate day-to-day workflows. Your goal should be to quickly get to a point where your CRM powers all of the work of your organization and creates efficiency, not bureaucracy. Working together is often the most effective way to drive engagement with the system. This "user-centric" approach to evolving the CRM's functionality drives adoption, and more importantly, promotes organizational success with using the system.

Business Intelligence: Reporting, Analytics . . . and AI?

How can you make your nonprofit "business" as smart as possible? Business intelligence, or "BI" for short, means different things to different people, but for our purposes we like the definition provided by Forrester Research:

"A set of methodologies, processes, architectures, and technologies that transform raw data into meaningful and useful information used to enable more effective strategic, tactical, and operational insights and decision-making."[1]

Translated loosely that means: "looking at your data and using it to make informed decisions." How do we think about BI in the context of a CRM? As previously discussed, a CRM should be the central home for the myriad of data captured across your organization's activities and communications. Since your data is now

centralized, we can use a variety of BI tools to evaluate and draw conclusions from that data, often without leaving the comforts of the CRM itself!

Reporting is a basic feature of any CRM, allowing you to ask important data-driven questions such as, "How many donors contributed last year, but not yet this year?" Or "How many clients are return users of our services?" *Analytics* is the process of gaining insight from that data. For example, knowing 90% of your donor base from last year has not yet donated this year should help you identify marketing campaigns or other initiatives in which to invest. Or, it can help you identify issues or concerns with your outreach, programs, and more.

How does artificial intelligence ("AI") fit into this? Just like BI, AI has a wide variety of meanings. However, in the CRM world, AI or "machine learning" generally refers to a system or process that is *constantly* and *automatically* examining your data and helping you identify trends you may not even be looking for. In its more advanced implementation, it can even make suggestions to you based on that data, including things like identifying likely donors based on a combination of data points in your system. To deliver that kind of clear information, the system may look at responses to past communications, volunteer engagement, previous donation history, and even external data like net worth. We're still in the early days of the evolution of AI in CRM, but many providers have started embedding AI in their CRM products to add value to data collection and analysis. Just remember, like any other aspect of your CRM, it all comes back to the quality of the data.

Case Study

Compass Working Capital

Compass Working Capital is a Boston-based nonprofit supporting roughly 1,200 families annually to reach their financial goals. Its innovative flagship program helps families receiving housing assistance to leverage a federal program, allowing them to save a portion of their rent each month, and steers clients toward success with personalized coaching. Since 2010, Compass clients have collectively been able to increase their return on savings from $1.4 to 4 million dollars. With a staff of just 30 people, Compass recognized it needed to be more efficient if it was going to keep clients on the path to success. In 2014, Compass partnered with Salesforce to find the right technology solution for this challenge. Implementing the Nonprofit Cloud

Case Study

enabled Compass to accelerate its impact, doubling the number of clients it serves every year. Here's how:

Each client family is assigned a coach. Working with 50–100 clients at a time, the coaches needed tools to enable them to be as effective as possible, and adopting a CRM platform has allowed them to streamline and organize their work.

Coaches now enjoy a one-stop shop for all activities, enabling them to see their workload at a glance. They can generate automated appointments, using a custom object and process builder to send personalized email reminders to clients. Throughout this process, coaches ensure personalized, yet fully automated communication with clients, including the ability to adjust language preferences in correspondence and sending text messages to clients.

One of the first activities that a client works on with their coach is creating a budget. Previously, this was a complicated process with multiple steps taking place in an Excel spreadsheet. Coaches would have to manually transfer the information to a second reporting system for outcome tracking. They would then create a customized budget to give to the client. Similarly, when pulling a client's credit report, staff would have to manually identify and enter relevant lines into a client's record from a PDF. Compass has since eliminated duplication and manual processes entirely by consolidating client data, financial health, goals, plans, and meeting information into one system. Coaches are able to pull in data on credit scores and debt, directly connect this to a client's record, and automatically generate budget statements that can form the basis of a conversation around a financial plan. This saves the staff saves thousands of hours a year, plus decreases errors associated with manual entry.

Given their importance in helping clients succeed, Compass wanted to ensure coaches were well supported in their work. Prior to implementing a CRM platform, program managers would have to wait at least three months to see where coaches might benefit from additional support. Today, managers and coaches are able to review outcome reports on a monthly basis and generate actionable conversations between staff, as well as look at client outputs and outcomes

Case Study

across time horizons. Compass can see which clients might benefit from an extra check and is able to analyze longer-term trends, such as by how much have people's credit scores improved over time? Using these data, program staff consider any changes they might need to make to improve program effectiveness.

This proof of efficiency and effectiveness in creating impact also makes funders more confident in their investments. The system they have built to run their programs is the same system they use for managing donor relationships. With a single system for fundraising and programs, Compass Working Capital has been able to grow revenue by more than 150% over the past three years.

Do's and Don'ts

CRM Do's and Don'ts

- DO dedicate appropriate resources. CRM is "enterprise" software and is most useful when it is invested in and used to manage your *entire* organization.
- DON'T think that donors are your only constituents. Relationships with program beneficiaries, staff, vendors, board members, and employees should also be managed by your database.
- DO focus on building relationships, which is a long-term process and requires ongoing investment.
- DON'T only use your CRM as a data bucket. Accessing and analyzing data to identify insights is arguably even more important than simply collecting information. Always remember that CRM is simply a tool to help you meet your mission.
- DO focus on user adoption. All staff should consistently be using your CRM to manage their work and "live in the database."

Do's and Don'ts

- DO provide training and ensure you build your system to meet the needs of your employees, accommodating existing work flows whenever possible.
- DON'T let your CRM stagnate by failing to regularly assess what changes to your CRM can make it more useful. Your CRM reflects the processes that are critical to your organization. If your CRM stagnates, so has your organization.
- DO focus on reporting. You built an organization to solve a problem. Imagine what the world would look like if you succeed – then imagine what you would need to prove you had done it. That insight should drive what data you need and what processes you need to manage.

Conclusion

A well-designed and widely-adopted CRM can serve as the lifeblood of your nonprofit, allowing you to operate more effectively and efficiently, with organizational continuity and consistency preserved during inevitable staff transitions. CRM provides an easily accessible home for all your data, and the use of reporting and business intelligence tools not only helps you examine your data, but make well-informed, critical decisions based on the reality around you, not just hunches or instincts. Process automation will help you "manage what matters" and provide you the ability to reach donors or offer your services with greater speed and accuracy.

CRM presents a transformative opportunity for any organization serious about enhancing its ability to fulfill its mission. It allows nonprofits, no matter what their size or staff, to take advantage of the tools, processes, and procedures that will help it succeed. The power of enterprise CRM software is available to even the smallest of nonprofits, giving them the ability to leverage the "blowfish effect" to create outsized impact relative to size. And if you're one of those small organizations, CRM can offer you the opportunity to join the newest class of technologically savvy nonprofits: the small and mighty.

Kevin Bromer *is a Vice President at* Salesforce.org*, the nonprofit arm of the world's leading CRM provider. Kevin has spent nearly 15 years in the nonprofit and education sectors, including the past eight years at* Salesforce.org*. In that time, he's been responsible for building the CRM engineering teams at* Salesforce.org *and leading the teams responsible for developing* Salesforce.org*'s core CRM products, including the Nonprofit Success Pack.*

Lori Freeman *is a Vice President at* Salesforce.org*, the nonprofit arm of the world's leading CRM provider. Lori has been working in the nonprofit sector to build, deliver, and promote solutions that scale for nonprofits for more than 20 years. She has spent the last 10-plus years working in the Salesforce ecosystem, including the past five years at* Salesforce.org*. While at* Salesforce.org*, she's been responsible for leading the Nonprofit Industry and Product Marketing teams.*

Kevin and Lori believe great technology in the hands of great organizations can change the world and have both committed their careers to that goal.

CRM Resource Review

NTEN, The Nonprofit Technology Network (www.nten.org)

This is the ultimate resource for all things nonprofit technology. Be sure to check out their ecosystem report, free software, and webinars.

Idealware (www.idealware.org/CRM)

Idealware offers research, assessments, and a variety of tools to help you get the most out of your CRM.

Salesforce.org (www.salesforce.org)

Wherever your nonprofit is going, and however you are growing, Salesforce .org believes you should have the tools to make a better world possible. With a discount and donation-based pricing structure, their leading CRM platform is

accessible to nonprofit and education organizations of all sizes. With dedicated events and a vibrant online community, Salesforce.org goes beyond the technology to support changemakers on their path to impact.

Robert Weiner. Selecting a New CRM or Donor Management System.

(http://rlweiner.com/case/buying_a_crm.pdf)

This helpful article walks you through how to choose the best CRM for your nonprofit.

"From Spreadsheets to CRM" presentation by Dean Graham, Principle at Wombat Works

(https://www.slideshare.net/deangraham/spreadsheets-to-crm-graham)

This presentation will help you prepare to transition to your CRM and set you up to make the most of your new tool.

Nonprofit Trends Report (https://sfdc.co/NonprofitTrendsReport)

This free study, conducted by Salesforce Research and Salesforce.org, explores how seismic shifts in technology – including cloud, social, mobile, big data, artificial intelligence (AI), and the Internet of Things (IoT) – impact nonprofits' capacity for and approach to program resourcing, delivery, engagement, and impact measurement.

CRM for Nonprofit Relationships (https://sfdc.co/CRMNonprofitRelationships)

For small and developing nonprofits, relationships are the lifeblood of their mission, with resources probably being a close second. This free e-book was created by Idealware and Salesforce.org through a series of nonprofit interviews. It will help you into these relationships, along with CRM strategies and tips that can connect and cultivate the people that matter most to your mission.

The Connected Cause (www.theconnectedcause.com)

Find tips, resources, and helpful articles on nonprofit technology, including "Best Practices in CRM for Nonprofits" at http://www.theconnectedcause.com/best-practices-crm-nonprofits/.

Recurring Giving Benchmark Report
(https://sfdc.co/RecurringGivingBenchmark2018)

In this free comprehensive recurring giving report from Salesforce.org and NextAfter, you'll find new tips to acquire recurring donors, mistakes to avoid in your communications, ideas to increase the value of recurring donations, and strategies to grow cultivation practices.

Part Five

Fundraising

> Fundraising is the gentle art of teaching the joy of giving.
>
> —Hank Rosso

If you hear "fundraising" and shrink in your chair or go running for the hills, then you're in luck – because we are both enthusiastic fundraisers who have put this section together just for you, including concrete insights and inspiration from some of the sector's leading experts.

If you're not fired up about fundraising, odds are you suffer from the misconstrued notion that fundraising is about begging for alms; that you need to hold out a tin cup to bring dollars in the door. Nothing could be further from the truth, and believe it or not, this all-too-common perspective is rooted in a failure of perception. Lynne Twist speaks passionately to this in her Afterword, but we'd also like to share a short story that has helped hundreds reframe how they think about fundraising.

A young man – the first in his family to go to college – graduated and continued on to get his master's degree. One day, he was a philosophy class, and the professor stepped up to the podium at the front of the large auditorium and held up a glass. "Is the glass half full, or half empty?" he asked. A circular debate ensued, and after two full hours the 100 master's and doctorate students had failed to settle the age-old debate. This frustrated the young man, whose family had made huge sacrifices to put him through school.

He walked home, downtrodden and despondent, where as always he was greeted by his grandmother. "How was class today?" she asked. But he didn't want to talk about

it and tried to blow her off. She pressed him as grandmas are prone to do, and finally he shared, "Well, if you must know, it was incredibly frustrating. One hundred master's and PhD students sat around for two full hours just debating if a glass were half full or half empty," he huffed.

Without missing a beat, his grandmother – with all of a third-grade education, mind you – quipped back: "Well, that's easy. *It depends on whether you're pouring or drinking*."

All too often, nonprofit fundraisers think of themselves as the *drinkers*, simply because we rely on the charitable contributions of others to do our work. But in fact, nothing could be further from the truth. We are the pourers, the nurturers of society – ***what we do as a Movement is connect people and organizations with resources to the change they want to see in the world***. To us, that work is a privilege, and it's sacred. As a nonprofit leader and fundraiser, you must hold your head high and be proud to offer people the opportunity for impact.

Always remember, the actual organization you're fundraising for *isn't* the beneficiary of the gift, and certainly neither are you personally. Rather, ***a donor's gift is to the community and to the impact you have within it***.

We have worked hard to assemble some of the sector's leading fundraising experts in the chapters that follow. These are people and organizations with decades of experience, combined with an uncanny ability to concisely convey the maps, the picks and shovels, and definitely the nuggets that nonprofit fundraisers need to be successful.

We'll start this section with a broad overview of many of the various fundraising (or "development") strategies available to your nonprofit, including the pros and cons of each, and when each is most appropriate. Then we'll move into individual donors, which is where the lion's share of philanthropic dollars come from. From there, we'll offer some solid tips for approaching foundations, and then we will look at online fundraising, both to a wide audience and specifically to supporters who you hope to engage as fundraisers themselves. Finally, we'll look at best practices for securing corporate support without compromising your ideals, as well as earned income business strategies, which are increasingly important as nonprofits look for ways to become self-sustained.

Ultimately, no *one* strategy can float a publicly supported nonprofit by itself; ***diversification is key, especially during difficult economic times***. The key is to take the

best of all worlds and weave together a strategy that works for you, the cause, and the community.

A quick note on a topic that we wish we had room to include here: in-kind donations. A brief mention appears in Chapter Twenty-Eight, as it relates to events, and we did offer a dedicated chapter on this topic in our other book, Nonprofit Fundraising 101. We've both seen significant impact from raising in-kind funds. From securing hundreds of volunteers to alcohol and food, free office space, donated advertising, legal counsel, accounting services, and more at Craigslist Foundation, to getting hundreds of thousands of dollars of key technology infrastructure donated to Code for America from top tech companies. It's crucial that you ***look at where you're spending money (or planning to), and see if you can zero out some of the larger line items through in-kind support***, which can be easier to secure than hard cash.

As you move forward with your fundraising efforts, remember the importance of perspective, of going big, of not being afraid to ask, and of a diversified strategy that should include non-cash support. All these lessons will serve you well, and all of them will be fleshed out in greater detail in the chapters that follow.

CHAPTER 17

Fundraising: Knowing When to Do What

By Andrea McManus, Chairman and Partner, ViTreo Group

Introduction

It's often said that funding is the ball bearings of social change. The good news is that there's tons of money out there flowing to good causes, and the numbers are on the rise, so getting your piece of the pie is increasingly a critical determinant of impact. According to Giving USA's 2018 research, total charitable giving in 2017 surged above $400 billion for the first time – topping out at a whopping $410.02 billion, a full 5.2% more than in 2016.[1] Powered by a strong economy, contributions are up in all types of giving and Americans are clearly demonstrating their commitment to philanthropy to a variety of causes that represent their beliefs and values. 2017 also saw two gifts that each exceeded the $1 billion mark. Clearly, fundraising is serious work that is not to be taken lightly, and getting a piece of that pie can often make or break your nonprofit's ability to achieve its mission.

Fundraising is a scary word for many and the subject of much debate, many objections, lots of procrastination, and has been likened to the fear of flying, the fear

of heights, and the fear of the unknown. And yet it is the most important factor to advance your mission. As nonprofit leaders struggle to diversify and stabilize their revenue base, they wrestle with questions such as: Where do we start? What kind of fundraising should we do? How do we make the best use of our available, hard-earned, and scarce dollars? How do we make our fundraising grow and sustain it over the long term? Who are our donors and how do we identify and reach them?

If you're struggling to answer any of these questions, then this chapter is for you.

Like strategic, financial, or human resource planning, the fundraising direction you take is unique to your organization and its particular set of circumstances, and it merits serious thought and strategy. ***There is no one-size-fits-all solution when it comes to fundraising***. However, there are some basic principles, general fundraising methodologies, and typical donor categories that have proven their value to all nonprofits across all fundraising approaches (i.e. individual donors, foundations, companies, and so on). This chapter gives you the framework you will need to address these questions for your organization and choose fundraising strategies that best suit you and position you for success.

As a general background, it is important to understand the difference between "fundraising" and "fund development." According to the Association of Fundraising Professionals' (AFP) Fundraising Dictionary Online, fund development is "the planning and implementing of programs that are meant to increase contributed financial support for an organization" and fundraising is "the raising of assets and resources from various sources for the support of an organization or a specific project."[2]

So, what's the difference? ***Fund development is a process***, part art and part science, that moves in an orderly and logical sequence. It starts with preparation and planning; moves to execution; is subject to constant oversight, tracking, evaluation, and measuring; and then circles back to renewal of the original plan. No matter how large or small your nonprofit, this cycle cannot be haphazard nor reactive, but must instead be proactive and strategically planned. On the other hand, ***fundraising is the actual act of getting money in the door***, of making "the ask." It is a small but very important piece of fund development.

Critical Skills and Competencies

As you'll learn shortly, I didn't know what fund development was when I got started. Though this chapter is about the tactical process of fundraising, I now operate under the assumption that ***effective fundraising flows out of the principles of strategic fund development***. In the pages that follow, you'll see those principles at work behind the scenes. But I want to begin by talking about what I did wrong when I got started. Later, you'll see what I *should* have done.

Seven Things I Wish I Had Known at the Beginning of My Career

I am one of those fundraisers who fell into this profession. I did not aspire to work in the nonprofit sector, nor did I even know what a professional fundraiser was. In fact, I was on a pretty dynamic career track in the for-profit marketing world that had most recently included a stint working for the 1988 Olympic Winter Organizing Committee with its top international corporate sponsors. Nevertheless, as I was enjoying my first maternity leave, I found myself agreeing to do a corporate campaign for a local nonprofit. I wish I could say that it was a huge success, but that would be revisionist history! Basically, here is what I did and what happened:

- Agreed to the contract and immediately reported to work.
- Identified 70–80 top local corporations and businesses.
- Made phone calls (this was before the Internet) to determine the correct person to receive the letter. If unable to identify a specific recipient, sent it to "Dear Sir/Madam."
- Wrote one letter to all organizations and customized only when I had an identified recipient; the letter contained a specific ask in all letters.
- Mailed it on a Friday, but it was the same for all recipients.

- Woke up on Tuesday morning to headlines in the major local newspaper that read "ABC Organization (my nonprofit of course!) Stockpiles $750,000 Surplus." Letters landed on desks the same day.
- Watched campaign momentum tank and spent lots of unanticipated time explaining.

I didn't do *everything* wrong my first time out, but if I had known what I now know, if I had understood the fundamentals of philanthropic giving and fund development, I would've saved myself and my nonprofit a lot of time and energy. And more importantly, I'm sure we could have raised a lot more money if I had known and understood these **seven key fundraising principles:**

1. *People give to people*. People are motivated to give for a variety of reasons:
    - They or someone close to them has been touched by a specific cause, e.g. a family member has cancer, a child with a disability, they graduated from a particular college. For fundraisers, this means that ***if you don't know why people give it is very difficult to understand what will interest a particular donor or group*** in your mission, or what will motivate them to make a gift. Take the time to identify what exactly interests prospects in your cause specifically.
    - People don't give to organizations; they give to the people your mission serves. For fundraisers, this means ***don't talk about how great your nonprofit is, talk about the change you make in people's lives and in the community***. Link them directly to your mission by showing your donors the return on investment (ROI) of their gift, which you can remember by renaming ROI as results, outcomes, and impact. As articulated in the next chapter, people don't give *to* you, they give *through* you. ***Instead of the traditional meaning of ROI, think instead about results, outcomes, and impact***.
    - ***People give because they are asked***, and if you don't ask, the answer will always be "no."
    - For fundraisers, this means don't make the mistake of not asking because "you think they will know what you want." Make sure your staff, your board members, and your volunteers make *direct and specific* asks.

- People give to help, to build, to change, to care for, or to invest. They *don't* make a decision to give because of a tax receipt; however, this can determine the size of some gifts.

2. *Much comes from few*. The Pareto Principle, or the 80/20 rule, can be applied to just about anything: 20% of the people in a business make 80% of the decisions; 20% of the work consumes 80% of your time; and so on. ***A successful fund development program will receive 80% of its donations from 20% of its donors***. This is true across the broad spectrum of any fund development program or cause. Follow the 80/20 rule when making strategic decisions on how and where to spend your time and money. For example, don't send out a mass mailing to 70–80 potential corporate prospects! Take the time to identify the top 10 who have some alignment with your mission and organization and put 80% of your time there, leaving 20% for the other 60–70. Honing in on your top 10, 20, and 50 lists are far more valuable ways to invest your time and resources and will yield the best results.

3. *Wealth is not always obvious nor is it necessarily interested in your cause*. Too many nonprofits spend too much time trying to secure donations from the "usual suspects," i.e. the high-profile community leaders who support many organizations and make huge gifts. They're also the same ones every other nonprofit in your community is pursuing. You need to ***take a broader view that includes the many individuals with less, or less obvious, wealth*** who still have the means and interest to support your cause, and the businesses that may not be the corporate leaders but still have a strong sense of community. The challenge for you is to identify *your* potential donors and leaders and then find a way to approach them. Therefore, challenge your definition of "wealth" and the way others, particularly your board members, perceive it. A person doesn't have to have gazillions of dollars to be generous. Wealth is relative.

4. *It's not about the money – it's about building the relationship*. Donors are your friends, and they play a large and vitally important role in your work. They contribute to you because they believe in your mission. Getting to know and understand your donors – or being "donor-centric" – is important, not just to get that first gift, but to get the next one after that and the next one after that. Today's donors are smart and savvy and you should expect that they've checked you out.

Thoroughly. You need to be smart and savvy as well. Get to know them, engage them, listen to them. Don't waste their time, and they won't waste yours.

5. *Fundraising is not a stand-alone activity*. One of the biggest mistakes you can make is to treat fundraising as if it operates in a silo, separate and distinct from everything else that happens in your nonprofit. **In order to be successful in reaching your fundraising goals be sure to:**
    - Fundraising is almost always critical to achieving your goals. Therefore, ***include fundraising in the strategic planning process from the beginning*** and use it to inform the environmental scanning process. And *before* your organization launches that new program, ask "Can we fund this?"
    - Understand that at its core, fundraising is *marketing*. Your customers (donors) are looking for something, and you have something to offer in return. Apply sound marketing principles to your fundraising strategies.
    - Recognize governance responsibility. One of the board's primary responsibilities is to your nonprofit's financial health. If fundraising is a revenue source, then it is part of your financial health and sustainability. ***Engage your board in fundraising*** (see Chapter Thirty-One for more).
    - Involve everyone in the many different aspects of raising money – prospect identification, information gathering, cultivating and building relationships, opening doors, thanking, and stewarding. Asking is just one small piece of the process, but not everyone will be comfortable with that piece, which needs to be okay; but that's not the same thing as saying anyone gets a pass on engaging somewhere in the fundraising process. There are lots of tasks for everyone to do. ***Take a frontline worker or a board member on a call and let them speak passionately about why they do what they do and the difference your work makes***.
6. *Understand and make use of the plethora of nonprofit, private sector, market-based research that is available to underpin your strategies*. Everything from what motivates people to give, how to utilize behavioral economics and nudge theory, regular scanning of your environment, what similar organizations are doing, and how you ensure your mission stands out to the people it needs to stand out to – all this will be much stronger if based on solid research. And it will make it clear to your leadership that this is serious, strategic business.

7. *Philanthropy and fundraising are NOT the same thing*. Philanthropy is the outcome fundraising wants to achieve, and it exists to enable. Philanthropy is often defined as "the gift of time, talent, and treasure" or in the dictionary as "love of humankind." People who give to your nonprofit do so because they believe in *your* mission and wish to support your intended impact. They are proud of their act of giving and consider it a privilege to be able to help change conditions through your work. Hold your head high and be proud of the work you do to help philanthropists use their resources to help others. As stated in the introduction to this chapter, ***fundraising is the act of helping people with resources create the change they want to see in the world and is never something you should approach with a sense of shame or embarrassment***; it's simply an invitation.

Identifying Your Best Strategies

Nonprofit organizations come in all sizes and shapes, as do development programs. Clearly, what is necessary in terms of staff, resources, volunteers, planning, evaluation, and communication to reach the large financial goals of a major university is not going to be what is required – let alone even feasible – for a small, grassroots nonprofit that has much smaller goals and no staff.

In order to be successful and sustainable over the long term, to have renewal and growth, to develop mutually beneficial relationships with donors, and to be accountable to those donors, ***you must build a diversified donor base with a wide range of fundraising vehicles***. Just as it's key to develop partnerships with individuals, corporations, and foundations, it's equally important to diversify your tactics to include special events, direct mail, online campaigns, grants, and face-to-face major gifts.

Identifying the unique development approach that offers the best return on investment and is most suitable for your particular organization and campaign is the key to success. Although diversity is always important, each fundraising vehicle needs to be designed in a way that capitalizes on your organization's strengths and its financial and human (staff, board, and volunteer) resources. Though not exhaustive, Table 17.1 outlines the financial and human resources generally required for each type of fundraising and how they might apply to nonprofits of different sizes.

Table 17.1: Identifying What Works

Type of Fundraising	Financial Resources	Human Resources	Suitable for
Annual Giving			
Direct Mail	Significant upfront investment of dollars over multiple years with no guarantee of ROI in early years.	Small, irregular mailings can be done by volunteers. Larger programs require staff to either run in-house or manage an out-sourced campaign; no volunteer involvement necessary.	All sizes of nonprofits but difficult for all-volunteer organizations to conduct a program with regular mailings.
Telemarketing	Significant investment in equipment, space, and administrative infrastructure. Hired callers add to costs.	Recruiting volunteers to make calls can be challenging. Staff to run in-house program or monitor outsourced one. Outsourcing requires no volunteers.	Volunteer phone solicitors can be an effective way to thank and renew donors. All nonprofits can run an outsourced telephone solicitation if budget allows.
Door-to-door Campaign	Investment in materials and administrative infrastructure. Hired canvassers add to costs.	Recruitment of volunteers can be challenging. Safety is an issue. Require staff to plan program, recruit and monitor, and do follow-up.	Small organizations typically depend on volunteers. Larger nonprofits can handle volunteer or hired canvassers.
E-philanthropy / Digital	Investment in website capability and administrative infrastructure. Requires regular updating and costs associated with driving traffic to give online.	Staff to monitor; minimal volunteer involvement.	All organizations, either through their own website or a giving portal.

Major gifts

Major Gift Programs and Campaigns	Materials, research, cultivation activities.	Volunteers play a key role in identifying, opening doors, and cultivating prospects. Can be volunteer only or staff/volunteer mixed.	Suitable for all organizations tailored to size.
Capital Campaigns	Can require significant costs in materials, training, campaign counsel, recognition.	Staff and volunteers together. Difficult to do all-volunteer campaign (will take longer and may flounder without staff direction).	Suitable for all organizations tailored to size.
Endowment Giving	Financial costs are generally associated with other vehicles.	Same as for major gifts.	Same as for major gifts.
Planned Giving	Start-up costs in materials, information, available technical expertise. The more complex the offerings the more costly the program.	Same as for major gifts.	Same as for major gifts. Being more proactive in encouraging bequests a good starting point for smaller nonprofits.
Sponsorships	Recognition, event planning. Costs are part of event budget.	Can be volunteers or staff or mix. Sponsor support should usually be staff.	All sizes. Sponsor/nonprofit alignment and clear goals are key.

Case Study

Revisiting My Past

If I had known and understood the seven principles I outlined at the beginning of this chapter, and if I had better appreciated the breadth and complexity of fundraising, what would I have done differently for that local nonprofit fundraising campaign? Although 30+ years have passed, I still reflect back and like to think it would have looked more like this:

Step One

Before I agreed to the contract, I would have researched the nonprofit and asked some key questions:

- What is its fundraising history?
- Why do they want to do a corporate campaign?
- What is their fundraising target for this campaign?
- To what extent is the board willing to be engaged?
- What do I need to know about fundraising in general?

Step Two

I would have tried to understand the reasons why people might want to give to this organization. I should have:

- Talked to some clients to understand the benefits of this particular service from their perspective
- Talked to some frontline staff to get their perspective on the nonprofit's mission and value in the community
- Talked to other donors to find out why they give
- Dug into the need for community support (why did they need the money, what would they do with it, what was the financial picture really like)
- Built a *case for support* that captured the heart and soul, and the facts, about the organization and its mission. A case that clearly spoke to the ROI (results, outcomes, impact) of philanthropic giving.

Case Study

Step Three

Once my research was completed, I would have then made a presentation to the board that included a plan and recommended fundraising strategies. My key recommendation would have been related to whether or not a corporate campaign was the best strategy for them at the time.

Step Four

Assuming a corporate campaign was the best strategy, I still would have researched top corporate prospects, but with the following differences:

- I would have prioritized my top 10–15 prospects and identified strategies that included board members in building relationships with those prospects.
- Each cultivation and request would have been customized and personalized.
- Each ask would be face-to-face and letters would have only been sent to secure a meeting, provide information, or to follow up.

Step Five

This would have included timely and personalized follow-up to underscore the urgency of the need and the value of their potential support. For example, if there is no follow-up to see if the recipient has any particular questions or ***if the follow-up comes weeks rather than days after the package has been received, then the need will seem less urgent to the prospective donor***. Once contact has been completed with all initial prospects, I would then move on to other lower priority candidates on the list.

If I had done all of these things, I would not have been surprised by newspaper headlines because I would have known this information in advance and built a plan that was appropriate.

Here's the thing – ***fundraising is not just about getting out there and asking***. Asking is not even step one. You need to understand, to plan thoughtfully and strategically, and to assess your particular nonprofit's strengths, weaknesses, and competitive position in the community. Your organization and your environment are unique, and your development program must be, too.

Do's and Don'ts

Fundraising Do's and Don'ts

- DON'T be a tin-cup fundraiser. You are not begging; you are offering an opportunity to meet a donor's needs.
- DO understand and promote the relationship between fundraising and philanthropy: *philanthropists need you*. This may well be the most important factor in your success.
- DON'T talk about how great your nonprofit is; talk about the change you make in people's lives and in the community. Link potential donors *directly* to your mission and the impact of their gifts.
- DON'T make the mistake of not asking because you think they will know what you want. Make sure your staff, your board members, and your volunteers make *direct and specific* asks.
- DO find out why people give and what will interest a particular donor or group in your mission and motivate them to make a gift. We have two ears and one mouth for a reason – listen, listen, listen.
- DON'T underestimate today's smart and savvy donors. Expect that they will have checked you out and honor their time.
- DO include fundraising in the strategic planning process from the beginning.
- DON'T rely on one type of fundraising or one type of donor. Recognize that there are different motivations and preferred vehicles for giving.
- DO recognize that it costs money to raise money and arm your board and leadership with solid messaging on your cost to raise money and meet mission.
- DON'T fall prey to quick wins. There is no silver bullet and fundraising takes lots of hard work.

Conclusion: A Noble Calling

A number of years ago I heard Archbishop Desmond Tutu speak to an audience of 3,000 fundraisers, executive directors, and nonprofit leaders. He said we had "a

noble calling." Why? Because fundraising is an enabler of philanthropy, and it is through philanthropy and nonprofit work that millions of children around the world are fed, clothed, and given clean water. It is through philanthropy and nonprofit work that women around the world are given the opportunity to be independent and free to create change. It is through philanthropy and nonprofit work that the research to cure cancer continues, that youth are taken care of on and off the streets, and that our communities are rich with art and culture for all to enjoy.

Philanthropy has made the world a better place for all of us and will persist in doing so. In 1970, about 60% of the 3.7 billion people living on this planet were still living in extreme poverty. Now, the figure is under 9%. In September 2016, the UNESCO Institute for Statistics reported "The data show remarkable improvement among youth in terms of reading and writing skills and a steady reduction in gender gaps. 50 years ago, almost one quarter of youth lacked basic literacy skills compared to less than 10% in 2014."[2] Philanthropy helped do that!

Fundraising is important and meaningful work – and it is work to be proud of because it helps to change the world. But simply "getting" this isn't enough. It's about working smarter, not harder, and by putting the practices outlined above into action. When you do that, you can be assured that your nonprofit will help interested and willing philanthropists connect with a cause they truly care about.

Andrea McManus *is Chairman and Partner with ViTreo Group, a full-service strategic philanthropic consulting firm based in Calgary, Alberta, Canada. A leader in the nonprofit sector locally, nationally, and internationally, Andrea chaired of the Association of Fundraising Professionals (AFP) International Board in 2011–12 and was their first international chair. Recognized by the Calgary Chapter as its Outstanding Fundraising Professional for 2007, she was also awarded the Queen's Jubilee Medal in 2012 for her work in the sector. Andrea is also an AFP Master Teacher and speaks frequently at conferences and workshops in Canada and abroad.*

Nonprofit Fundraising Resource Review

The Association of Fundraising Professionals (AFP) (www.afpglobal.org)

AFP is the largest professional fundraising association in the world and offers education, training, and resources for all levels of fundraisers and all types of nonprofits, as well as a wonderful annual conference.

Simone P. Joyaux. Strategic Fund Development: Building Profitable Relationships That Last. (2nd ed.). Gaithersburg, MD: Aspen, 2001.

A staple resource that guides you through developing a fund development plan that is strategic and relevant.

Penelope Burk. Thanks: A Guide to Donor-Centered Fundraising. Toronto, Ontario: Burk & Associates, 2000.

A fundraising classic, this book provides a helpful and practical overview for creating a donor-centric fundraising program that builds long-lasting relationships with your supporters.

D. Heyman and L. Brenner. Nonprofit Fundraising 101. Hoboken, NJ: Wiley, 2016.

This is a practical, comprehensive guide from the editors of this book includes easy to implement ideas and tips from a wide variety of industry experts.

The Provocateur, ViTreo Blog (www.vitreogroup.ca/braintrust)

Gail Perry. Fired-Up Fundraising: Turn Board Passion into Action. Hoboken, NJ: Wiley, 2007.

A fabulous resource on working with your board and engaging them in fundraising leadership roles.

Candid (www.candid.org)

The best online resource for researching potential foundation funders, Candid is the merged entity that previously included the Foundation Center and Guidestar; they also have several physical locations in major cities in the United States where you can get advice and access their robust database for free.

The Chronicle of Philanthropy (www.philanthropy.com)

Wonderful industry rag that does a good job announcing major gifts and other big industry news.

Bernard Ross & Omar Mahmoud. Change for Good, Using Behavioural Economics for a Better World. The Management Centre, 2018.

This book draws the latest thinking in behavioral economics, neuroscience, and evolutional psychology to deliver a powerful, practical toolkit for fundraisers, campaigners, advocacy specialists, and more.

CHAPTER 18

Individual Donor and Major Gift Strategies: The 80% Solution to Fundraising

By Kay Sprinkel Grace, MA, FAFP, Founder, Transforming Philanthropy, LLC

Introduction: The Biggest Slice of the Pie

Year after year, the data are the same. In the United States, ***individuals, through outright and estate gifts, provide approximately 80% of all gifts to nonprofits***. Given this, an individual donor strategy is crucial to the success of any nonprofit. In June 2018, Giving USA released their 2017 annual report of philanthropic gifts to nonprofits: of the total $410.02 billion dollars given, individuals gave 70% of that total in outright gifts, and 9% through their estates. Foundations provided 16% and corporations just 5% of this. Let's take a deeper dive into the biggest slice of the philanthropic pie.

Individuals fund the full array of community needs. In 2017 they directed their gifts to religion, education, their own family foundations, human services, health, public benefit, arts/culture/humanities, international aid, and environment/animals. Their gifts ranged in size from a dollar left in an envelope at a church to texted donations of $5 in response to international social and environmental crises to the millions of dollars committed by individuals of great wealth and passion. The world's attention remains riveted to the list of individuals who participate in The Giving Pledge launched by Bill and Melinda Gates and Warren Buffett. This exceptional group of billionaires commits to give half or more of their assets to philanthropic causes, and the list is growing as new billionaires emerge.

What motivates individuals to give? For decades now, ***individual donors have viewed their gifts as dynamic investments in both their community and in the social sector, rather than passive donations or contributions***. They hold huge expectations for return on investment and for reporting on impact – whether the gift is $5 or $5 million. They view these gifts as *social* investments – their stake in bettering society and improving the human condition. They exemplify the "two portfolio" approach to philanthropic investment: they transfer money from their financial investment portfolio into their social investment portfolio because they want a values-based return: children cured of cancer, families protected from domestic abuse, accessible arts and culture in their communities, superior education for children or any of the myriad issues in which donors invest.

Individual philanthropy is not unique to the United States. As the rest of the world looks increasingly beyond government funding and welcomes both the surge of border-spanning online giving from "citizen philanthropists" and very large gifts from a rising number of wealthy individuals in countries from India to Mexico to China to Serbia, the percentage of individuals who give is starting to change. For example, an organization formed under the auspices of the Australian government, artsupport [*sic*], not only mentors arts organizations about attracting individual giving: it also works with philanthropists and their individual trusts to encourage them to invest in the arts. And as an increasing number of governments in Europe and elsewhere consider ways to encourage posthumous "legacy" giving through tax advantages to cultural and other institutions, estate gifts have grown globally and are tipping the balance even more significantly towards individual investment.

In spite of these data, a myth persists that corporate and foundation giving is the quick fix for struggling, new, or even mature organizations. Although we do not minimize the impact of corporate and foundation giving, cycles of economic volatility can erode foundation portfolios and lead many corporations to lessen or cease giving until their shareholders once again give the green light. In the 2008–2013 Recession, individual giving was the first to rebound from the revenue dip experienced by nonprofits. And government giving, which is not included in the Giving USA annual survey of philanthropic support in the United States, has diminished significantly over the last 40 years in the United States – a trend that is prevalent now in many countries, particularly within EU countries. Although the US government stimulus funds granted to many nonprofits in 2009 countered this trend briefly, that was clearly emergency relief and was not repeated in subsequent years. All the more reason why it's key to any nonprofit's success to engage individual donors to support their efforts.

So What's the Holdup?

If the data are so clear, why do organizations fail to embrace individual giving until the other sources of philanthropic revenue have begun to shrink? One problem is that ***a healthy individual giving program – one in which donors will be grown from initial donors to long-term investors, requires board member participation***. Corporate and foundation giving (and government contracts) are staff responsibilities for the most part, and boards have handed off the responsibility all too willingly. Another is the reluctance of organizations to invest in building their giving programs: ***it takes money to raise money***, but many organizations remain averse, still looking for the one-off, quick fix events or campaigns rather than the systematic buildup of loyal investors.

Successful individual giving at all levels is based on the capacity and determination of organizations to build relationships. This requires volunteer and staff commitment to donors from the first gift they make. Often, this is a process that does not begin until a donor has self-identified with a larger gift. However, with the changing landscape of donor behavior and giving, the process for engaging donors needs rethinking. One donor who had stopped giving to an organization was part of a market study to determine how she and others could be brought back into the organization. Her reply became the mantra for this organization as it rebooted its donor relations programs: "They would have to *show me that they know me*."

The Digital Opportunity

As noted in Chapters Twenty and Twenty-One, we have an immense opportunity, in this decade, to build individual giving programs by leveraging new technology. The growth of online giving has been exponential, with the conversion of "shoppers" to "buyers" increasing significantly each year. In other words, these individual donors, like most donors, are looking for issues in which they can invest. They seek the causes they want to fund and are driven largely by their own dreams and ideas. They may not know your organization at all, but they care about a cause and shop for organizations that serve those causes and issues. Their gifts come without invitation, and they bring a new set of challenges and opportunities to our organizations.

As social media vehicles for giving increase – particularly mobile and text giving, which benefited many organizations during the natural disasters in Puerto Rico, Asia, and the US – we found ourselves unable to follow up, track, and steward many of these donors. For crisis giving, this may not seem like a problem: the goal is to raise money quickly. However, the Red Cross is an excellent example of the need for sustainable funding between crises. In recent decades, with a series of disasters that led to significant restricted investment in emergency relief, Red Cross found itself without unrestricted funds to maintain operations in some communities, endangering their lifesaving programs, safety education, and more.

If your nonprofit is looking to create long-term capacity through the investment of caring individuals, you will need to find a way to engage online, mobile, and social media donors, as well as more traditional donors. We have a long way to go relative to managing this new and powerful source of giving in a way that builds relationships and long-term investment. And I want to note that even in 2019 ***direct mail and marketing is far from dead and is still the favored communication channel for certain traditional or long-term donors***, although it's now often paired with an e-appeal.

In individual giving, relationships are key. ***Build the relationships, and the money will come; ignore the relationships, and the money will go away***. The opportunity to strengthen your organization and its impact largely relies on your willingness to engage long-term social investors at all levels. Their loyalty can help increase your capacity to serve.

Critical Skills and Competencies

Individual giving begins with a conversation (or with self-identification through an online or direct mail gift) that matures into a relationship. Then, as we get to know the donor and they us, the relationship evolves into a partnership, in which we offer continuing opportunities to invest in causes that embrace and advance their values and address issues they care about. With individual donors, there are usually no committees, no lengthy proposals, no agonizing wait. Individuals make their own decisions. And, in most cases, if you get to the point with someone where you sense it is time to ask, you will receive a gift from them. People who do not want to give will not continue to engage with you.

Securing and Stewarding Recurring Gifts

Monthly or quarterly sustained giving is growing rapidly among organizations from social service to public media. It is an excellent way to attract and retain donors, and it provides a much-needed stable base of support. But ***recurring giving programs can also be the enemy of relationship development unless they are constantly monitored***. Donors who receive an email notice that their monthly or quarterly gift is about to happen (through EFT) may not build deep engagement with the organization unless careful stewardship is offered. Giving becomes habitual, rather than thoughtful, and some organizations are remiss at returning to the donor with reports on impact or to ask them to increase their gifts. ***Acknowledgement and recognition are a key part of stewardship***, but that is not the full story. We will end this chapter with a look at the structure and importance of stewardship.

The failure of organizations to invest adequately in building an individual giving program is another huge stumbling block. Board and staff decision makers should see that it takes money to raise money, and that ***front-end investment in the systems, staffing, and structure to support individual giving yields not only immediate revenue but, more important, long-term investors***. Though we must monitor and be mindful of the cost of fundraising, there are times in the life of a nonprofit when the amount invested in fundraising is a larger percentage: ***new donors and new strategies must be being tested, analyzed for impact, modified for increased success, and developed until they gain traction and measurable results***.

Traditional teaching about individual giving likened the structure of donor support in any organization to a pyramid, with a strong base of initial and renewed donors that you retain while growing some of them into higher levels of the pyramid: moving donors toward increased gifts, special gifts for projects or programs, major gifts both annual and capital, and finally, at the top, the big gift–outright or planned (estate or legacy).

This pyramid hardly exists today. Working with organizations as they prepare for major fundraising programs, analysis reveals more of an hourglass: a base of regular individual giving donors (with a high level of "churn" – ***the loss of first-time donors is as high as 40–50% in some organizations***), an equally imposing upper part of the hourglass where the well-stewarded and engaged larger gift donors reside – and in the middle, the slender waist of the hourglass – the shrinking number of donors who move up from the base to the top through engagement and stewardship. One participant in a workshop, when presented with the hourglass model, remarked that his organization wasn't like that. Thrilled, I asked if had a true donor pyramid. "No," he said, "we have two ovals. We have no donors in the middle."

The churn in the base often leads to a frenzied donor acquisition program that is not embedded in a strategic individual giving plan. Immediate revenue is generated through direct mail and special events – both time- and fund-consuming activities – often with little follow up except a feeling of relief for having squeaked by a financial crisis. It also leads to urgent email "blasts" with little follow up. An established theatre company in one city sent out emergency emails to its subscribers and single ticket buyers, letting them know that unless they raised $200,000 within the month, they would have to close. People responded, and they met their goal. The nonprofit was lucky – people don't usually like to give to a sinking ship, so it's important to ***focus on your accomplishments and impact rather than putting out a tin cup***. Said another way, ***people don't give to you because you have needs, but because you meet needs***. Either way, donor follow-up is crucial. Unfortunately, 60 days later, the theatre company's donors had received no acknowledgment and no report. A donor reported she did not know they had reached their goal until she read it in the newspaper. A subsequent annual appeal failed. It is almost certain they will face another crisis, but there is no certainty that people will respond. ***Timely thanking, reports on progress and success, and ongoing communications are essential to building a sustainable individual giving program***.

Another organization, evaluating its year-end results, said they had received 80 gifts from more than 500 solicitations – most by email and most personalized by a board member or other volunteer. They thought their work was done; that the disappointing response was something they simply had to live with. When told that meant they had over 420 open solicitations out in the community, they viewed their results in a different way and made plans for follow-up. ***It reflects poorly on organizations – and on the authors of appeals – when there is no follow-up***. It may say to the prospective donor that this was a half-hearted outreach and that their investment is not really important. They launched activities to follow up with those 420 open asks, many of which were to new potential donors. ***Acquisition is always more difficult (and costly) than renewal, but it is more successful when there is a link with someone they know***.

With renewals, people will stick with the organizations they know, but they do need follow up. They will give, perhaps not as much, but their loyalty drives them to give what they can with hopes of giving more. ***Nonprofits spend too much time on acquisition because we don't spend time on building relationships that help us retain donors*** – in the business world they say it's seven times as expensive to acquire a customer as to retain one, and this is no different in our sector. This tilt in resource allocation is disrupting our long-term sustainability and capacity to serve our communities.

This, then, is the challenge we face. The top of the hourglass will age out, ideally setting up estate gifts that are directed to nonprofits when they pass away; others at the top will move on to different organizations as their interests shift. We need to replenish the top constantly by moving people up from the base. This takes not only staff-developed systems for acknowledgment, recognition, and stewardship – it requires involvement of board and non-board volunteers who participate actively in donor retention and stewardship.

Getting People to Make the Ask

Most of the problem is attitudinal. ***People give to people, not organizations – that has been a basic cornerstone of individual giving for decades***. Yet most people, including some board members, say they will do anything for your organization – except ask for money. The origins of that reluctance are easily identified: people fear rejection (especially from their friends), and they feel uncomfortable because they do not fully

understand what they are doing when they ask: inviting social investment in an organization that is making an impact on the issues the prospective donor cares about. That is what fundraising is really all about: help them understand that, and they'll be more likely to fundraise for you.

Volunteers respond well to some key principles that help them reset the notion of what individual solicitation is all about. These are the three that I emphasize in my work. They form the basis of successful giving programs – particularly individual giving:

- As mentioned, people give to an organization because the organization meets needs, not because the organization has needs. ***We need to talk about impact and results, not financial needs***. Our sector is not about "needy" organizations – it is about strong organizations that meet critical human, societal, educational, cultural, and other needs.
- ***A gift to an organization is really a gift through an organization into the community***. A nonprofit is not the end user of a gift. When impact is conveyed, it is not about how the organization has grown in size, but how it has grown in impact.
- ***Fundraising is not about money, it is about relationships***. Build the relationship, and the money will come; ignore the relationship, and the money will go away. There are a variety of roles people can play in the fundraising process, and even if their best role is introducing prospects into the pipeline, that is still an integral component of the fundraising process – make this known to your board, staff, and volunteers and watch them get involved.

These principles provide a solid frame for all philanthropic giving regardless of source. However, the actual skill set for corporate and foundation giving staff may be different from that required of someone who will develop, direct, and sustain an individual giving program. Often, when hiring a person for corporate and foundation giving, we look for a good proposal writer. When looking for an individual giving manager, we look for interpersonal and relationship management skills. Although some people are gifted with both writing and interpersonal skills, that combination is harder to find. In a small shop, where there is cross-training or even just one person in charge of all kinds of giving, a common model is to hire for the interpersonal and relationship management skills (which are also handy for long-term foundation and corporation relations) and hire a contract grant writer to write the proposals.

As outlined in Chapter Sixteen, ***a donor management database is also critical for successful individual giving***. When people ask me what tools I wish I had in my early years in fundraising, I am quick to respond, "technology." Although I managed a successful program with three-by-five-inch cards with donor information and generated reports on an electric typewriter, which I then mimeographed for distribution – I often think of how much more I could have done with the tools and software I have now. These tools not only save time, they leverage our knowledge, connections, and impact.

The Fundraising Toolkit

If you want to engage volunteers (board and non-board) who will in turn engage their friends and others from the community in your organization as investors, you will need to provide both tools and training.

Give your volunteer fundraisers a "toolkit" stocked with:

- Stories of your impact to illustrate the impact of your role in the community
- The elevator speech (and the elevator question – what do you say after you've connected with someone to ensure that the conversation is just the beginning?)
- Facts about the organization (i.e. number of people served, before and after statistics, and so on)
- Analysis of the organization's impact measured against the needs of the community
- Most commonly heard questions and objections to giving and recommended responses (volunteers need to be informed – some confess this is the reason they don't talk to their friends about the organization: they feel they do not know enough and cannot handle questions well)
- Highlights from the strategic plan (if you have one) that may be relevant to potential donors
- Annotated list of board and staff members (people are curious – "who's in charge of that program?")
- Full financial information, presented in an understandable format (in addition to numbers, use pie charts or bar graphs – many people glaze over when looking at numbers)

Volunteer and Board Fundraising: Training Makes All the Difference

Training is the greatest source of confidence building; provide coaching in cultivating, asking, and stewardship to all board members, even those who have told you they will never ask for a gift. They should still know what it entails. There are numerous training programs you can use – mine begins with a review of the mission and vision of the organization (reminding them why this is important) and continues through the steps in the full development process (identification through renewal), focusing on the "big three": cultivation, solicitation, and stewardship. Showing them the various options for cultivation – tours, performances, meetings with staff leaders, attendance at lectures, visits to the prospect's workplace – opens them to the idea that this process is not cold-calling. ***Taking them through the sequence of activities that are employed before an ask is made has turned reluctant board and non-board volunteers to ones willing to share names and get involved***.

They need to learn that once they get into a conversation with a prospective donor about the organization or issue, the dialogue rolls forward. It is an exhilarating exchange even if the person says no. Why? Because every conversation, every intersection, plants the seed for some future action. If a person does not give to you now, it likely means they don't know enough, this is not a current priority, or they are a bit short of risk capital to try out a new organization. It is far better to build a donor relationship gradually than to twist arms or rely on calling in personal favors. Otherwise, when the board member or volunteer steps aside from active involvement, that gift will go away. And remember that if done right, it should always be okay for a prospect to decline to donate; fundamentally, the act of fundraising is about helping someone better understand the change they want to see in the world and exploring if that's in alignment with your work. If it's not a fit, that's okay, and hopefully you've helped her identify another cause they want to support.

Individual giving programs need not be a burden to an organization. ***Start small, with a few donor prospects that are already closely connected to your work and your team***. Assure your board members of the process: you will not solicit anyone without their knowledge or participation. I have found that ***board members are reluctant to submit names because they don't know how that information will be used***. Build confidence in your board members by focusing on the successes of those who have

participated. Not all successes will be solicitations: it is equally important for board members to bring potential investors to the organization and let the executive director or another staffer be the point person for the ask.

How to Secure Larger Gifts from People Over Time: Donor Stewardship

The goal of an individual giving program is to build a relationship that results not only in continued investment, but *increased* investment. At the theatre company mentioned earlier, those donors who responded and then were not informed about the results of their giving will be less likely to give, and probably will not feel inspired to give more.

Stewardship is the ongoing relationship with a donor after the gift has been made. We put such time and effort into getting the gift, that it is tempting to feel the process is over: we acknowledge the gift, perhaps recognize the donor (depending on the size of the gift), and then we allow the donor to languish in the donor data maintenance system (see Chapter Sixteen on CRM) until – you guessed it – the next time we want money.

This is a crippling sequence for the long-term growth of a potentially loyal donor. What we fail to recognize is that the transaction, as described above, is all about us: what we will do to bring a donor into our database. We need to think instead of the process as a transformation[1] – one in which the donor is regarded as an investor and is provided a "return on investment" based on the values that led to the investment. ***We must keep people involved with information and reports, especially when we're not asking them for money*** – and technology makes that so much easier for us. Quick tweets or emails about an accomplishment or news about the issue your organization addresses are read and remembered. Few people today pore over lengthy printed annual reports – they take their news in sound bites and expect our information to be delivered that way, too.

Stewardship is defined by what the donor wants. ***We need to ask our donors how and how often they want to be informed of our progress, and then follow up appropriately***. We need to provide a calendar for board members of opportunities to bring donors to our organizations. One organization I work with conducts "Breakfast Briefings" – hour-long breakfast meetings, on-site, showcasing success stories told by former clients who were helped by the program, and providing an opportunity for the executive director to talk about the opportunities for community investment.

They have proven to be incredibly effective at driving fundraising; ***anytime you can connect your work to real people and life-changing stories, it helps donors connect the dots and see the impact***. A calendar of these briefings – or other tours, talks, or gatherings – encourages board members to invite those they meet to attend. The important point here is that the board member does not have to invent or organize the opportunity – it already exists.

In 2016, the US Trust/Bank of America annual study of the giving behavior of high net worth individuals provided this report:

"Nearly one out of five wealthy individuals stopped giving to at least one nonprofit organization last year. When individuals stopped giving to a particular organization they previously supported, among the reasons cited were because they received too frequent solicitation from the organization (41%), circumstances in their household changed (40%), the organization was not effective or did not sufficiently communicate its effectiveness (18%), or the organization asked for an amount the donor felt was inappropriate (14%)."

We can fix all of this. Stewardship is a wonderful way to engage board members who are not confident about asking. The payoff will be simply astounding.

Do's and Don'ts

Individual Donor Do's and Don'ts

- DO get your board engaged in fundraising by providing training, a toolkit, an event calendar, and enlisting their help with stewarding current donors. Assure them of the process and that you will not solicit their contacts without their knowledge or participation.
- DON'T take a tin-cup approach to fundraising – remember that people don't give to you because you *have* needs, but because you *meet* needs, so focus on your accomplishments and impact. A gift *to* your organization is really a gift *through* you to a cause and community the prospective or current donor cares about.
- DO ask your donors how they want to be informed of your progress, and how often, and then follow up appropriately. Timely thanking, reports on progress and success, and ongoing communications are essential to building a sustainable individual giving program.

Do's and Don'ts

- DON'T pursue an hourglass of donors – steward your donors towards larger gifts over time by keeping them informed and engaged and communicating with them when you're *not* asking for money. Move them seamlessly up the giving ladder.
- DO keep it personal – focus on personal stories of your impact and leverage personal relationships with donor prospects whenever possible. People give to people, and fundraising is not about money, it is about relationships.
- DON'T ever forget that it's much more expensive and difficult to acquire a new donor than to keep an existing one.
- DO realize it takes money to raise money; an investment in your fundraising infrastructure and planning is an investment in your future and growth.

Conclusion

Individual donors remain our most abundant, reliable, and easy-to-engage investors, and their social investment in this century has been accelerating. To continue to engage and increase their support, we need to focus on the impact of those social investments: people helped, environmental improvement, cultural and artistic accomplishments, educational achievement. That is the news we need to convey – not our persistent need for money. ***The only reason we need money for our organizations is because we are meeting needs***. It is not about us, it is about the donor and the dreams they have for their communities, their region, and the world.

In individuals, we have our most loyal and long-term donors. They become partners in achieving the vision of our organizations, and their involvement will heighten their commitment and their willingness to become "donor champions" and bring in others. Allocate your resources increasingly to individual giving: it is the most reliable, beneficial, and consistent source of support you can have.

Kay Sprinkel Grace *(*www.kaygrace.org*) is passionate about philanthropy and has devoted the last 30 years to the nonprofit sector, providing seminal thought, habit-breaking strategies, challenges to board and staff, and reengineering the vocabulary of fundraising. Her seven*

books and frequent speaking engagements across the globe reflect her restless quest for an ever-improved capacity of organizations to truly serve their communities. A Stanford graduate (BA, MA), she has built on a career in journalism and education to create a business practice and reputation that draw from the best of both.

Individual Donor Resource Review

Kay Sprinkel Grace. Transforming Your Board Into a Fundraising Force. Emerson & Church, 2019.

> This brief book highlights the why, the how, and roles of fundraising for even the most reluctant boards, emphasizing the many roles board members can play and ways for staff leadership to work with boards to bring them into their full potential as relationship building and askers.

Penelope Burke. Donor-Centered Fund Raising. US Edition. Chicago: Cygnus Applied Research, 2003.

> Cygnus conducts an annual survey of 15,000 donor families in North America. This book, written by Cygnus' founder and CEO, makes the strongest case for remembering that when it comes to giving, it is all about the donor.

J. Gregory Dees, Jed Emerson, and Peter Economy. Strategic Tools for Social Entrepreneurs. New Jersey: Wiley, 2002.

> Pioneers in social entrepreneurship, the authors gathered chapters from a variety of social investment and philanthropic professionals and compiled them into this comprehensive resource book about the growing emphasis on social investment.

Kay Sprinkel Grace, and Alan Wendroff. High Impact Philanthropy. New Jersey: Wiley, 2001.

> The authors develop the key concept of transformational giving, and how it differs from transactional giving, and provide practical strategies for development marketing and solicitation of major gifts.

Kay Sprinkel Grace. Beyond Fundraising. New Jersey: Wiley, 2005.

Used by volunteers, professionals, and in many university nonprofit degree/certificate programs, this is the comprehensive A-Z book on relationship-based donor development and fundraising, including extensive chapters on mission, vision, values, and board engagement.

Kay Sprinkel Grace. The AAA Way to Fundraising Success: Maximum Involvement, Maximum Results. Jackson Hole: Whit Press, 2009.

If you are a nonprofit board member – or a professional who works with them – here is a solution for getting ALL board members engaged in donor development and fundraising. That's right: ALL.

Mal Warwick. Fundraising When Money Is Tight. San Francisco: Jossey Bass, 2009.

This book is really about sustainability: although inspired by the deep issues that surfaced in the Recession, the principles and advice offered by this guru are timeless.

Tom Ralser. ROI for Nonprofits: The New Key to Sustainability. New Jersey: Wiley, 2007.

The ROI described is not just return on donor values: this book goes further into the wider return on investment to communities that encourage philanthropic organizations and participation.

Tactical Philanthropy (www.tacticalphilanthropy.com)

Insightful blog that offers stories and essays addressing the trends and challenges facing philanthropists and nonprofits.

The Chronicle of Philanthropy (www.philanthropy.com)

Online version of a great industry publication – offers news and updates on major gifts, job opportunities, and stories covering current events and issues in the social sector.

CHAPTER 19

How to Seek a Grant

By Tori O'Neal-McElrath, VP External Affairs, Demos; Updated for second edition by Darian Rodriguez Heyman, Editor, Nonprofit Management 101

Introduction

Much has been written on the technical aspects of grant seeking – and there certainly is a technique to it. But my truth is this: rarely have I ever simply "sought a grant" and ended up successful. It does happen. But it is rare.

The strictly technical approach presents grant seeking as transactional. It implies that there is nothing more involved than responding to grant guidelines, writing a strong and compelling proposal, followed by securing funding. Sounds easy, right? Well, unfortunately, this "grant seeking as sales" way of thinking is generally *not* effective, and success rates are typically under 5%. Experience has proven time and again that ***seeking relationships with those who make or recommend grants is what leads to securing funds***. This approach is *relational* rather than *transactional*, and it is the key to success.

In my first couple of years in development (fundraising), I quickly realized that I had a "heart-and-gut" approach to the work. For me to think of fundraising as sales would reduce what I considered a noble calling down to a transaction. So, I began to ***view fundraising as a transfer of enthusiasm*** – an opportunity to connect my

organization and its mission with a person who shared its passion and who had the resources to support it. It is from this perspective that I developed a philosophy that would carry me through 25 years and counting: relationship building, transferring enthusiasm, and connecting of passions as the true tools of development. Not transactions. And yes; this philosophy absolutely works.

Critical Skills and Competencies

There are many things you should know and implement when it comes to grant seeking, the vast majority of which have nothing to do with writing the grant. What most people fail to realize is that ***by the time you actually write the grant, approximately 70% of the work toward securing it should already be completed***. Think of it as building a house. Before you get to the bricks and mortar, there are architectural drawings to be rendered and approved, permits to be secured, land to be prepared, supplies to be gathered, and the right crew to be assembled. So it goes with grant writing.

Mission Speaks to Mission

Complete your homework – prospect research – up front to identify foundations whose missions align with your organization. Making sure the identified prospects are indeed a match for your organization in general and your program(s) in specific (if seeking programmatic funding) is a *must*. Start locally by identifying the funding sources available in your community: your town, county or parish, or state. There are numerous research resources for grant seekers, most of which can be found online and in the Resource Review at the end of this chapter, as well as in your local library and nonprofit resource centers like local volunteer centers or community foundations across the country.

Be *creative* and take a good look around: Is there a major corporation located in your community? Are there active service organizations in your city? Who are some of the institutions funding similar nonprofits in your area, but who are not yet funding you? These are all leads to possible funding opportunities and good places to begin your prospect research.

The mission connection referred to may happen with the foundation's overall stated mission or within a specific program area of the foundation. ***A program area is a foundation's specific area of focus*** in a direct effort to fulfill its mission and is typically ***overseen by a program officer*** who identifies possible grantees, invites applications, and then shares potential grantees with a board for approval. For example, a foundation focused on eliminating health disparities as its mission might have program areas focused on access to health and on the reduction of infant mortality. That's your angle and the case you'd need to make to convince them they should fund you.

A foundation might also have a particular Theory of Change, with which you might seek a common connection. A Theory of Change is an organization's definition of all the building blocks required to bring about their given long-term goal (i.e. recycling as a component of addressing climate change). See Chapter Fifteen for more on this topic, and to the extent you've developed one for your cause, ***look for overlap between your Theory of Change and that of your foundation prospects as a great way to make your case for funding; ultimately, remember the key to successful grant writing is helping funders understand how you help achieve their goals, not yours***. Prospect research should unearth foundation leads with which your nonprofit's impact aligns closely before any additional time is invested.

Getting in the Door

After you complete preliminary research and identify possible funding prospects, and also do some homework on each, your next step is to try and secure a call or meeting where you can make your case and hopefully be invited to apply for funding. From my experience, ***securing an invitation to apply increases the likelihood of funding to as high as 50%***, especially when combined with the details outlined in the next section. Plus, solicited proposals are more commonly approved for the full amount.

The best way to get on a funder's calendar is to leverage a personal connection to the program officer or her organization. LinkedIn is a powerful tool to identify these, if simply sending out a list of prospect names – ideally with their staff and board detailed – fails to deliver any relationships between them and your board, staff, advisors, and other connectors you can leverage. Even if someone in your network knows a receptionist or board member, the likelihood of you succeeding in reaching

a program officer and scheduling time together goes up exponentially, so don't be dismayed if you need to work through a degree of separation or two.

Barring success with that, your next best bet is to build up social capital by trying to get on the prospect's radar, which you can do by following her or the organization on social media and sharing their content or thoughtfully replying and weighing in on threads to help establish yourself as a subject matter expert. After a few weeks or a couple months of that, hopefully she'll follow you and then you can send a short direct message that speaks to your shared passion for the cause and asks for a call or meeting to explore the possibility of collaboration.

Only after you've exhausted the possibility of leveraging established connection or building new ones should you bother with cold calls and emails, as they're much more time intensive and typically yield poor response rates. But if you do have to pursue this strategy to get in the door, keep your voice mails and emails brief and to the point: don't try to "sell" your cause, but instead focus on securing the call or meeting and quickly reference your shared focus in a sentence or two, tops.

Keys to Successful Pitches

Once you secure a call or meeting with a foundation decision maker, your goal is to get invited to apply for funding, but also to get as many insights as possible to help your chances. **The information that is most likely to help you secure a grant includes:**

- How much does the program officer know about your nonprofit and programs? What else would they like to know at this time?
- What does a success look like at their foundation?
- How has their previous grant making informed their current efforts?
- What are the top three qualities they look for in a grantee that are not specifically stated in their grant guidelines?
- Should it be determined that there is a match between the foundation and your organization (congratulations!), in addition to being invited to apply, you should also be sure to find out:
- **The What:** Where *exactly* is the fit? Are they open to providing general operating support to your nonprofit and/or to specific programs?

- **The Why:** Why is there a fit with those programs and/or your organization? Be sure to listen closely for this information, and the specific language the program officer uses when articulating the fit, since many times that language is used internally but may not be found on their website or annual report. When you write your proposal, you'll want to be sure to reiterate it, along with the impacts and approaches that most resonate with your contact.
- **The How (Much):** Now that you know what you're applying for funding to support, and why it's a fit, be sure to ask the obvious question. How much funding should be requested for each? Just as with individual and major donors, ***you should always make a direct, specific ask mapped to impact, and remember that it's not an "ask" if it doesn't end in a question mark***. Ideally the ask amount is informed based on your research so you can avoid asking for too much and turning them off, and ***you'll likely find the best results proposing a range, with your lower figure right down the strike zone of their typical grant size and your higher figure at about 20–25% above that number***. Then you *must* wait for their response: even though it may feel like ages, only a few seconds will pass, and odds are they'll say something like, "Well, even $50,000 is unlikely for a first-time grantee, but I think $35,000 feels appropriate." That's great, since your goal is to maximize the amount you get invited to apply for. And if your contact responds with a range, of course you should apply for the amount at the high end of that spectrum. Then repeat this process for each of the "fundables" that the prospect has expressed an interest in funding.
- **The Jedi Mind Trick:** Would the program officer be willing to review a draft of your Letter of Intent (LOI) or proposal *prior* to submission and provide feedback? (An LOI is generally a short two-to-three-page summary that provides a brief snapshot of your organization and the project(s) to be funded. It is meant to entice the program officer to invite a full proposal for consideration, but sometimes it can directly lead to funding.) ***Program officers typically say yes to this but rarely actually do it, so assume your draft will actually be your final proposal and considered as-is***. The goal of making this request isn't so much about getting any input or edits your program officer shares – although that's certainly great if they do – but more so to give your contact a sense of investment in your proposal so that at the moment of truth when they present a dozen applications to the board for support, hopefully they'll stand up and encourage

approval of *your* request. This makes a huge difference in success rates and leads to your requests more commonly being approved at the full amount.

- Do they know of colleagues at other foundations who might be interested in learning more about your nonprofit or program(s)? This is a relationship-leveraging question that can open doors you don't even know exist to other possible funding sources.

This list is only a short sampling of the kinds of questions you might want to ask a potential funder. ***Do your homework to ensure you go into calls and meetings with a clear sense of your prospect's goals, some ideas around the connection to your work, and also to identify which to ask relative to your likely funding request(s)***. Remember, the answers to many of your most obvious questions can typically be found in the grant guidelines and on the foundation's website or annual report – research is key, and funders' biggest pet peeve is typically nonprofits who succeed in getting on their schedule and then show up and ask questions they could've easily answered through basic research. Instead, try to think of questions that both demonstrate you've done your homework, and that give you better insight into your prospect's goals, why they do what they do, and that help to unearth the potential connections to your efforts.

While the optimal situation is to *engage a* program officer, ***many family foundations do not have staff and so your approach will be much more like that for major donors*** (see Chapter Eighteen); as the old saying goes, "if you've seen a thousand foundations, you've seen a thousand foundations."

Clearly State Your Case

Make sure your mission, vision, purpose, and impact goals are clear and easy both to articulate and comprehend. Sounds basic – common sense, right? When a nonprofit has pressing demands, a compelling mission, and growing needs to meet, sometimes common-sense steps get lost in the shuffle. So, **make absolutely sure that you are able to compellingly, concisely answer some key questions before any calls or meetings with potential funders:**

- What is the problem you're trying to solve? What is the source of demand for your work; the need not currently met? Who benefits when you fulfill your mission – and why is that important?

- Why should people care? What makes your nonprofit different from others providing similar services? ***Focus on what makes your organization unique, rather than any perceived deficits of others providing similar services***. Keep it positive.
- How do you do what you do? Be prepared to talk about all your work and programs in as few "buckets" as possible so you can quickly convey how the pieces fit together, but of course be ready to share details. Are you a direct service or technical assistance provider? Do you have specific expertise in an area, or work with passionate people from the community who are passionate about addressing a community need and you recruit people with specific expertise as needed?
- How do you measure impact, and ***how will that impact be advanced if you were to receive a grant from this foundation***?

The ability to succinctly answer these questions is all part of effectively stating your case. It is also serves as the connective tissue between your work and potential funders.

Evaluate Your Capacity to Deliver on Promises

Being able to clearly articulate an unmet need that you *can*, *will*, and *should* meet is another important aspect of grant seeking. The selection of the words can, will, and should are deliberate. Funders want to know if an organization *can* successfully meet the challenge of the unmet need. ***It is not enough to identify an unmet need; your organization needs to be able to address it, including a solid plan of action, trained staff, and organizational commitment from the top***.

Funders also want to know you *will* do as promised in your proposal. If your commitment to the funded project is not clear, funding can sometimes inadvertently "morph" into support for other projects, or for general operating support. I cannot emphasize strongly enough how dangerous a situation this is – inadvertent or otherwise. ***Using restricted funding for any purpose other than as specifically outlined in the grant agreement is illegal, violates the public trust, and can destroy the relationship an organization has with its funder***. Please refer to Chapter Twelve for more information on restricted grants.

Finally, consider the question of *should*. Here's an example: A homeless shelter provides beds, food, and psychosocial counseling. Someone on staff identifies a

clear, unmet need for reproductive health services, and even documents the need with clear and compelling data. The question is: Should the organization be the one to meet this need? Is it a core part of its mission? Is expansion into this service area included in its strategic plan? Has staff explored other options to meet this need, such as partnering with a community clinic in the area? If the organization did receive a grant to meet this need, how would the new services be sustained upon completion of the grant?

Following *can*, *will*, and *should* is your ability to demonstrate a step-by-step plan of how you will meet the need identified. This, too, is an indicator of your nonprofit's readiness to seek grant funding. ***Program planning precedes grant writing because without a clearly articulated program plan, securing funding is a long shot at best***. A program plan outlines how an organization proposes to do what it says it will. Think about it this way: if the program officer receives three proposals from three different youth programs targeting the same demographic, what will make one proposal stand out?

If your proposal successfully walks the reader through a program plan in a way that is easily understandable, and it demonstrates that you are somehow in a uniquely better position to meet the need, then you stand a much better chance of pulling ahead of the pack. This means leaving industry jargon by the wayside (easier said than done!); ***speak in plain language so that the reader can comprehend, and ideally connect to, what's conveyed***.

Highlight Your Organization's Unique Background

Your nonprofit's experience, abilities, and talents should be crystallized in a strong background statement, which is an essential part of any proposal or LOI and is discussed later in the chapter. This is your chance to brag a little by presenting evidence that confirms your readiness and qualifications to successfully address the issue being proposed. This brag section – your organization's background statement – should be continually updated, as many times those of us working in nonprofits forget to celebrate all the little (and not so little) victories we achieve along the way. An organization's consistently refreshed background statement will also ***keep your overall approach positive and asset-based***, which is essential when grant seeking.

Stick to the Basics

Another important part of seeking a grant is understanding the basics of grant writing itself. You've already done a fair amount of writing, as you have crafted your case statement, created your program plan, and produced (and continually refreshed) your background statement. You are well on your way. But there is still some writing to be completed, as information needs to be shaped into the form requested by each potential funder. A key point to keep in mind: ***each funder has its own grant guidelines. One size does not fit all – or even most!*** So, while there is a basic grant writing methodology, which is discussed here, you must stick closely to each foundation's individual grant guidelines when constructing your proposal or LOI.

The general rule is that grant proposals – and to a modified extent LOIs – will contain the following standard components:

1. Executive summary/proposal summary/summary
2. Need statement/statement of need/problem statement
3. Goals and objectives
4. Methods and strategies
5. Evaluation
6. Sustainability
7. Organization background and background statement
8. Budget

Some funders will require a detailed proposal, whereas others will request a two- to three-page proposal letter. Some require an LOI prior to submitting a full proposal; others offer an online submission process with defined and space-limited fields in place of a written LOI. In other words, ***a cookie-cutter approach to grant seeking will lead to frustration, disappointment and, ultimately, a lack of funding***.

Foundations go to great lengths to establish and articulate what they are interested in funding. ***Your job as a grant seeker is to develop a plan for meeting funders' needs as articulated in their custom grant guidelines***.

Other Areas of Importance

The critical importance of establishing relationships with funding institutions is a recurring theme throughout this chapter. Again, that's because ***the single best thing you can do to help your chances with securing a grant is to be invited to apply for it***. But now let's look at a few other key considerations.

Online Applications

While creating your own document allows you the flexibility of using letterhead, custom fonts, and a wide range of formatting techniques to better communicate your proposal or LOI, in today's digital age many funders require you to complete online forms. Again, your job is to jump through the hoops and honor their process, and these forms will cut you off at word limits and force you to answer every required question. Even though you can't use bold, underlined headers when completing online applications, you can ***use all CAPS to delineate sections within a longer answer*** to achieve the same intended effect.

Who Writes the Grant?

The grant writer needs to be someone who has a strong understanding of your nonprofit's mission in general, and of your programmatic focus in specific. ***In many cases, the best person to write the grant is the person running the program***. In other cases, it is better to hire a consultant since they bring fresh eyes to the work and process, can help identify programmatic gaps needing to be addressed, add capacity to your staff, and may be able to more effectively translate your vision into words. At times, consultants may also hold valuable relationships that can be useful with getting you in the door (see above).

Because this process is primarily about building relationships, ***staff should always be the point of contact with foundations***. Never, ever contract out your relationship building with funders, even if someone else provides an "in."

How to Find an Outside Grant Writer

If you determine that outside assistance is needed, there are a few paths to consider. ***Seek referrals from other nonprofits, ideally those working in a similar space, that have***

successfully used grant writers. Many times, colleagues will share the names of consultants who have delivered for them. Secure referrals from the Grant Professionals Association (GPA) and the Association of Fundraising Professionals (AFP). Both offer searchable online consultant databases. Reach out to former staff who are now freelancing. They already know your organization from the inside, which will serve you well. Finally, some foundations – community foundations in particular – compile a list of consultants they trust and recommend.

A few basics to finding a grant writing consultant: ***look for someone with a proven track record of writing grants that were successfully funded***; who has a strong familiarity with your field of work central, or who is familiar with the population you serve; who has an understanding of your service area; and whose consulting rates you consider reasonable and can afford.

What an Outside Grant Writer Will Need

An outside grant writer will need a few key things from your organization. She will need access to staff to answer questions, address potential inconsistencies in the information provided, and review draft documents in a timely manner. Thorough, accurate information is key, and this should not be a problem because the case statement should have already been created, capacity to deliver has already been evaluated, the program plan is crafted, and the background statement is being continually updated.

Most nonprofits make a big mistake and assume that once they hire a grant writer, they no longer need be engaged in the process of developing the grant. Nothing could be more incorrect. A grant writer is *not* a program planner, nor is she the finance person for your organization. She is the professional writer retained for the specific purpose of completing your grant. Therefore, the staff members who have any part in the program being proposed need to remain engaged in the grant writing process and focused on making certain it is completed accurately.

Costs of Grant Writing Services

Some consultants charge an hourly rate, generally ranging from $50 to $195. Others charge a flat rate depending on their assessment of how much work is required, which may be broken up as a daily or weekly retainer. ***The price charged does not necessarily correlate with the quality of the service received, whether the fee is on the***

low or high end of the spectrum. It is up to you to do your homework and make an informed hiring decision.

Grant writers are to be paid for their work writing the grant proposal. The Association of Fundraising Professionals' Fundraising Code of Ethics, which was also adopted by the Grant Professionals Association, states clearly that ***it is unethical for a grant writer (or any kind of fundraising consultant for that matter) to take a percentage of foundation grants***. If anyone you speak with proposes that, you should absolutely look elsewhere and continue your search.

If I Knew Then

I wish someone would have sat me down when I started working in development back in the late 1980s and said, "It's about relationships!" It would have saved me countless hours fretting over the perfect prepositional phrases and coming up with creative ways to say "innovative" and "strategic" in my proposals. I would have focused much more of my attention on the people who worked at the foundation, its board, and on taking the time to research the foundation itself. I would have taken the time to get to know key decision makers and how they approach their work – what it means to them personally and organizationally. And I would have shared with them what my work is about *and what it means to me*. Most importantly, I would have sought common ground and identified the points of intersection between both our goals.

Even if I determined that there was not a match between our work and their funding at the time, I would have continued to nurture those relationships out of mutual respect and a belief that if they couldn't fund my nonprofit or program, it was likely that I could refer other deserving organizations or colleagues that would be a better match. Or perhaps they may have expanded their program areas to include something relevant to us or moved onto another foundation with better alignment to our work. More than anything, I would have moved much more quickly to shatter the image I held that good writing alone could earn us the big money. Bottom line: I would have spent much less time thinking in transactional ways and made the pivot to relational thinking much earlier.

Case Study

A Lesson in What *Not* to Do

I firmly believe that ***the best learning comes from failure and outright mistakes***. Such is the case for one of my former clients, a women's organization that bombed an incredible opportunity for funding:

The executive director was approached at an event by a program officer of a local foundation because of her work partnering with another nonprofit that was one of their grantees. The connection between them was great and a meeting was set up so that the program officer could learn more about my client's organization and programs.

The meeting happened, and again the connection between the program officer and the executive director was strong. The program officer expressed an interest in one of their signature programs. After the initial thank-you follow-up, my client did a much better job of keeping the lines of communication open with the program officer; however, she did not invite the program officer to three separate programmatic events the following month, even though the program officer specifically asked about that program.

The foundation's spring grant guidelines were issued three months after their first meeting. My client crafted a proposal and submitted it. The proposal was for a different program – not the one to which the program officer expressed interest, even though that program needed funding as well. My client did not discuss her submission with the program officer before crafting the proposal, did not seek guidance from the program officer on the program she submitted, and did not use the few touch bases she had with the program officer to find out more about what their selection process entailed. Needless to say, her proposal was declined.

The executive director did not understand the power of the connection she had with the program officer and the relationship developing between them. She approached the grant making process in a transactional manner while discounting the relational opportunities clearly present. And she simply didn't listen, nor did she bother to ask the right questions at the right time.

Had she bothered to talk with the program officer, she would have found out up front that the program she planned to submit was very similar to two others

Case Study

already being funded by the foundation. Had she inquired about the foundation's selection process (how it works, who reviews the proposals, what have been successful strategies by other organizations), she would have known to spend more time paying attention to the details of the proposal itself to make sure she used the correct formatting – that this was actually a very big deal for this particular foundation. In general, had she reached out to the program officer to let her know that her organization was going to submit a proposal, it would have shown a level of respect for the budding professional relationship growing between them, and she likely would've been steered to apply for support for the other program, and would have received funding for it.

Do's and Don'ts

Grant Seeking Do's and Don'ts

- DO take the time to get a call or meeting with each prospect and secure an invitation to apply before submitting a grant. Regardless of the outcome, nurture those relationships moving forward.
- DO take the executive summary portion of any proposal seriously. In many instances, it is the first section of the proposal that gets read.
- DON'T make your problem statement so bleak that it creates hopelessness. Hope is a powerful motivator and intoxicant that is many times extremely underplayed in the nonprofit community.
- DO get your facts straight. Make sure your data is up to date and as accurate as possible.
- DON'T let a grant writing consultant develop your program plan. She can write the grant, but staff needs to develop the strategy.
- DO follow grant guidelines to the letter. Never use a "one size fits all" approach.
- DON'T try to convince a funder to invest in your work if you don't fit their specific areas of focus.
- DO think of everyone – funding institutions included – who invests in your work as *partners*. It will keep you from leaving them out when you should be including them.

Conclusion

Foundations – most of them, anyway – exist to support worthy causes benefiting the communities in which we live. How incredible is that: to have organizations established with the specific intent of investing resources to make our communities, schools, environment, health, and world better?

Yet even with the incredible promise held within foundations large and small, there are limits. There are wonderfully written proposals that do not get funded. There are strong and compelling programs that do not get funded. There are vibrant and much-needed organizations that do not get funded. This is the reality we face; ***there are more worthy organizations and programs than there is money to fund them***. It is better to be clear and know the truth going in.

That said, foundations across the country – private, family, community, public, corporate, operating, and donor advised – are funding nonprofits and programs every single day. So why shouldn't your organization be one of them? What is it that you can do to set your efforts and aspirations apart from the rest? The answer to this important question has been woven throughout this chapter: *relationships*. Move beyond the transactional nature of grant making and begin to see these institutions with all their layers, complexities, protocols, and rules – as more than ATMs. There is a wealth of knowledge, experience, passion, and non-monetary resources that lie within those walls. Then there are the people; people in positions to make decisions about which organizations receive funding. People who are, for the most part, looking for real connection and a shared understanding of the journey.

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the best-selling Nonprofit Fundraising 101 and edited the best-selling Nonprofit Management 101 (Wiley & Sons). In addition to his active consulting, facilitation, and public speaking work, Heyman currently serves as the part-time Executive Director of Numi Foundation, Editor-in-Chief of the popular nonprofit online magazine Blue Avocado, and Co-Producer of the GenderSmart Investing Summit.

Grant Seeking Resource Review

Big Online USA (www.bigdatabase.com)

A comprehensive source of nonprofit fundraising information, opportunities, and resources.

Chronicle of Philanthropy (www.philanthropy.com)

A leading resource for nonprofit leaders, fundraisers, grant makers, and others involved in the social sector.

Council on Foundations (www.cof.org)

A national nonprofit membership association of foundations that offers an annual conference.

United Philanthropy Forum (www.givingforum.org)

A network of regional associations of grant makers that supports philanthropy by strengthening the ability of all regional associations to fulfill their missions.

Foundation Center (www.foundationcenter.org)

In addition to useful tools and resources, this is an incredibly comprehensive database of foundations, complete with detailed funding information and grant guidelines. Physical locations in major cities around the country offer free access to classes and research. (Foundation Center and GuideStar joined forces to become a single organization, Candid, on 1 February 2019.)

FoundationSearch America (www.foundationsearch.com)

This is a great source for domestic and international foundation funding information for nonprofits, including faith-based organizations.

Future Fundraising Now (www.futurefundraisingnow.com)

This fundraising site is full of interesting studies, tips, and social media advice, all focused on building a donor-centered fundraising culture.

Grant Professionals Association (www.grantprofessionals.org)

An international community of grant professionals with a useful website, newsletter, and annual conference. Previously known as the American Association of Grant Professionals.

Grassroots Fundraising Journal and the Grassroots Institute for Fundraising Training (GIFT) (www.grassrootsfundraising.org)

This site and journal are the leading resource for movement building and grassroots fundraising for social justice issues. It also provides basic "101" knowledge about all aspects of fundraising.

The Agitator (www.theagitator.net)

A blog featuring fundraising and advocacy strategies, trends, and tips, including a team of behavioral scientists focused on helping the nonprofit sector understand why people do what they do and use it to their advantage to raise money and support for their causes.

The Grantsmanship Center (www.tgci.com)

This organization offers a variety of resources and grant seeking training to nonprofit and government agencies.

Tori O'Neal-McElrath, Winning Grants, Step by Step. 5th ed.. San Francisco: Jossey-Bass, 2019.

A part of the Nonprofit Guidebook Series, this practical publication directs the novice grant seeker and offers a refresher course for experienced grant writers.

CHAPTER 20

Online Fundraising

By Katya Andresen, Former Chief Operating Officer, Network for Good, and Rebecca Ruby Higman, Marketing Director, Soyring Consulting; Updated for second edition by Kishshana Palmer, CFRE, Founder of Kishshana and Co., and Taylor Shanklin, VP of Marketing at Pursuant and Founder of Hacks For Good

Introduction: The Precision of A NASCAR Pit Crew

Have you ever been to, or watched, a NASCAR race? Most of us are focused on the track and the drivers, but the excitement is really happening in the pit with the crew.

Odds are tuning fast cars isn't in your job description, but you *are* a member of a new crew of digital experience designers, and the world of online fundraising is constantly changing and evolving, and *fast*.

As fundraisers and marketers in this digital world, we have to move fast and with pit crew precision. We have to zip, zoom, tinker, and clack around in this new age, and we have to test strategies and learn quickly because things can change in what feels like seconds. Yet we can't let the need for speed undermine the importance of thinking and acting strategically, nor can we forget to build *relationships* instead of just conducting transactions.

This chapter is about arming yourself with the right tools to build the most precise, on-point, digital fundraising pit crew around, so that your organization can engage

and inspire donors in a way that builds relationships and drives loyalty, so they keep coming back and engaging with you again, and again.

Why Online Fundraising Matters

Your nonprofit needs resources, and to secure them you need to include an online giving program as part of your plans. That's right, *need*. It's not a "nice to have" any longer; it's a must. And here's the kicker: you cannot half-do it. With the changing digital world that we live in, your constituents expect everything to work as magically as Netflix, Instagram, and Amazon. Poor online experiences will drive people away from your organization and mission.

That's why we're here – to help you up your game. Just in case you're still skeptical, or you have board members who need to buy-in, here are some key stats to help you make the case for **why online giving matters:**

1. **It's a *growing* portion of giving**. It's easy to get dollars signs in your eyes when you think of corporations or foundations, but don't forget that each year, the Giving USA report shows that at least three-quarters of all charitable giving comes from individuals, not big institutions. Overall direct response grew significantly according to the 2017 Giving USA report, increasing 7.5% from the previous year. And ***an increasing number of individuals of all ages choose to give online***. Various studies including those from Giving USA, M+R, and Blackbaud all state clearly that ***online giving currently represents around 21–23% of overall giving, and digital donations have been growing about 50% each year, and online gifts are larger on average***.
2. **Online donors span all generations and are giving in greater amounts**. With the continuous change in technology and rise in mobile devices, more and more donors are connecting with their peers and the nonprofits they support via online channels and platforms. While online giving was previously used mostly to reach younger audiences, the nonprofit sector is seeing an overall shift to online giving by a broad base of all generations. And ***online gifts tend to be larger than those received through direct mail***, according to Giving USA and the M+R Benchmarks report. ***No matter what your cause, you want more online donors: today they account for most new donor acquisition*** and as such they're a leading source of new revenue for most nonprofits.

3. **Digital fundraising is a great testing ground for messaging and programs**. Online fundraising tools are now more accessible and less expensive than ever before. With increased innovation and competition in marketing and giving platforms, small nonprofits have access to more affordable online fundraising and website tools than ever before, which makes it easy to experiment. ***When you do anything online, one benefit is that you have access to direct, comprehensive, and real-time data***, as opposed to focus groups or surveys where you rely on a representative sample of folks who share what they think they *may* do. If you are re-thinking your appeals, why not test them out on digital first? Once you gauge how your audience responds to a particular message online, you can translate that to more expensive print and media outlets.

4. **Online is a key part of an integrated fundraising strategy**. As more and more giving shifts online, your online presence is paramount. ***Even the people who choose to give through traditional channels frequently conduct online research before donating, so it's critical you maintain a compelling digital presence to support overall fundraising***. Develop it *now*, in concert with other fundraising activities. Ensure that your website and organization's social media outposts are easy to find. Using insights from Chapters Twenty-One, Twenty-Six, and Twenty-Seven, focus on growing your email list *and* social media audiences. Then make sure you integrate those online activities with your offline ones. And look for opportunities to cross-pollinate, for example by integrating a QR code into direct mail appeals. This will position you well for the future. As an emerging nonprofit leader, you will find online efforts deliver great results, especially if you're at a smaller, grassroots organization. ***The Internet – unlike traditional media, telemarketing, or direct mail – is where you can successfully fundraise right alongside the biggest organizations, even if you don't have their resources***.

5. **Your web presence is often your chance at a first impression**. According to the 2017 M+R Benchmarks report, ***20% of people visiting a nonprofit website via desktop browsing made a donation, plus 8% of those who used a mobile device, and 16% of visitors on a tablet***. Mobile and tablet numbers are growing steadily, so having a strong web presence across *all* devices is vital to online fundraising success. The first impression provided by your web presence, which is increasingly how people discover new causes to support, determines whether that visitor chooses to click the donate button or close the window.

Are you convinced yet? We hope so, so let's dive into *how* to level up your digital presence!

Critical Skills and Competencies

Now that we've established why online fundraising is so important to your success, let's look at some of the tricks of the trade so you can get up and running, and maximize your effectiveness.

Essentials of Online Giving

In this chapter, we will cover messaging, your donate page, and email campaign tools. But first, **here's a checklist of what you need to get started with online giving:**

1. Strong messaging. We are putting this first because the long list of tips here means nothing if you don't have the ability to compellingly share your story and cut through the clutter in today's information economy. Remember what we said earlier in the chapter about making a good first impression and know that ***you typically only have a few seconds before someone decides if they want to learn more about you once they visit your site or open an email***.
2. A strong website. Make sure your site, or at least a standalone donate or crowdfunding page, offers visitors the following:
    - The ability to identify what you do and why they should care within two seconds. ***Lead with a very brief synopsis of what you do, your case for support, and the value you bring to the donor***. One way to do this is with a "hero image," which is an emotionally-provocative image or statement on the home page that connects on a personal level.
    - Easily find a big, colorful donate button within 1–2 seconds.
    - Clear insight into where the money goes and who it will benefit. If possible, create a sense of immediacy to give people a reason to give *right now*.
    - Links to events and other opportunities for engagement. ***Many users won't give right away, so offer other ways they can engage and make them feel like more than an ATM***.

- Clear third-party endorsement, like ratings from GuideStar or Charity Navigator, or at least a testimonial regarding your services and impact.
- The opportunity to form a relationship, including signing up for your email list or connecting on social media.
- Sharing tools, including social media sharing links, widgets, and a list where donors can find you online.
- Keep it simple. Don't try to say too much, and ensure your page is clean, simple, and easy to use – that means intuitive navigation that even Aunt Pearl can handle.

3. Legal boxes checked. Make sure you're registered to collect donations in the states where you receive online gifts, or more likely (see next item), use an online fundraising service that handles this for you. And when you collect any personal information, you must comply with GDPR (the European Union General Data Protection Regulation) privacy requirements for those who visit you from the EU (see eugdpr.org or consult an attorney).
4. Donation processing. Be sure you can accept online donations for people ready to give. There are a wide range of providers out there that serve nonprofits small and large – key considerations to pick the one that's right for you are spelled out in the donation form tips within the website fundraising section below. These platforms typically handle the state registrations mentioned in the last tip, plus they automatically thank your donors and send receipts. Many of them integrate with CRM platforms (see Chapter Sixteen), enabling you to automatically update your donor database.
5. Email marketing platform. According to research by Salsa Labs, ***one-third of all online donations are driven by email and nonprofits average a $30 return for every $1 invested in email marketing***, so this *must* be part of an effective online fundraising strategy! An email campaign tool enables you to reach out to a community without having to cut and paste the same message hundreds of times and can save you from running afoul of spam (unsolicited email) filters. MailChimp is a great organization for nonprofits just getting started, as their platform is free for lists up to 2,000 subscribers and 12,000 emails per month, but others include Constant Contact, VerticalResponse, and MyEmma. If you're

using a CRM platform (see Chapter Sixteen), make sure these platforms integrate. Tips for effective email-based fundraising are provided below.

6. Analytics. Be sure you have basic tracking tools on your website, so you know how people find you and what they're doing on your website (we recommend Google Analytics, which is free, and an inexpensive mapping tool like CrazyEgg). And simply having the tools isn't sufficient. Be sure to continually test, analyze, and survey your donors, get feedback from colleagues and friends, learn, and regularly improve all your online platforms.
7. Design tools. Design matters. This goes hand-in-hand with a compelling message to maximize your overall first impression. The good news is that technology and innovation have made it even easier to design amazing websites, email and social media banners, and presentations without a graphic designer. Leverage tools like Canva (www.canva.com) to create compelling social media and other graphics, and many website content management systems like WordPress or SquareSpace provide free tools and templates to help you design a killer site (see Chapter Fourteen).
8. Social networking. Once you have your website and email campaign tool in place, add social networking to your activities. Detailed tips are in Chapters Twenty-One and Twenty-Six, but in the context of this chapter we'll simply share that it is easy to be overwhelmed by the amount of social media outlets available for communication and fundraising these days, so focus on where your audience is instead of trying to be on all of them. Repurpose emails into bite-size chunks of information and stories that you can use to connect and engage followers.
9. Peer-to-peer or crowdfunding tools. Many people want to fundraise for a cause, and peer-to-peer fundraising is growing, which is why for many nonprofits, peer-to-peer and crowdfunding is an integral part of online fundraising. See Chapter Twenty-One for tips and best practices.

In Focus: Messaging, Website Fundraising, and Email

OK. Now you should have the basic tools and best practices for your online presence in place, but how do you leverage these tools to spread your message and raise the big bucks?

Messaging

To compel donors to give online – or anywhere for that matter – you *always* need to answer five questions for them: Why me? Why now? What for? Who says? How? **Bring your donors into your story by answering these questions:**

- Why me? ***Your audience needs to care about what you are doing***. As Kay Sprinkel Grace shares in Chapter Eighteen, remember that "People don't give to you because *you* have needs, but because *you* meet needs. Show your audience why what you do is relevant to them. Bring them value, instead of just asking them to deliver it to you; connect with them on a human level. Use pictures, tell stories, and do anything that can help your audience relate to your impact.
- Why now? Most people donate online at three times. The first is toward the end of the year, when people are in charitable moods and looking to make year-end tax contributions. The second is when there's a humanitarian crisis or natural disaster, such as a hurricane. The third is because a friend asked them to, via an email, peer-to-peer, or crowdfunding campaign. So, what do you do the rest of the year?
    - Explain why a donation is needed right now. Setting a fundraising goal with a timeline no longer than 90 days and clarifying the impact you'll have if it's met is a great way to create a sense of urgency and immediacy. There's plenty of research proving that people are more likely to act if they feel a goal is within reach – and they can help you achieve it with their gift. When doing this, remember that matching or challenge grants can make a campaign goal feel even more urgent.
    - Share what you're currently doing, along with any visible results that will make people want to take action and support more impact.
    - Leverage your super connectors by engaging your most ardent supporters in a personal fundraising effort. It's hard to say no to people we love, so you can bring urgency to your cause by having your champions reach out to those in their circles of influence.
- What for? People know your nonprofit needs donations to advance its cause. But where *exactly* does a donor's money go? What will they get in return for their donation – personally and in terms of the impact of your programs? This is where your value proposition comes in.

- Don't just focus on the need; explain *specifically* the impact a donation will make. A great way to do this is to ***include samples of the kind of impact various donation levels unlock on your donate page***. Heifer International (www.heifer.org) does a great job of this while including graceful language that clarifies these examples are merely illustrative and that donations received online are general operating support.
- Show donors how you'll take good care of their money, so potential donors know it won't be wasted or inefficiently used. You can do this by speaking to what percentage of funds go directly to programs, although many nonprofits try to steer clear of this.
- Share human interest stories and success stories, and compelling facts and figures if possible. Share how other donors made an impact and how your work has changed lives.

- Who says? The messenger is often as important as the message. Use trustworthy messengers – people you've actually helped or other donors. ***Friends and family are the most influential factor in determining where people give money***, so think about how you can get your supporters to speak for you within their own circles of influence.
- How? How is your organization fulfilling its what and why? Share your plan to achieve the impact you aspire to. And one of the best things you can do for your donors (and yourself) is to leave space in your messaging for donors to be an active participant in the problem and the solution, and to weigh in with ideas and resources.

Website Fundraising

After the ALS Ice Bucket Challenge unexpectedly raised millions online in 2014, challenges were the new big thing to raise awareness and money. Many nonprofits rushed to create their own challenge and leadership teams across the country demanded, "Just make it go viral." That's *not* how any of this works.

It's not enough to "throw something up" on your website or social media channel and assume it will resonate with donors and potential supporters. Though nonprofits would prefer to believe that supporters will take their time and digest every thoughtfully constructed word on your website, it's simply not the case.

Instead, you have to approach online fundraising like any other type of resource development: ***cater to the donor's needs, interests, and preferences, rather than cluttering your site with mission statements and strategic plans***. That means featuring your donate buttons front and center, rather than making donors search for it (which they simply won't do).

There are many things you could do to successfully raise money online, whether you are focusing on your website, your social media pages, or email marketing. However, **here are three steps to get you started raising money online:**

- Make your donate button shine
- Don't over sell
- Optimize your donation form

Make Your Donate Button Shine

One of the most frustrating things for a donor to experience online is to get stuck trying to give. Not only will they leave your site, but they will have a negative experience they may share with others. Once you get people to your site and they're excited to give, make it easy for them with a donate button pop that's big and unmistakably easy to locate:

- Take the two-second test. Again, ***visitors to your website should be able to find your donate button in two seconds or less***. If it's a tiny text link at the footer of your site, even diehard donors will likely throw their hands up in despair. And place the button "above the fold" (meaning your visitor doesn't need to scroll down to find it) to help blaze trails to your button.
- Avoid muted, camouflaged buttons. ***The color and shape of your donate button is crucial in attracting a visitor's eye***. Network for Good, which has processed billions of dollars in online donations through its website, performed a test on its site and saw a 30% greater conversion (yes, 3 - 0!) when it changed from a gray button to a red one. ***Take the time to test a range of different donate buttons – swapping out colors, shapes, and fonts – to determine which option gets the highest click-through rate, thereby driving more traffic to your donate page***. You can use Google Analytics or other free tools to do this and simply give each option a few days to see how they pull. And don't be afraid to be creative and use your button as a subtle way to reinforce your mission. For example, if you're a

mountain lion conservation group, consider using a paw instead of a boring rectangle.

- Think beyond "donate now." The copy you choose for your button is another determinant of whether someone clicks or not. Try to relate a gift to something tangible (e.g. "donate a bed net" or "save a litter of puppies", etc.), and test these options out, too. ***To succeed online, avoid guesswork and make the data your friend***.
- Ask any ad exec: babies and puppies work. Beyond playing with shapes and verbiage, don't be afraid to incorporate an image on your button. Depending on your mission you might consider an animal, a baby's face, a clean wave of water, and so on.
- Promote calls to action. Think about other ways to integrate an invitation to "donate now" on your website. This can mean integrating this message into the text of your site, in hyperlinked images, or even using new solutions from providers like Drift and Intercom that enable you to have a chat bot pop up and greet website visitors with the latest information on a current campaign.

Don't Over Sell

Some nonprofits direct visitors to a "why give" page after they click the donate button instead of sending them directly to a donation form, but that's a *big* mistake since you lose people at every click. In fact, ***contributors should be able to donate within three clicks from any page on your website***. Streamline the process by simply customizing the text above your giving form and then providing a link for more information if absolutely needed, but keep it *short* – just a sentence or two above the form.

In every stage of the online giving process, donors will consider bailing and question whether they're making a good decision. It's your job as a fundraiser to reassure the prospect how their gift will be used and how much you appreciate their generosity. ***Paint a clear picture with personal stories and tangible anticipated results*** – while avoiding statistics and overwhelming numbers – to seal the deal. But do this with the rest of your website, *not* once they click the donate button. As they say in the business world, once someone wants to buy, don't over sell.

Optimize Your Donation Form

Now that you've made it easy to find your donate page and shared the final call to action, it's paramount to ensure your donation form itself is user-friendly. **You should select a donation processing platform that can accommodate these best practices, and ensure you configure it so you're set to generate the best conversion rates for visitors:**

- Make sure your donation page matches the imagery, fonts, and colors on the rest of your website to convey a sense of trust and build your brand.
- Keep the number of questions you ask to a minimum – the more fields to complete, the less people that make it through to actually donate. CommitChange researched this and found that ***for every field you add, you lose 2% of the people on your donate page***!
- Use a one-page donation form – remember the greater number of clicks, the more folks you'll lose.
- Be sure your system offers automatic email tax receipts. Of course, it's always a good idea to send a personal note of gratitude as well, especially to larger donors, and note that some research has shown ***donors who receive a thank you call from a board member within 48 hours donate 50% more over their lifetimes on average***.
- Customize the thank you page donors see after they contribute. Some nonprofits claim ***online donations double simply by adding social sharing buttons to encourage donors to invite their social media followers to join them in supporting your work***. Right after folks donate is the best time to invite them to advocate for your good work, as they're most closely connected to your impact in that moment.
- Give your donor options: offer the ability to accept recurring donations, choose designations, and create dedications. Given that typically only ***about a third of one-time donors give the next year, compared to 87% of recurring donors, soliciting sustaining members is key to online fundraising***. **Here are a few tips for encouraging recurring donations:**
    - Highlight the value donors get from setting up a recurring gift: it takes the onus of remembering to give again off of them; it is convenient and becomes

a part of their overall budget (sort of like a happier version of auto-bill pay); and larger gifts can be divided up over time.

- Try to equate these gifts to tangible, relatable outcomes – think about the sponsor-a-child model – to make donors feel more connected.
- ***Ensure that recurring giving is an option every time a donor enters a gift amount.***

- Test different giving levels and configurations of your page to determine your best combination of custom questions and other areas of your form. Use A/B testing tools like Optimizely to test donation landing pages against each other and determine what performs best. As a starting point, it's helpful to know that almost always, ***the most common online giving level is the second lowest one***; folks don't like to feel cheap, so they typically skip the bottom rung. So, experiment by making that second lowest level 15–20% greater than your current average online gift and see if you can optimize against that metric.
- ***Ensure your donation form is responsive and can accommodate donors on different devices***. "Responsive" is a technical term that simply means there's code under the hood that can tell what size screen someone is viewing it from and resize it appropriately. Mobile giving is booming, and if someone tries to donate via a phone or tablet and has a bad experience, they'll bail in a heartbeat.
- Let donors opt-in to hear from you again via email – which brings us to our next section: email marketing.

Email

Again, fully ***one-third of all online giving is driven by email***. As people of *all* ages become increasingly web-savvy – and decreasingly engaged with printed material – it's important for your nonprofit to meet your base where they're at: in their inboxes. Though social networks often snag headlines for big traffic (Facebook is now the equivalent of the world's largest country), there is no doubt that email is ubiquitous. Do you even *know* anyone without an email address anymore?

Chapter Twenty-Seven speaks to newsletter strategy in greater detail, but what follows are a few key points to consider as you contemplate the importance of newsletters and email marketing as part of your fundraising strategy.

Email Fundraising 101: Steps to Success

The best way to approach an email outreach fundraising program is to ***think of your campaigns from the outside in***: plan an overall strategy, determine what goes on the "envelope" of your message, develop stellar content for inside your campaign, design content to be easy to read (being fancy is not important!), and determine how often you want to arrive in your subscribers' inboxes.

1. Plan an overall strategy. When you're getting started, ***consider how much time and effort you're willing to commit to your email outreach***. What are your goals? What sort of content will you share? Who will be the point person to ensure that all of this happens as planned? And as exciting as it is to imagine sending frequent fundraising appeals as part of your mix, ***be sure your strategy includes the 3:1 rule: for every appeal sent, be sure to send three emails that are chock full of thanks, updates, and information***.

2. Make your micro-content catchy. Micro-content refers to the little bits of content your readers see prior to opening you message, which is absolutely critical to getting folks to actually read your appeals. Remember, ***think mobile-friendly, since two-thirds of emails today are read on a small screen*** according to research from MarketingLand. Think about what a reader will see on their phone that gives a preview into your email, which is limited to the sender, subject line, and one or two sentences, tops. You can equate this to an envelope when you receive direct mail. Be familiar (the sender should be a person's name that people will recognize), persuasive (leave some mystery in your subject line, or ask a question), and accessible (be sure you monitor the email address where all the replies are going – ***never use a "donotreply@nonprofit.org" address!***)

3. Develop stellar content. Email is designed to open a two-way conversation. ***Share stories, updates, and content of interest to your supporters***. Keep the content easy to relate to and full of hopeful messages (no one likes doom and gloom) and ways to get involved and contribute to impact (***when fundraising on or offline, always tie your ask to impact***).

4. Don't get hung up on design and keep it digestible. The most important design advice you can take is that your messages must be readable. ***Avoid giant fonts, too many columns, and too much text within your campaigns***. Integrate images or

videos, keep paragraphs to no more than 3–4 sentences, use your emails as a place to *begin* an article, and link to your website or a blog, where you can provide the full story and a link for people to make donations. And just like our earlier comments on the design of your donation form, ensure that the look and feel of your emails aligns with your website, direct mail, and anything else a donor may see.

5. Dial in your frequency. In general, nonprofits rarely venture into the territory of sending too many emails (usually the opposite is true). It is important not to feel intimidated or required to send messages every day, week, or even every other week. ***Set a goal of at least one email per month to ensure your cause stays top-of-mind*** with supporters, and tweak as you see fit. Look at the data when experimenting with frequency to figure out what works best, and once you find your drumbeat, stick with it. It never hurts to ask your subscribers' their preferences too!

Case Study

Girls Inc.

Girls Inc. inspires all girls to be strong, smart, and bold. With over 1,400 sites in 400 cities across the United States and Canada, they've grown tremendously since their founding in 1864.

Through educational programming, mentorships, and advocacy, Girls Inc. focuses on providing girls everywhere the knowledge, resources, and opportunities to live healthy and productive lives.

When recent political turmoil left the fate of the Deferred Action for Childhood Arrivals (DACA) program uncertain, Girls Inc. decided to use an email marketing tool called EveryAction to run an advocacy campaign to raise awareness of this issue (see https://secure.everyaction.com/fGejOxtuN0Ka1pTXSSZUNQ2). They shared:

> *We have been able to make more data-driven decisions, such as what content to share and clarifying the audience we share it with. Before, we weren't able to effectively segment our audience; the targeting and*

Case Study

testing has been so helpful! We're just in the beginning stages of figuring out what those segments are and who we're interested in targeting, but the fact that we even have data coming in that indicates who is engaged, who is excited about our content, and what kind of content they're interested in has been very helpful. Additionally, the usability of forms has been crucial. We just didn't have the technology before to track who was new to our list and who signed up. These features, combined with our new website have resulted in 25% list growth in the last six months, which is huge for us!

Do's and Don'ts

Online Fundraising Do's and Don'ts

- DO ensure your online fundraising campaigns are compatible with your CRM or donor management system.
- DO make sure your donate button is big, bold, and easy to find.
- DO have a clear call to action on highly-trafficked areas of your site and on all your social media presences.
- DO incorporate a website analytics tool to understand what is working, where your visitors are spending the most time, and where they frequently abandon your site.
- DON'T rely on work email services like Outlook or Gmail to stay in touch with your supporters on a large scale. Use an email marketing service.
- DON'T get distracted with the next "new thing" that comes your way online; stay focused on ensuring that your online fundraising goals align with your overall objectives.

Conclusion

If you don't feel like your online fundraising efforts are as well-oiled as a NASCAR pit crew, take heart in the fact that the basic best practice principles of online fundraising and communications don't change nearly as quickly as today's technology landscape.

The speed at which the tools, platforms, and tactics evolve is what keeps us on our toes and in constant learning mode. ***Well-conceived strategies, compelling stories, and open communication – as in any other avenue of fundraising – yield the best results***.

Your nonprofit only stands to benefit from venturing online. You now have the opportunity and knowhow to increase your bottom line and give supporters and potential donors a great experience when they land on your website. By following the best practices we've outlined, you'll blaze your way to forming valuable relationships with donors, growing an engaged audience online, and raising more and more money online.

Given all of the other projects you're undertaking, online fundraising may seem intimidating, but know that there are plenty of resources and tips you can put into practice right away to start off on the right foot. And there are partners willing to work with you to take the technical burden around donation processing and email marketing off your shoulders. You're not alone and you *can* succeed!

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and growth hacking to nonprofits. With 11 years' experience in both client services and marketing at leading nonprofit technology companies such as Convio, Blackbaud, and Kimbia, Taylor has interfaced with hundreds of organizations on both national and local levels. She has a passion for helping nonprofits connect the dots between marketing, fundraising, and technology, frequently sharing these insights at industry conferences.

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Online Fundraising Resource Review

Benchmark Data

Each year the following sources release updated information and data regarding the state of online giving and fundraising practices in the nonprofit sector:

- Giving USA annual report (www.givingusa.org)
- Blackbaud/Target Analytics: Donor Centrics™ Annual Giving Report (www.blackbaud.com)
- M+R Strategies/NTEN: eNonprofit Benchmarks Study (www.mrss.com or www.nten.org)

Network for Good (https://www.http://www.networkforgood.com/resources)

From online, to #GivingTuesday and year-end fundraising guides, Network for Good offers great insights and resources. They do a particularly great job with taking online fundraising concepts and distilling them down for nonprofits who are just getting started in the digital space.

Nonprofit Marketing Guide (http://www.nonprofitmarketingguide.com/resources)

From author Kivi Leroux Miller, this site has a wealth of resources focused on maximizing your nonprofit communications and will help you start to craft a plan for your online fundraising efforts.

Nonprofit Tech for Good (www.nptechforgood.com)

Fundraising guru Heather Mansfield's blog is a goldmine of valuable content, and she uses lots of examples from real nonprofits, which is always helpful and inspiring. She also offers webinars on everything from social media best practices to how to revamp newsletters and e-mail campaigns.

The Fundraising Authority (www.thefundraisingauthority.com)

This site covers a wide variety of fundraising topics and offers resources from webinars to articles to books, including The Beginner's Guide to Fundraising, which is a carefully curated guide of articles relevant to new and seasoned fundraisers alike.

Julia Campbell Social Marketing and Storytelling in the Digital Age (jcsocialmarketing.com)

Julia's nonprofit marketing blog and resources are insightful for those looking to get the basics in online and social media fundraising, as well as for more advanced marketers and fundraisers. Her book is a great guide to digital fundraising success.

Nonprofit Pro (www.nonprofitpro.com)

Nonprofit Pro is a nonprofit-focused print and digital magazine. Their website and newsletter offer fresh new direct marketing content through insightful articles, podcasts, and a weekly #trending video.

CHAPTER 21

Online Peer-to-Peer Fundraising

By Nicci Noble, CFRE, President, Noble Services LLC, and Sean Sullivan, Nonprofit Consultant; Updated for second edition by Nicci Noble, CFRE

Introduction

Wikipedia defines a "social network" as "a social structure made of individuals (or organizations) called "nodes," which are tied (connected) by one or more specific types of interdependency, such as friendship, kinship, financial exchange, dislike, sexual relationships, or relationships of beliefs, knowledge, or prestige."[1]

You've heard it in several chapters throughout this book: people give to *people*. Another concept that's come up is the notion that the most powerful form of ask is a "peer ask," along the lines of "I invite you to *join me* in supporting the great work of this cause. I donated and you should, too!" The Internet, and social networking in particular, presents a tremendous opportunity for nonprofits large and small to grow their network of contacts, supporters, and donors – never before has there been such a powerful tool for getting more people connect to your cause.

Social networks existed long before the Internet, but the web has opened up numerous connections that were nonexistent, or at least invisible, in the past. The web's facilitation of networks – specifically via free commercial social networks such as Facebook, Twitter, LinkedIn, and numerous older forms, including forums and bulletin boards – opens many doors for you as a nonprofit fundraiser. Many of these allow you to aggregate your social networks all from one place and share with them as much or as little information as desired.

The use of these online media to raise friends and funds is a new variation on the old model of peer-to-peer fundraising. In the traditional model of friend raising and fundraising, nonprofits look for influential community leaders and wealthy donors to introduce them to their friends, thereby expanding the nonprofit's influence and fundraising ability. The larger the pool of donors, the larger the possibility of returns. This is basic social networking. Online fundraising through peer-to-peer networks makes this process electronic, often saving time and resources in the process, and increasing the ability to "scale," or grow, rapidly. The sector-wide results are quite impressive: ***one-third of all online donations are made due to peer-to-peer campaigns***, according to Abila's 2015 Donor Engagement Study, and just as in real-world networking, ***wise online networkers seek to cultivate connections to other individuals with large social networks***. These people are often referred to as "key influencers" in the digital landscape.

However, nonprofits don't need just *any* person with lots of connections. They need people who share an interest in – and have the ability to contribute to – their cause. It is *these* people that you want as fans, followers, and commenters on your Facebook Page, Twitter account, and blog posts. This chapter will help you understand how to use online social networks for fundraising *from* one of your people *to* potential supporters, AKA "peer-to-peer fundraising."

Critical Skills and Competencies

Your nonprofit needs three key capacities before you can leverage your online networks. Let's look at those first, and then we'll look at some of the skills associated with peer network fundraising.

1. Establish Your Online Presence

In preparing to launch into social media, nonprofits need both digital and staff infrastructure. As a starting point, in addition to setting up a Facebook and Twitter account, ***you need Facebook and Twitter icons right on your homepage***. This allows people to connect with your networks. It also indicates that you "get it" – that you are savvy enough to merit their attention and investment of energy, if not money. In the twenty-first century, your website may be the main channel through which people interact with your organization.

Social networks require support. Facebook, Twitter, and blogs are all free. Once you have these in place, you're out of the gate. But ***once you launch anything online, you must maintain, support, and expand your presence, otherwise you run the risk of undermining your efforts by opening the equivalent of an empty store***, which reflects more poorly on your nonprofit than not being there at all. Think of your online presence and social networks as gardens – if you do not tend to them, they won't grow and produce. Even though Facebook has surpassed 2 billion users, making it the equivalent of the world's largest nation, some continue to advise that nonprofits just hire any 21-year-old out of college to manage their social media strategy. This is similar to adults struggling with the Internet in the late 1990s saying, "If you don't understand how to get on, just ask your 4-year-old." Cute in concept, but not very practical. You need to invest in *professional* support.

Already, most mid-size nonprofits have a social media coordinator, if not a team. But rather than assigning this role to a person or even a team looking at nothing else, ***social media messaging should be part of your nonprofit's communications and fundraising strategy*** and staffed accordingly. These functions require regular upkeep and updating. In this rapidly moving world, even going 24 hours without refreshing your status update or Twitter communications can mean you are stale, but that means allocating valuable staff time. However, these tools are so easy that ***you can take a single line from a case statement, grant proposal, press release, or acknowledgment letter and simply drop it into a 280-character "tweet" that Twitter instantly shares with all your followers.*** Moreover, your tweets can update your other social networks, such as Facebook and LinkedIn, if you set your account up properly and use tools like HootSuite or TweetDeck.

Smart nonprofits also cull the headlines and trending hashtags to create appeals that will resonate and reflect the organization's connections to the issues of the day.

2. Create an Organizational Cause and Fan Bases

It is far most effective for nonprofits to create an organizational presence of which people can become fans, rather than creating a profile, or individual account. Once you've established critical mass, you can ask supporters in your various networks to raise your visibility through posting to their social media platforms – that's when things can go "viral," spreading exponentially from person to person, engaging your community in helping you spread the word faster than you could on your own. This will help cultivate online support for your cause – people ready to step forward when you ask for donations or other support. If instead you set up a personal presence, then people follow you, not the cause, which can present problems during staff transitions.

3. Leverage Personal Social Networks

The single best way to build up your base of followers on <u>any</u> social media platform is simply to ask. Once you are on a commercial social media platform like Facebook, Instagram, or Twitter, you need to promote your presence. Your current social networks can help with this – but remember *the networks you have access to extend beyond those formally attached to your nonprofit*. They may include your personal networks, those of the board, the staff, and your close supporters.

Begin with leveraging your own personal social networks, reaching out to your board and staff, and to your supporters. Ask them to spread the word by inviting their friends to join them in becoming fans or followers. Some nonprofits worry about crossing the line by asking people to spread the word, but they shouldn't. For one thing, asking the board should be a no-brainer – their duty includes the duty of leveraging their networks and representing your nonprofit to the community. As for staff, leadership needs to think through the acceptability of asking staff to share their commitment to the organization through their personal networks.

It may seem unfair to ask people to open up their lives in this way. However, the boundaries between work and personal lives are blurring as we work longer and harder – and this blurring is especially common among younger workers. ***Think of social media during the work day as "the twenty-first century cigarette break"*** and consider making an agreement with staff: the organization will be lenient about their use of personal social media while at work.

In exchange, your nonprofit can ask staff to promote its work through personal social media updates that promote posts made by your organization, and to share the organization's events, news, accomplishments, media appearances, and other items of interest with their friends and followers.

If your nonprofit has a blog, the board and staff should be asked to sign up for an RSS feed or notification of the agency's new posts so that they can then help promote them. ***RSS (Really Simple Syndication) is a family of web feed formats used to publish frequently updated content – such as blog entries, news headlines, audio, and video – in a standardized format, aggregating content and automatically sending it to your email, phone, or web browser in one consolidated feed***. This tool allows your nonprofit to keep tabs on important news streams and to publicize itself when relevant stories are identified and forwarded.

With these capacities in place, you can turn to the work of raising friends and money via peer-to-peer networks.

Raising Money: Online or In-Person, the Same Rules Apply

One of the principles of fundraising established by Hank Rosso, a founder of the Center on Philanthropy and founding director of The Fund Raising School, is that "people give to people." ***News of your nonprofit's good work is perceived to be more authentic and genuine if it reaches people through one of their trusted friends or colleagues*** – this is one of the key factors in engaging people in your efforts and educating them about your cause. This is as true online as it is in person.

As you've already read, ***fundraising is not just about the money; it's about relationships***. We know that when a board member accompanies a development officer to meet with a prospective or current donor, the odds of securing a gift are *far* greater than if the fundraiser goes alone. What our parents and teachers have taught us about peer pressure is true. Fortunately, the peer pressure we're talking about here is moral, ethical, and socially responsible, and ***peer-to-peer fundraising via social networks is a powerful way to put technology to work for your cause***.

The Seven Golden Rules of Email Solicitation

As part of your peer-to-peer fundraising efforts, you will no doubt be using email campaigns, which are explored in Chapters Twenty and Twenty-Seven.

In peer-to-peer fundraising, it's crucial to note that ***nonprofit email campaigns must adhere to seven federal regulations***. According to the Federal Trade Commission, "each separate e-mail in violation of the CAN-SPAM Act is subject to penalties of up to $16,000," so noncompliance can be costly. Thankfully, following the law isn't complicated. **Here's a rundown of CAN-SPAM's main requirements:**

1. **Don't use false or misleading header information.** Your "From," "To," "Reply-To," and routing information – including the originating domain name and email address – must be accurate and identify the person or organization who initiated the message.
2. **Don't use deceptive subject lines.** The subject line must accurately reflect the content of the message.
3. **Identify the message as an advertisement.** The law gives you a lot of leeway in how to do this, but you must disclose clearly and conspicuously that your message is an advertisement. ***If you are soliciting funds, your message is considered an advertisement, so identify it as such***.
4. **Tell recipients where you're located.** ***Your message must include your valid physical postal address.*** This can be your current street address, a post office box you've registered with the US Postal Service, or a private mailbox you've registered with a commercial mail receiving agency established under Postal Service regulations.
5. **Tell recipients how to opt out of receiving future emails.** Your message must include a clear and conspicuous explanation of how the recipient can opt out of (or unsubscribe from) getting email from you in the future. Craft the notice in a way that's easy for an ordinary person to recognize, read, and understand. Give a return email address or a link for people to unsubscribe. You may create a menu to allow a recipient to opt out of certain types of messages, but ***you must include the option to stop all messages from you***. Make sure your spam filter doesn't block these opt out requests and note that you must be able to process opt out requests for at least 30 days after you send your message.
6. **Honor "opt-out" requests within 10 business days.** You can't charge a fee, require the recipient to give you any personally identifying information beyond an email address, or make the recipient take *any* step other than sending a reply

email or visiting a single page on a website to opt out. ***Once people have told you they don't want to receive more messages from you, you can't sell or transfer their email addresses***, even in the form of a mailing list. The only exception is that you may transfer the addresses to a company you've hired to help you comply with the CAN-SPAM Act.

7. **Monitor what others are doing on your behalf.** Federal regulations are clear: even if you hire another company to handle your email marketing, ***you can't contract away your responsibility to comply with the law***. Both the nonprofit promoted in the message and the company that actually sends it may be held legally responsible.

A nonprofit's privacy standards should be permission-based and transparent to both the fundraiser and the donor. Also, make it clear to anyone sharing contacts that this information will only be used by the nonprofit for future communication or solicitation efforts. Opt-out is required legally but ***"double opt in" is the ideal scenario for the highest quality constituent file***.

Double opt-in is where a user has subscribed for a newsletter or other email marketing messages by explicitly requesting it and confirming the email address to be their own. This is usually done by responding to a confirmation email. This eliminates the possibility of somebody submitting somebody else's email address without their knowledge and against their will.

Converting Donors into Fundraisers

When you use online social networking to improve online giving campaigns, you're simultaneously building your potential base of volunteer online fundraisers. Remember the "pyramid" model of fundraising? In the past, we supplied volunteer fundraisers with pledge forms, and they would collect many more donors and dollars than a sole fundraiser could. These volunteers were using their own real-world social connections to find donors. The math of these types of campaigns is easy to understand. ***The more people who ask for money for your cause, the more other people will be inspired to donate***. With the web, it's simply a matter of translating the method to online social media. Think of it as pledge-based fundraising after a double espresso.

We can now sit on our couch, watch recorded shows while skipping commercials, email 100 people we know (either next door or on the other side of the world), and ask them to support our fundraising efforts or, better still, join in and become a volunteer fundraiser themselves. When peer-to-peer fundraisers receive real-time feedback about who supported their request, and event organizers recognize them as a "good" fundraiser or identify a lagging fundraiser and give them the help they need to be more successful, everyone involved is a winner.

Nonprofits that provide an online giving platform to their constituents facilitate viral online giving. For the past 154 years, The Salvation Army volunteer bell ringers have stood at store entrances ringing bells during the holiday season, wishing people well, and inviting them to put some money in the Red Kettle. The Salvation Army created the Online Red Kettle to bring this traditional offline fundraising campaign online under my leadership.

This web-based version of ringing a bell from the comfort of your keyboard was a peer-to-peer campaign that empowered and supported people to raise money by emailing their family and friends. Online Red Kettle hosts can customize their fundraising pages, track their progress, monitor the status of their invitations, and welcome others to join them in becoming an Online Red Kettle host. One volunteer fundraiser sent messages with eye-catching and daring calls to action by asking their contacts to "give or G-d will get you – and if He doesn't, I will." This joking personal solicitation raised more than $10,000 through one supporter's personal fundraising page in her first year of "ringing online." And while your nonprofit may not be as big as the Army, any organization of any size can implement a similar peer-to-peer strategy and invite its supporters to participate in their fundraising efforts.

One final note on the topic of converting donors into fundraisers: while the focus of this chapter is on peer-to-peer campaigns, don't underestimate the importance of engaging donors on your website to support peer-to-peer giving. As described in Chapter Twenty, ***simply by adding social sharing buttons to the thank you page displayed to donors after they contribute, you can double your online revenues***. And perhaps even more important, you're doing that by expanding your base of volunteer fundraisers and enlisting the generous support of donors who you're likely not already connected to, thereby expanding your database of possible contributors for the future.

Friend Raising Online

Many nonprofits have leveraged peer-to-peer fundraising for both raising money and "raising friends." The same rules apply to all disciplines of fundraising: again, it's not about the money, it's about relationships. ***By growing your network of engaged, informed constituents via all media and channels, you will increase overall fundraising success***. It's just that simple.

In his article "Roadmap to Fundraising Success," Timothy Seiler writes, "Fundraising is about relationships built on mutual interests and concerns. One of the secrets of fundraising is that people give to people with causes. The next action step in the cycle is to activate a volunteer corps of solicitors."[2]

One of the many challenges that arise in this new world of Internet-enabled, peer-based fundraising is how to recognize and reward volunteer friend-raisers and fundraisers. In a simpler model, where we simply search for donors, it's relatively easy to offer rewards based on the amount each person gives (think about the bags, t-shirts, and CDs offered during telethons). But what about the amount each person *raises*? Using our couch-potato example above, let's imagine that from the 100 emails sent by a volunteer fundraiser, you get a 35% response rate (which would be quite impressive, by the way), and that your average gift is $100. That means that while catching up on the nightly news, our supporter raised $3,500! Let's also assume that she pulled out her own credit card and made a $300 gift, to bring our total to $3,800.

How should your nonprofit steward her? If you pull her record from your database, will it only reflect a $300 donor? As more and more nonprofits face the challenge of needing to raise more money with fewer resources, development professionals are in search of volunteer fundraisers, not just donors. This volunteer fundraiser needs to be treated with the same genuine gratitude due to a $3,800 donor, which many nonprofits would consider a major gift. If your nonprofit has a major gifts officer stewarding major donors who give via traditional means, then she should steward online donors and volunteer fundraisers in the same way. Having an appropriate staff or board member personally thank someone who has given or raised what is considered a major gift via any channel is a good practice. Ultimately, ***nonprofits using peer-to-peer fundraising should develop methods that recognize and reward people for the amount they help raise through their personal networks, not just what they give***.

Using Social Networks to Promote Events

Events are the most commonly used tool used in peer-to-peer fundraising. Bike-a-thons, walks, dances, and yes, even yoga-thons, have harnessed the power of peer-to-peer giving to raise millions online. But in order to launch and support such an effort, you have to make an investment. ***The key is to begin with the end in mind; to start by clarifying your goals, and then to map out a strategy to achieve them***. If the following questions remind you of those you've seen in other chapters, that's because answering them clearly is crucial to the success of launching any type of campaign:

- What type of campaign do want to launch? Are you bringing an offline annual event online, or starting a new event, like a race or dance-a-thon?
- How many people do you want to engage?
- How will you measure success?
- What type of personnel support can you allocate? (i.e. staff or volunteers to provide training or support in using your social networking tools)
- What are your financial goals, if any?
- If this becomes successful, will you have the capacity to dedicate more time or staff to it?

Case Study

Two Case Studies on the Power of Online Social Networking

The Salvation Army: Getting Supporters to "Do More Than Give"

Hurricane Katrina was among the strongest hurricanes ever to strike the United States, according to scientists at the National Climatic Data Center. The American public's response to the hurricanes and floods was as unprecedented as the devastation caused along the Gulf Coast. ***More money was given online in response to hurricanes Katrina and Rita than any other natural disaster in history***.

Case Study

The Salvation Army was challenged with a relief and recovery effort unparalleled to any other in its history. The public overwhelmingly supported their disaster work by giving five times more money via the web in the 18 days after Katrina made landfall than the Army raised in its first four years of online gifts combined. But the Army knew people wanted to help on an even deeper level.

The Salvation Army empowered these would-be volunteers by providing a platform inspiring people to "Do More Than Give." They had learned from previous peer-to-peer campaigns, like the Online Red Kettle, that many of their online donors were comfortable with peer-to-peer fundraising. In addition to securing donations, they successfully enlisted the help of volunteer fundraisers in raising much-needed funds for the relief effort via this giving campaign. Providing volunteer fundraisers with the tools and templates to easily enlist their family, friends, colleagues, customers, and social networks enabled the Army to secure the support of thousands.

Approximately 11,000 donors who had opted in to their email list received a message announcing the campaign. Recipients were asked to make a donation, become a volunteer fundraiser by hosting a personalized web page, or both, with the funds going towards the Gulf Coast disaster relief effort.

- 10,951 emails sent to a select group of Salvation Army donors
- 375 gifts received within 72 hours = $73,191
- 1,476 gifts over 2 weeks = $217,968

This campaign had no marketing or media budget and took less than two days to configure, design, and deploy using simple technology available to nonprofits of all sizes and very little staff time. This incredible return on investment clearly illustrates the power of a peer ask to quickly generate much-needed funds and support, and the ability of any nonprofit to effectively employ this strategy.

Equality California: Raising Funds and Influencing Policy

Equality California (EQCA) utilized peer-to-peer fundraising to raise funds to change same-sex marriage policy in California. They were fighting Proposition

Case Study

8, a California ballot proposition to limit marriage to opposite-sex couples. EQCA's strategy was to connect people to the importance of marriage equality as an issue, personalize the cause by associating real faces, couples, and stories to it, and to engage people previously not connected to the issue or even out of the state and get them to give to the campaign.

To accomplish this, EQCA created a same-sex wedding registry to support its "No on 8" campaign. The registry gave LGBT couples an opportunity to register for gifts just as any engaged couple would. The catch was that the wedding registry was on EQCA's website, and instead of place settings and a microwave, couples asked friends to give financially towards EQCA's campaign. The site allowed couples to make the page unique by adding pictures, details about their courtship, their own messages, and acknowledgments. All told, the effort raised a whopping $1.1 million!

How did the relatively small nonprofit pull this off? The wedding registry was supported by existing development and administrative staff who were able to build off the existing templates, press releases, and messaging of Equality California and their No on 8 campaign. These items moved in lockstep with each other and were supported by social media marketing. Today, you could use Twitter to draw even more eyeballs to your campaign and messaging.

In addition to direct solicitations and campaign updates, EQCA used its email list to promote and remind its network about the wedding registry and encourage them to either set up sites themselves, look for people they knew through an easy search tool on the registry by last name, or give to profiled couples. Hence, there were multiple options for engagement, all promoted by the nonprofit and its supporters.

The campaign also helped EQCA acquire hundreds of thousands of new contacts for future advocacy and fundraising communications, growing its list by an order of magnitude, and it established them as the leading LGBT marriage equality group in the state of California.

Do's and Don'ts

Online Peer-to-Peer Fundraising Do's and Don'ts

- DON'T roll out until you are ready: have *all* your technology – both internal and public-facing – and staffing in place prior to launching a peer-to-peer fundraising campaign.
- DO set up your website and basic social media (e.g. Facebook, Instagram, and Twitter) before directing people to your site.
- DO go all the way – once you establish your social media efforts, make sure they're maintained, updated, and promoted.
- DON'T ask your followers and fans to take on too much – give them easy, actionable tasks.
- DON'T penalize staff for using social media – offer people the "twenty-first century cigarette break" and let them use sites at work in exchange for helping to spread your message to their networks.
- DON'T reinvent the wheel – craft your social media updates from existing communications, grant proposals, acknowledgments, and marketing collateral.
- DO obey the Seven Golden Rules of E-mail Solicitation spelled out in the CAN-SPAM Act.

Conclusion

Online fundraising is growing at a pace unrivaled by any other fund development approach, with peer-to-peer efforts leading the charge and accounting for a third of all online giving. A nonprofit's ability to carve out a strategy and get a piece of that pie can make or break its ability to achieve its mission in today's times. In order to do this, it is critical to have a year-round strategy and team in place to recruit, renew, and grow donors via web-based giving programs. When done properly, these efforts can be a cost-effective way to build sustainable communities of interest that support your fundraising efforts online and off, as well as spreading the good word about your good work.

***Nicci Noble**, CFRE, is president of Noble Services LLC, an online fundraising, communications, marketing, and technology consulting company. Nicci enjoys teaching nonprofit professionals how to ethically and effectively leverage technology and the Internet in their communication and fundraising efforts at educational events across the world. Nicci is best known for her work at The Salvation Army, where she implemented their first email, online giving, and peer-to-peer programs for Christmas and disaster campaigns. She is a past president of the Association of Fundraising Professionals Golden Gate Chapter, served on the AFP International Committee on Directorship, and is currently a member of the AFP International External Relations Committee, Member Services Division, Marketing & Communications Task Force, and Chair of the Social Media Policy Guidelines Task Force.*

***Sean Sullivan** is veteran non-profiteer & entrepreneur who has raised over $50 million in his career working for Covenant House, Equality California, and College Track. Sean is a past president of the Association of Fundraising Professionals Golden Gate Chapter and sits on the boards of several other community-based organizations. Sean holds his BA in journalism/mass communication from St. Bonaventure University and his certificate in nonprofit management from Stanford University.*

Online Peer-to-Peer Fundraising Resource Review

Katrina VanHuss. Dollar Dash: The Behavioral Economics of Peer-to-Peer Fundraising. Turnkey, P2P, Inc., 2017.

This book digs into human behavior, its effect on a nonprofit's ability to fundraise, and why people volunteer and fundraise for causes.

Peer-to-Peer Professional Forum (www.peertopeerforum.org)

The P2P Forum, which started in 2007, provides resources such as its annual conference, monthly webinars, timely data and information, and a vibrant online community that help peer-to-peer fundraisers gain access to best practices and support.

Brandraising (https://www.bigducknyc.com/how/brandraising)

This graphic outlines a mission-driven approach to communications and marketing, specifically designed to boost fundraising efforts.

The Next Generation of American Giving
(https://www.convio.com/files/next-gen-whitepaper.pdf)

A research study into the charitable giving behaviors and attitudes of GenY, GenX, Boomers, and mature donors.

Beth's Blog: How Nonprofits Can Use Social Media (www.bethkanter.org)

A place to share learning about nonprofits and social media, ROI, culture change, strategy, and more.

Robert Weiner's Online Fundraising Tools Checklist
(https://www.rlweiner.com/clf/online_donations_checklist.pdf)

Issues to consider when looking for online donation tools.

John Haydon's Blog (www.johnhaydon.com)

This blog is full of helpful tips and tools regarding all aspects of social media and crowdfunding. Download the "51 Best Social Media Tools for Any Nonprofit Marketer or Fundraiser," and sign up for John's great weekly newsletter, which is full of tips and tools.

Plenty (www.plentyconsulting.com)

Consulting firm that offers an active blog on runs, walks, and rides. They also publish an annual report on the topic and offer free webinars.

Crowdfunding Platforms with Great Resources

- Classy.org – active, insightful blog.
- StartSomeGood.com – another active blog focused on social media and online fundraising.
- Indiegogo.com – check out their giving day playbook and field guide.
- Kimbia.com – great webinar series and useful online fundraising blog.

CHAPTER 22

Cause Marketing 101: Moving Beyond Corporate Sponsorships to Strategic Partnerships

By Mollye Rhea, President and Founder, For Momentum

Introduction

Most often, nonprofits seek partnerships with companies to secure funding for programs, events, or general operating support. It is important to understand that corporate philanthropy is rapidly evolving. ***Consumers and employees expect companies to take a leadership role in solving important societal issues and improving communities***. One of the best ways for companies to do this is to partner with nonprofits, which can result in significant support for your cause.

The corporate social responsibility and social impact landscape has expanded and changed dramatically in recent years. Partnerships with nonprofits used to be a "nice thing to do." Now, these partnerships have become an integral part of business strategy as well as an effective way to demonstrate the value a company has in strengthening the communities where they live, work, and play.

Companies are looking to partner with nonprofits for engagement opportunities that connect employees and consumers because these primary audiences expect companies to invest in social causes. In other words, ***"doing good" is good for business***. In order to maximize collective impact, companies need nonprofits to come to the table as strategic, yet flexible and creative partners in order to help them achieve very important business and social impact goals.

Keeping this in mind, let's explore what your nonprofit needs to understand about cause marketing in order to develop successful relationships with corporations.

Critical Skills and Competencies

Cause Alliances and Cause Marketing

Let's begin with some definitions. *Cause marketing* is a broad term that can refer to many types of relationships between nonprofits and corporations that engage consumers and employees. Most commonly people think of "cause marketing" as a time-bound marketing promotion where a purchase decision results in a donation to a nonprofit (e.g. a percentage of a product's sale price during a specified period). While that is a prevalent type of cause promotion, there are many other effective ways nonprofits can partner with companies to generate a wide range of benefits for both organizations.

I prefer the term "cause alliance" rather than "cause marketing" to broaden the point of view beyond the common, transaction-based definition. Below are several **key components critical to successful cause alliances:**

- Mutually-beneficial relationships that leverage assets from both the company and nonprofit

- Activations that raise funds and/or awareness of a societal issue or cause
- Engagement of key stakeholders (customers, employees, etc.) in a mission that is aligned with the company's brand and values

Top Trends Driving the Rise of Partnerships Rooted in Purpose

Again, more and more companies are investing in partnerships with nonprofits and seeking strategic cause alliances. As mentioned, there are a number of reasons companies are interested in making partnership the centerpiece of their corporate social responsibility programs. Below are some compelling statistics that demonstrate what is driving this increase.

Companies are realizing direct business-building benefits:

- 87% of companies are measuring and tracking the societal outcomes and impacts of their investments and starting to use the data to inform their core programs, which is up from 79% in 2013.[1]
- 89% of corporate executives surveyed said a strong sense of collective purpose drives employee satisfaction.[2]
- 80% of corporate leaders said partnerships help increase customer loyalty.[3]
- 97% of business executives believe cause partnerships is a valid strategy.[4]

At the same time, **there is a marked increase in consumer expectations for companies to support societal needs:**

- 87% of Americans now prefer to purchase products that align with their values.[5]
- 90% of consumers say that cause partnerships result in a more positive image of the company.[6]
- Two-thirds of consumers believe it is "Somewhat Important" or "Very Important" for brands to take a stand on social/political issues.[7]

- 63% of consumers have switched from a company because they wanted to support things that another company does, such as charitable donations or social causes.[8]
- People want businesses to support a social or environmental issue, and 80% say they are loyal to those that do.[9]

In today's economic climate, ***supporting nonprofits has become a key recruitment and retention strategy for companies***. Even prior to the hiring stage, qualified candidates seek out companies who offer purpose-led initiatives that boost morale and impart a sense of purpose:

- 82% of employees and executives have more confidence in companies with a strong sense of purpose.[10] More than 70% of young people said it was imperative or very important to work for an employer where mission and values align.[11]

One common misconception among nonprofits new to cause marketing and cause alliances is that permitting a company to use their brand and logo can be perceived as "selling out." I'd like to point out that the opposite is true! Naysayers who have not yet seen the light around cause marketing should understand that ***consumers actually feel a greater sense of trust if a nonprofit is authentically connected to a company they trust***. The research below shows us that cause alliances boost the image of nonprofits as well as corporations:

- 79% of consumers would donate to a charity supported by a trusted company.[12]
- 76% would volunteer for a cause that a trusted company supports.[13]

Benefits of Partnership

It's important for nonprofits to broaden their thinking and consider the many potential advantages and benefits strategic corporate alliances can bring, in addition to funding. It's a collective journey though, so ***companies and nonprofits need to first work together to fully understand each other's goals and establish a roadmap with clear objectives to succeed***.

Nonprofit Benefits From the nonprofit perspective, the benefits of well-planned partnerships with companies are far-reaching. Beyond grants and sponsorship

dollars, there are a multitude of ways to partner. Benefits include awareness and access to audiences (consumers, employees, vendors, etc.), which help increase reach and expand the nonprofit's potential donor pool. Budget-relieving ***in-kind product or service donations can positively impact your bottom line and may be easier to secure than cash support***. And a range of volunteer opportunities – from "boots on the ground" to leadership-building and skills-based opportunities to board participation – are all important benefits that can be derived from cause alliances.

Company Benefits Business "success" is the bottom line. The more a nonprofit can demonstrate an understanding of corporate objectives, brand goals and performance measures, and demonstrate ROI, the better a partner they will be. From the corporate perspective, the benefits of partnering with a nonprofit include brand awareness, access to new audiences, sales growth, and employee engagement, all while showcasing their community support and corporate social responsibility.

It is well documented that ***if a company invests in cause alliances that include employee volunteering and workplace giving programs, their employees are more loyal and productive***, and they report feeling a sense of purpose, positive morale, and enhanced general well-being. It especially helps with recruitment and retention of younger Gen Z and Millennial workers. Purpose-based cause partnerships are a very effective form of employee engagement. This builds connections through social responsibility and advances positive community relations. Although more and more companies are introducing cause strategies, 44% of employees said their company needs to develop a stronger sense of purpose.[14]

Top Considerations From Corporate Partner Decision Makers

Traditionally, the shot caller you want to engage in crafting a powerful partnership was found in the Community Relations Department. However, you can now ***find partnership decision makers in Community Relations, CSR, Marketing, PR, or HR, and increasingly, the C Suite*** is weighing in too.

To understand more about the factors influencing company partnerships with nonprofits, For Momentum conducted practitioner research in 2018.[15] We found

that ***the top drivers for selecting nonprofit partners map directly to the needs of the community***. This is followed closely by employee interests, who now equal consumers in terms of the audience companies most want to influence with their cause activities. ***The single most important factor for selecting a national nonprofit partner was a tie between brand/mission alignment and showcasing community support/social responsibility***, which both received 57% of the votes.

Social impact is the most important measure of partnership success as reported by 60% of those surveyed. Remember, companies tend to be numbers- and measurement-driven. Companies also desire stories that demonstrate impact and emote a personal connection. It's important to note that ***impact measurements are the responsibility of the nonprofit and need to be carefully factored into the planning process***.

As for what is *not* working, nonprofits are getting failing grades from corporate decision makers on the measures of "bringing new ideas" and "presenting unique opportunities." ***Nonprofits that offer innovative ideas to help corporate partners cut through the cluttered cause landscape become valued partners***.

Figure 22.1 and 22.2 are two summary infographics from the 2018 For Momentum Corporate Decision Makers Survey as visual reminders of some of the key points discussed in this chapter. If you would like to download the entire research report, please visit https://formomentum.com/resources:

HIGH EXPECTATIONS

WHAT CORPORATE DECISION-MAKERS WANT FROM NONPROFIT PARTNERS

ForMomentum
CREATIVE CAUSE CONNECTIONS

EARLIER THIS YEAR, For Momentum asked corporate partnership decision-makers from a wide variety of business sectors about what they look for in a nonprofit partner. Based on the 2018 results and comparative data from our 2015 survey, we know that as companies look to be a force for good to differentiate themselves in the marketplace, they are becoming more strategic and selective about their cause partnerships. Below are key highlights from our research that can help nonprofits adapt to these higher expectations and help corporate decision-makers with industry benchmarks.

THE MAJORITY OF COMPANIES ARE NOW PARTICIPATING IN PARTNERSHIP ACTIVITIES WITH NONPROFIT ORGANIZATIONS AT BOTH THE NATIONAL AND LOCAL LEVELS:

89% *IN LOCAL PARTNERSHIPS WITH NONPROFITS*
82% *IN NATIONAL PARTNERSHIPS WITH NONPROFITS*
62% *IN PEER-TO-PEER ACTIVITIES*

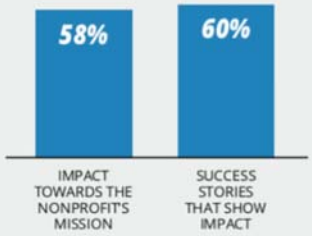
AUDIENCES CONSIDERED WHEN SELECTING A NONPROFIT PARTNER:
NEEDS OF THE COMMUNITY ARE THE PRIMARY DRIVER IN PARTNER SELECTION **(70%).**

EMPLOYEES ***(61%)***
NOW EQUAL CONSUMERS ***(62%)***
IN TERMS OF AUDIENCES COMPANIES WANT TO INFLUENCE WITH THEIR CAUSE ACTIVITIES.

9 OUT 10 COMPANIES RANK THESE AS THE TOP 3 FACTORS FOR PARTNERSHIP SELECTION:

95% *CREATE AWARENESS/VISIBILITY*
91% *BRAND/MISSION ALIGNMENT*
91% *SHOWCASE COMMUNITY/SOCIAL RESPONSIBILITY*

MOST IMPORTANT MEASURES OF PARTNERSHIP SUCCESS:



MOST CHALLENGING ELEMENT WHEN MEASURING IMPACT:

59%

REPORT BRAND MEASURES OF AWARENESS AND LOYALTY ARE THE MOST CHALLENGING TO TRACK

DOWNLOAD THE FULL REPORT AT:
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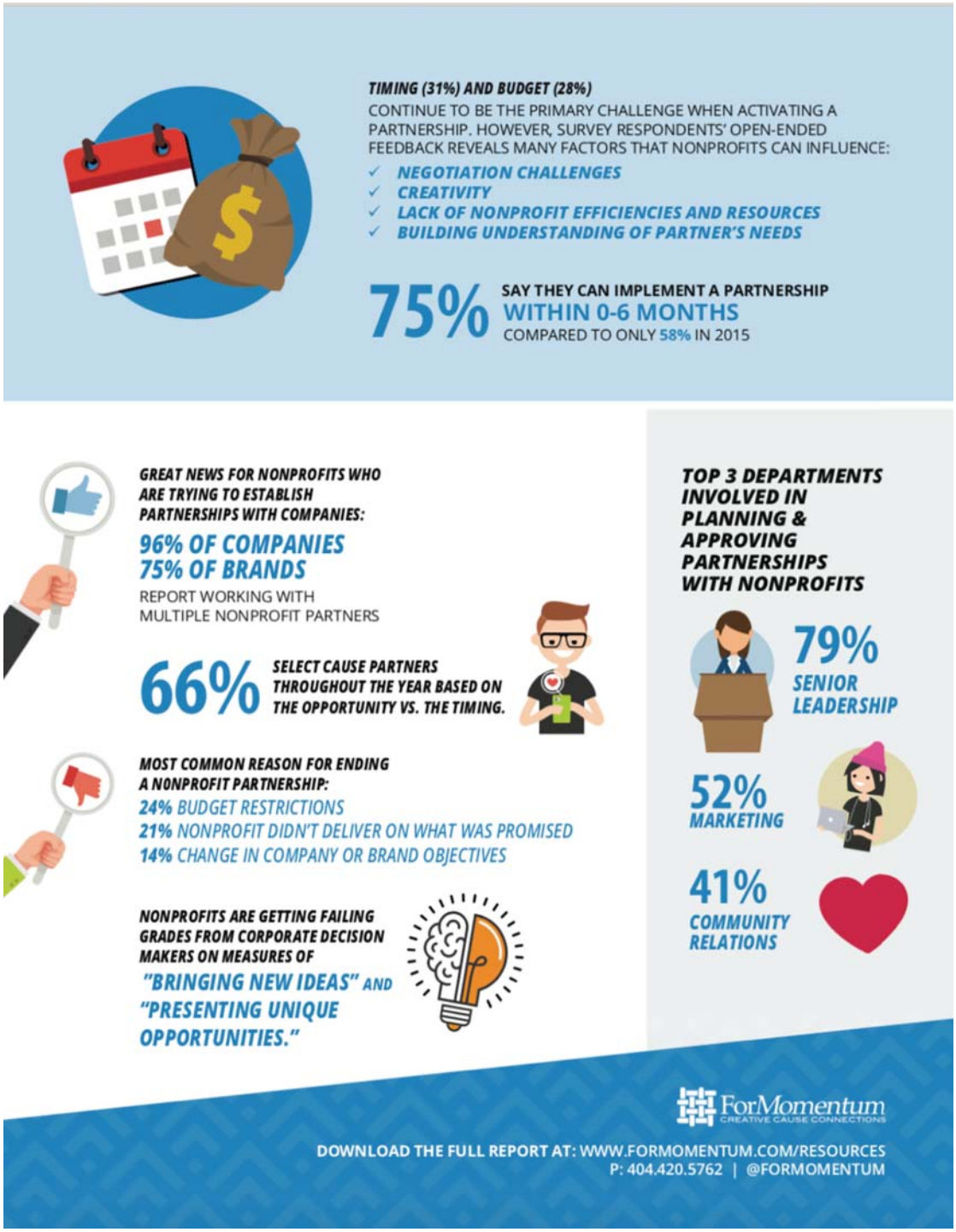
TIMING (31%) AND BUDGET (28%)
CONTINUE TO BE THE PRIMARY CHALLENGE WHEN ACTIVATING A PARTNERSHIP. HOWEVER, SURVEY RESPONDENTS' OPEN-ENDED FEEDBACK REVEALS MANY FACTORS THAT NONPROFITS CAN INFLUENCE:
✓ NEGOTIATION CHALLENGES
✓ CREATIVITY
✓ LACK OF NONPROFIT EFFICIENCIES AND RESOURCES
✓ BUILDING UNDERSTANDING OF PARTNER'S NEEDS
75% SAY THEY CAN IMPLEMENT A PARTNERSHIP WITHIN 0-6 MONTHS
COMPARED TO ONLY 58% IN 2015
GREAT NEWS FOR NONPROFITS WHO ARE TRYING TO ESTABLISH PARTNERSHIPS WITH COMPANIES:
96% OF COMPANIES
75% OF BRANDS
REPORT WORKING WITH MULTIPLE NONPROFIT PARTNERS
66% SELECT CAUSE PARTNERS THROUGHOUT THE YEAR BASED ON THE OPPORTUNITY VS. THE TIMING.
MOST COMMON REASON FOR ENDING A NONPROFIT PARTNERSHIP:
24% BUDGET RESTRICTIONS
21% NONPROFIT DIDN'T DELIVER ON WHAT WAS PROMISED
14% CHANGE IN COMPANY OR BRAND OBJECTIVES
NONPROFITS ARE GETTING FAILING GRADES FROM CORPORATE DECISION MAKERS ON MEASURES OF
"BRINGING NEW IDEAS" AND "PRESENTING UNIQUE OPPORTUNITIES."
TOP 3 DEPARTMENTS INVOLVED IN PLANNING & APPROVING PARTNERSHIPS WITH NONPROFITS
79% SENIOR LEADERSHIP
52% MARKETING
41% COMMUNITY RELATIONS
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Critical Planning Factors For Nonprofits

While there are numerous factors that nonprofits should consider when seeking corporate partners, here are our **top four determinants of success with cause alliances:**

Partnership development takes time. Start small with a pilot or test. Please don't expect an immediate "yes" to a large-scale commitment. ***Instant funding is an unlikely immediate outcome when you first start the conversation***, so don't back yourself into a budgeting corner by expecting a quick return. Respect, and don't rush, the process – ***allow enough time to work with the partner to develop a mutually-beneficial plan***. Our research shows that cold calls take the longest to close, with the average length of time ranging between 7–18 months. ***Upselling an existing partner usually results in the fastest deal and introductions by staff, volunteers, or board members accelerate the partnership success timeline***. Just as with all fundraising efforts, relationships are critical, but either way, the timetable of the ask is an important variable that impacts partnership sales. Try to avoid selling in the same calendar year as the campaign or activation you're planning.

Partnership planning should be a collaborative process. Don't just present a stale "gold, silver, bronze" menu of sponsorship options and benefits. ***Learn what is important to the partner and develop a custom package that meets their goals***. I sometimes draw a parallel of how you would never walk into a meeting with a major donor seeking a five or six figure gift and make an immediate ask. You would get to know them first and then present a funding option that matches their passion, budget, and timing. Invest similarly in stewardship and relationship development with your potential corporate partner.

Give some thought to a cost-benefit analysis and make sure that your hard costs and staff time do not outweigh the benefits of partnership. Talk frankly to your partner about your needs. They are business people and will understand and work with you to find solutions that make good business sense for both parties. Factor in training time for your team, chapters, and board and the cost to create an activation plan for a cause marketing campaign.

If a partner needs to start with a low commitment, that's okay! Just ensure the partnership benefits align with the anticipated funding you expect to receive, and with the amount of time and energy you need to invest to work together. ***Companies have***

robust advertising budgets, so joint messaging is a great way for you to benefit. Again, anticipate and plan for elements that grow the relationship over time.

Do's and Don'ts

Cause Alliances Do's and Don'ts

- DO partner with companies that make sense for your nonprofit mission and brand.
- DO create written guidelines and policies that overview *exactly* how you will and won't work with companies. Be sure to focus on identifying which kind of companies you will not work with (i.e. Big Tobacco, etc.) to avoid "playing favorites."
- DON'T overlook the wide range of benefits available from partnership with companies. In addition to funding, build in strategies to generate awareness to reach more donors, secure strategic in-kind gifts, recruit volunteers, etc.
- DO remember the importance of both consumer and employee audiences. Create appropriate ways to engage both primary audiences.
- DO require a contract that outlines the agreement and who is responsible for each element of the partnership.
- DO prepare a budget and implementation timeline to insure expectations are met.
- DO plan in advance for what measures of success need to be tracked and reported and which party is responsible for each.
- DON'T only talk to your partner when it's time to renew your contract. Let them know how much you value them through ongoing communication and year-round partnership stewardship.
- DO produce a recap report at the conclusion of all campaigns and partnerships.
- DON'T repeat the same stale activities. Grow, evolve, and test to create multi-faceted partnerships.

Conclusion

Cause alliances resonate with all audiences and are an important strategy for both nonprofits and companies. Within companies, many departments are engaged in decision-making, with senior leadership more involved than ever before. And as companies look to be a force for good, they are becoming more strategic about their cause partnerships and more selective as they look for nonprofit partners who align with their social purpose and goals.

Mutually-beneficial cause alliances that leverage assets from both partners can serve as a catalyst as you raise funds to advance your mission. When structured correctly, partners, employees, consumers, and the community at large should all benefit. And by delivering on what is promised and providing fresh ideas and strong stewardship, you can create sustainable partnerships with longevity.

If you are new to cause alliances don't be intimidated. Companies are looking to shine in your halo. Many are starting to invest above and beyond the basics as they strive to impact important social issues. Begin small, follow the Do's and Don'ts and key takeaways, and take advantage of the helpful cause marketing resources included at the end of this chapter to ensure your success!

Mollye Rhea *founded For Momentum in 2003, which at the time was one of very few agencies that specialized in cause marketing. Since then, as cause related marketing and corporate social responsibility have become more prevalent, For Momentum has grown into one of the leading cause marketing firms in the United States. Mollye began her career in advertising at Young and Rubicam in New York. She then spent eight years with the Arthritis Foundation national headquarters, leaving as Group Vice President of Strategic Marketing Alliances. For seven years, Mollye assumed leadership roles for InterContinental Hotels Group. Through her work in nonprofit development, brand marketing, and cause marketing, Mollye has a unique 360-degree perspective of what fosters success in strategic cause partnerships. In her 25+ years in the field, she has developed sponsorship strategies for dozens of nonprofits and hundreds of brands that raised millions of dollars for a wide range of critical causes.*

Cause Marketing Resource Review

Engage for Good (engageforgood.com)

Guides, resources, webinars, and conferences, all focused on cause marketing.

For Momentum (www.formomentum.com)

One of the leading cause marketing firms in the United States, which offers a helpful blog at https://www.formomentum.com/blog and wide range of helpful resources on its website. Check out these in particular at https://www.formomentum.com/resources:

- Cause Marketing Glossary
- Cause Marketing Statistics 2018
- Corporate Partners Decision-Makers Research
- Cause Partnership Sales Cycle
- Giving Tuesday Guide to Partnership Activations
- Giving Tuesday Two-Page Planner

Selfish Giving (www.selfishgiving.com)

A great blog from Joe Waters, co-instructor of the New Strategies Program at Georgetown University's McDonough School of Business.

Cone Communications (www.conecomm.com)

Provides a wide variety of consumer research and produces a weekly newsletter that you can subscribe to by emailing Proveyourpurpose@conecomm.com.

3BL (www.3blmedia.com)

Offers a helpful media news alert; sign up at https://www.3blmedia.com/user/register.

CSR Wire (www.csrwire.com)

Provides a Corporate Social Responsibility Newswire.

The Chronicle of Philanthropy (www.philanthropy.com)

Free online publication that offers news and resources on a variety of fundraising-related subjects, including corporate support. Also available in print.

Joanna MacDonald, Joe Waters, Cause Marketing for Dummies. Wiley, 2011.

A great introduction to and overview of cause marketing.

Kami Huyse, Mitchell Levy, David Hessekiel, Steve Van Wormer, Dr. Jay Apte, and Beth Kanter. Cause Marketing Essentials and the Road to Success: Learn the Right Way of Doing Cause Marketing and Lead It to Success. Thinkaha, 2016.

A comprehensive guide for creating successful partnerships with companies.

Philip Kotler, David Hessekiel, and Nancy R. Lee. Good Works: Marketing and Corporate Initiatives That Build a Better World . . . and the Bottom Line. Wiley, 2012.

Marketing guru Philip Kotler explains how social initiatives can help grow your nonprofit business.

Marc Benioff and Carlye Adler. The Business of Changing the World. McGraw Hill, 2007.

A collection of testimonies of strategic corporate philanthropy from leading corporations.

CHAPTER 23

Social Enterprise 101: An Overview of Earned Income Strategies

By Rick Aubry, PhD, CEO and Founder, New Foundry Ventures

Introduction

"Hey gang, I've got a great idea; let's start a business to make some money so we can further our mission!"

Some nonprofit leaders believe that with a little pluck and the inherent good will of their worthy cause, they too can start a business to make some money to support the organization. It's a story where everybody wins.

Well, as you might imagine, it's not that simple.

Understandably, nonprofits are always looking for new ways to increase the revenue needed to do their work. Nonprofits, particularly those that provide direct services to at-risk communities, are often dependent on funding sources that are notorious for providing too little resources to do a very big job. As such, the idea of a steady stream

of financial support from a "social enterprise" that supports the organization's good work often seems like a great, rational idea.

This chapter highlights the critical factors to consider *before* starting a social enterprise or developing an "earned income strategy" for your nonprofit; in other words, a business venture within, or supportive of, a nonprofit organization that generates income from selling goods and services to supplement philanthropic and grant support. In the coming pages, I'll address:

- The role of earned income strategies for nonprofits, and their strengths and pitfalls
- How to align entrepreneurial principles, earned income strategies, and a social business to further your nonprofit's social change mission
- Data and proof points on the key elements of success for an emerging social entrepreneur: how to make it work

A good place to start is a quick reminder of the relationship between a nonprofit's *strategy* and its *mission*. Jim Phills, during his tenure as a professor at Stanford University's Graduate School of Business, laid out a critical framework for understanding the role of strategy in nonprofits and, most importantly, its relationship with the organization's mission. Phills contends:

1. *Mission* is the most critical element of a nonprofit, because at its core it defines the purpose, primary goals, and vision of the organization; because the mission is the nonprofit's raison d'être, it rarely changes. For example, if the mission is to eliminate diabetes, the organization knows what it is aiming for and when it has achieved its mission
2. A nonprofit's *strategy* defines the particular steps it takes to most effectively achieve the mission. Strategies, as opposed to mission, can change over time. The nonprofit focused on diabetes might think that a strategy focused on supporting promising, underfunded research is the most effective way to combat the disease. Following that strategy, the organization could invest in a fundraising campaign, but as medical science advances, a new strategy, for example promoting healthy diets, might replace the earlier one. As a result, the nonprofit would then devote its resources to an advertising campaign to raise awareness. Because nonprofits always have limited resources, ***what is most critical is finding the most effective strategy that directly advances your mission***.

Earned income may seem like simply a way to make money independently of the mission, but given the very limited resources of all nonprofits, ***when the strategy does not directly advance the mission, it is often a distraction and not advantageous to the organization***. Therefore, before thinking of a business as simply a revenue stream with no connection to your overall mission, I would argue that for virtually all nonprofits, ***the only earned-income strategy that makes sense is the one that directly advances the mission of the organization***.

Further, for the social enterprise to ultimately succeed, it must find and take advantage of the inherent competitive advantage of your organization. Understanding competitive advantage is a critical and complex challenge for all social businesses. Although a deep explanation of Michael Porter's concept of competitive advantage is beyond the scope of this brief chapter, for the sake of this discussion, ***"competitive advantage" for a nonprofit is understanding the organization's abilities and competencies that make it best positioned to solve the social problem it is created to address***.

What sets you apart and makes you better than others in some way? Does your nonprofit have a stronger relationship with the community you serve? Do you have a way of providing the service more effectively at a lower cost? Do you have locations that would make a business succeed? Has your nonprofit developed a unique way of addressing the problem that would be very hard for someone else to copy without significant time and resources? Do members of your team offer skills and talents other organizations don't have? Does your group have a reputation and brand that would translate well into a social business? When you are considering these questions, don't believe your own press releases: ***what matters is not what your nonprofit thinks of itself, but what your customers (clients, community, funders) think***. See Chapter Twenty-Four for more information on this important topic.

There are, of course, exceptions to the rule of only pursuing a mission-aligned business. For example, a museum with a great location for a restaurant can probably generate a lot of revenue from it. A maritime museum with a large pier can probably make a lot of money renting out boat slips commercially. These are unusual sources of competitive advantage not based on the mission, but connection to unique locations. If your nonprofit is lucky enough to enjoy a geographic advantage, there may be an earned income strategy worth undertaking. Again, these are uncommon situations and may generate revenue, but they will rarely be responsible for creating the social change as articulated in your mission.

Critical Skills and Competencies

Success with your social enterprise will require the right organizational environment, the right funding, the right attitude toward risk, the right leadership, a real competitive advantage, and the right investor or key customer. Let's look at each of these.

The Organizational Environment

Before embarking on a social business strategy, your nonprofit must recognize the inherent risks and challenges of operating any venture *and* the difference between a social business and a "regular" business. A social business strategy adds the additional complexity of a focus on both the financial and social returns to be created, often called a "double bottom line." ***Social businesses in particular need to establish clear, quantifiable metrics to identify what measurable social impact they hope to achieve, and then benchmark those goals against alternative strategies***. This is known as "opportunity cost" in economic theory. For example, a social business that has a goal of helping people find work must evaluate the cost of job creation when considering investing $500,000 in a business that would only create three jobs – probably not the best use of their precious resources compared to alternative strategies that could create far more jobs with the same amount of investment.

For any business, whether social or traditional for-profit, success with a start-up is extremely difficult. ***Social ventures run by nonprofits are almost always small businesses, and most studies agree that over 60% of small businesses fail within the first four years; therefore, if your goal is simply to increase income, you're probably better off investing your precious resources and time in increasing fundraising capacity***, or at the least in a savings account or other passive investment vehicle, rather than starting a business. But if there are compelling reasons for your nonprofit to engage in a social venture, here are some strategies and best practices that could prove helpful, as well as some advice for how to decide whether starting a business is the right decision for your nonprofit.

For a business to succeed in the nonprofit world, the same rules of the road that apply to traditional business hold true. The organizational environment must contain some key ingredients. ***There must be a zealous, empowered entrepreneur for whom the business is an all-encompassing job for the first several years of the venture***. As investors in startup companies will tell you, the credibility and dedication of the

management team is even more important than the business model. Just ask any Silicon Valley venture capitalist, and she'll tell you she "invests in jockeys, not horses."

In addition to impassioned leadership within the business, ***your nonprofit must have an environment in which core leadership is fully committed to the business***. They must agree that the planned business is a core asset of the organization. Most nonprofits are resource constrained, with numerous competing needs for limited funds, time, and so on. ***Always remember that your governing board signed on to advance the social mission, not run a business***. It is inevitable that a social business will use more resources for several years than it provides back to the organization. Thus, at least initially, resources must be raised and directed to the business, rather than to programs and other organizational needs. Without a very clear and complete commitment of your staff leadership and board, the venture will suffer greatly.

Even with the right leadership and internal support in place, ***finding and securing sufficient capital is both critical and difficult – social businesses often suffer from the mistake of undercapitalizing the business at the beginning***. Financial and other resources will always be needed in greater amounts than originally anticipated. A few guidelines usually apply. ***Expect it to take twice as long to achieve the financial goals you optimistically project***, so make sure you have start-up capital, or the ability to deficit spend for such a contingency. Unexpected "miscellaneous costs of up to 25%" should be included in your budgets for all those things you cannot anticipate. It is almost always best to prepare your funders and your boards in advance for higher costs than to go back again and again hat in hand.

In addition, ***building the board's and management's tolerance for a long-term start-up horizon is critical***, though often challenging within nonprofits. In virtually all cases, things will proceed much more slowly than planned. Are the board, funders, staff, and management team fully committed to the long, hard challenge of making the business succeed? Make sure that everyone involved is in it for the long haul, and ***plan for the likely contingency that those rosy numbers in your projections may take longer to achieve than you think***, if ever.

Before launching any social venture, your nonprofit must develop a thoughtful and comprehensive business plan, which at the very least includes strategy, competitive analysis, market survey, financial projections, and a team of strong mentors and advisors. Good intentions and hope are not a plan, and although that's all many

nonprofits have in place when they start out, this simply doesn't cut it in the business world. Suggestions for developing these key pieces to your business plan can be found in several nonprofit business planning books, including those in the Resource Review at the end of this chapter. Personally, I recommend Generating and Sustaining Nonprofit Earned Income: A Guide to Successful Enterprise Strategies.

Finally, ***you must have effective internal communication about the new business***. Staff who are focused on existing core programs often feel like second-class citizens when leadership time, resources, and focus flow toward the social business. ***Proactive, clear communication, effective leadership, and constant reminders of how the business advances the mission are critical*** to maintain your nonprofit's *esprit de corps* and maintain organizational support for the business. This is one more reason why the business will be more successful if its activities are aligned with advancing your social mission.

The Funding Environment

Nonprofits need money to start their businesses, but they often can't go to the same sources as would a traditional small business operator. The nonprofit "social capital market" is a different world, with different rules.

Social impact capital market is a term widely used to describe loans, program related investments, and other financing tools to support nonprofit and/or for-profit social purpose ventures that are made available by foundations, government agencies, corporations, and "impact investors." This so-called market, however, is not well coordinated and the various actors operate independently of one another. In a real marketplace, the most effective organizations and ventures that have the potential to grow sizably have more ready access to start-up funds. This ensures they're supported from the beginning stages through their development, growth, and scale phases.

The social capital market is much smaller than traditional capital markets, which include bank loans, venture capital, and private equity. These are usually unavailable to nonprofits since they cannot issue equity (ownership) in their businesses without spinning them off, which creates a series of other considerations and challenges. ***The social capital market typically focuses on social impact before financial return***, which is inherently much harder to gauge and monitor. As such it does not have the innate efficiency or discipline of the traditional market. The investors in the polio vaccine

may have saved countless lives and billions of dollars, but the foundations that paid for it got less of a financial return than the investors in fidget spinners.

If you are going to start a social business, be prepared to spend an inordinate amount of time raising money. By most estimates, traditional businesses invest 3–5% of leadership time raising funds for a venture, with the rest devoted to making the business work. Many nonprofits spend 20–50% of their leadership time raising money, a significant distraction from the actual work of the venture, and instead of raising capital in funding "rounds," oftentimes social ventures must constantly seek support in their early stages. "The disorderliness and complexity of the philanthropic funding environment," according to Allen Grossman of the Harvard Business School, "distracts nonprofit management, shifting focus away from organizational performance."

One last note on the need for true dedication when launching a social business. The capital challenge lies not just in the external problems in the social capital markets, but also in nonprofits' internal issues around the use of capital. ***For the business venture to grow, a significant amount of a nonprofit's overall resources must be devoted to the effort***. In addition to important management time and attention as outlined above, this includes other internal investments that detract resources from activities otherwise devoted to the mission, including established programs. For example, fundraising may be focused more on the business and less on programs. Such efforts can add significant debt, which can affect the entire organization. Social businesses may eventually generate revenue and advance your mission but be sure to know exactly what you're getting into and set realistic expectations.

Risk Tolerance

Nonprofit ventures entail innately higher risks than typical mission-based programs. Nonprofits are used to raising individual, grant, and government funds, building a budget to spend those funds, and then managing to that budget. If a grant is cut, reductions of staff or services can keep the organization on budget. A social business, particularly at the startup and growth stages, has only projections of costs and labor needed to deliver the services or goods in order to generate revenue. If it costs more to make a biscuit than the budget projected, you cannot simply cut out the butter to keep on budget. In addition, the essential ***business-focused cost accounting, production management, and sales forecasting presents a completely different***

accounting challenge and risk profile for organizations more accustomed to nonprofit accounting and management.

Further, the risk tolerance among managers of a nonprofit's core activities is not generally as high for running a business as it is for running the organization's programs, because ***putting the programs at risk for a venture that might not succeed will likely be unacceptable to staff and board***; yet another reason why mission-based businesses require sufficient long-term funding and champions in leadership and governance to resist attempts to pull the plug prematurely. Nonprofits that take an annual budget approach to business operations will be challenged to maintain the venture. In good years, the excess revenues of the business will be used to bolster the organization's programs. But in bad years the businesses will be "the problem" – the reason why the organization is short on funds. ***It takes tremendous organizational discipline and commitment to a long-term strategy to incorporate the social enterprise's inevitable ups and downs within a nonprofit's budget and focus***.

Leadership Skills

As noted, the first thing that smart venture capitalists look for in a start-up is a great management team. Once a nonprofit has the support of the board and executive team and a business strategy aligned with its mission, it needs to find the right leadership. The first step is to identify the critical skills for what Jed Emerson, an early pioneer in the field of social enterprise, has called "the mutant manager" of the social enterprise. ***The most essential skills are a deep experience base in the specific business segment, a clear commitment to the social mission of the organization, and the ability to work well with the leadership teams of both the nonprofit and the business***.

There are several key factors when considering who should lead the business. Most importantly: under almost all circumstances, ***don't promote the best manager at your nonprofit to run a business not related to her experience***. Nonprofits generally promote people to departments or roles offering them new challenges as a career path. But the requirements for success in businesses are fundamentally different; it is almost always a recipe for disaster to promote the smartest, most hard-working nonprofit manager to run a business in an industry they don't know. Instead, ***find people from the industry who are ready to devote the next phase of their professional life to advancing your social mission, along with the business***. Mid-career professionals are often eager to apply their skills and industry knowledge to a business that offers

meaning beyond simple profit. The best managers in social businesses are often people eager for such a change.

Accordingly, salaries for your social business venture must be in line with salaries in comparable for-profit businesses. Though there is no clear rule dictating what size salary adjustment a great manager might take, if any, in my experience ***a 10–30% "discount" from traditional salaries is the best you can hope for from a committed, qualified manager – you must be ready and willing to pay competitive salaries to find the right person, even if this means addressing internal equity issues***.

Given the need for industry experience, it is likely that your new manager will come from the for-profit sector. She will need support "crossing over" – adjusting to nonprofit culture. Your executive director must help the new manager adjust to the different culture, focus, pace, and other aspects of your nonprofit. Business managers often feel like visitors in a foreign country as they learn the subtle ways of getting things done within a nonprofit environment. Rob Waldron was a successful for-profit CEO until he took over as CEO of the nonprofit Jumpstart. When speaking to my Stanford social entrepreneurship class he said, "I feel like I have moved from being a general in the army to a member of the Senate. In for-profits I gave a direction and people jumped to it. In the nonprofit I have stakeholders, various interest groups, a whole different culture, and I have to lead through *persuasion* rather than through *authority*." Within the venture, the manager may have the ability to be more directive. But when working with fellow managers, board members, funders, and others, the manager must adapt to a very different, collaborative approach.

Real Competitive Advantage

Being "the good guy" in the market is not really a competitive advantage. ***The customers of your social business won't buy your goods or services because you are a nonprofit, but rather because they believe they are getting the best value*** – welcome to the wonderful world of business. Too many nonprofits assume that the "halo factor" will get them customers and sales. In study after study of customer behavior, however, ***the fact that a product or service has a social benefit associated with it is typically a tertiary decision factor, after quality and value***. All other things being equal, many will choose the nonprofit option, but, as Carrie Portis, a former general manager of the Rubicon Bakery (a highly successful social business in the San Francisco Bay Area I once led) once said to me, "Our Rubicon Cakes have to be the

best cake – not the best nonprofit cake – in the dessert case for customers to buy them."

There may be some circumstances where your social purpose matters, such as governments that create "set aside" contracts for businesses that achieve social outcomes considered a public good. For example, the Javits-Wagner-O'Day Act mandated that a certain amount of federal contracts go to organizations that hire disabled workers otherwise unable to secure employment in "competitive settings." In order to succeed, social businesses must identity such opportunities and lobby to advance policies that create additional ones (tips on lobbying can be found in Chapter Eleven).

The Right Investor or Customer

Although tough to plan for, finding an "angel" customer or investor at the early stages of activity has made all the difference for many of the most successful social enterprises. Greyston Bakery in Yonkers, New York, has done a marvelous job of creating jobs for hard-to-employ people while generating revenues for its parent nonprofit, Greyston Foundation. Ben Cohen of Ben & Jerry's Ice Cream was key to their early success. By joining them as a significant pilot customer, Ben and Jerry's helped Greyston flourish by keeping up a healthy volume of purchases, by supporting their work in the early years, by remaining flexible on their working relationship, and by making a long-term commitment to continue to purchase from Greyston at a sustainable price. ***Who do you know, or could you get to know, that could become your angel?***

But beware. The flip side of the angel is the foundation investor or business partner that has an aggressive growth agenda and pushes your nonprofit too far, too fast. A 20-year-old, highly regarded nonprofit nearly went bankrupt when the overly ambitious growth plan it had developed in partnership with a foundation led it to the brink of financial collapse. Two million dollars of foundation and bank debt went into a business plan that had never been adequately tested, all in the interest of proving a theory that the business could rapidly increase in size. When the business crashed and burned, the parent nonprofit shrunk overnight from a budget of $8 million and 150 employees (mostly hard-to-employ workers) to a budget of $2 million with fewer than 30 staff. This rapid collapse provides a cautionary tale for the field, highlighting the intrinsic challenges of business growth in the nonprofit

social enterprise arena. On the for-profit side, businesses come and go, and it is primarily the capital that is lost. In the nonprofit world, the entire social beneficial organization is at stake.

Do's and Don'ts

Social Enterprise Do's and Don'ts

- DO remember that the earned income strategy that makes the most sense is the one that directly advances your mission.
- DO examine carefully what your organization does well and what unique competitive advantage you might have in the marketplace.
- DON'T start a business within your organization because someone thinks it will be easy and lucrative.
- DO make sure you develop a business plan with conservative projections, raise twice as much money as you need, ***ensure you have access to cash or lines of credit*** for the long periods between when you buy ingredients and get paid, and prepare for a long-term engagement in a business that may take years to succeed. Remember everything can be made to work on an Excel spreadsheet.
- DON'T assume that being a nonprofit will get you customers if you don't have a great product or service that you can offer at a competitive price.
- DON'T expect the best nonprofit manager within your organization to become the right manager for the social business you are starting – ***industry expertise is essential.***
- DO make sure the leader of your business is given the resources, authority, and "protection" she needs within your organization.
- DON'T forget to "stress test" your budget to understand what happens when you sell less – or things cost more – than you expect.
- DON'T underestimate the need to have strong organizational support from the board and staff for the business to weather the inevitable difficult periods – nonprofits with limited resources are quick to scapegoat a social business during its down year.

Conclusion

Many nonprofits are looking for additional funding to supplement their limited resources. As a result, a social enterprise that provides a new revenue stream often looks enticing. However, it's something that must only be undertaken with the proper consideration and commitment. My strong recommendation is that a realistic analysis of the risks, rewards, true costs, impact on your organization's culture, and competitive advantage are all steps that must be carefully considered for any nonprofit contemplating launching a social business.

There can be significant benefits for nonprofits that succeed with a social enterprise when it also advances the mission. ***Balancing the mission goals with the business needs is the critical element in any social business success***.

For many this will mean creating jobs for communities that have limited access to traditional employment, which has proven to be the most common form of social business in the United States. ***Selecting business opportunities that create jobs, promise to be financially viable, and which blend with the organization's goals and "brand" are the keys to success***.

Successful social businesses not only advance the mission and generate revenue, they can also have a positive "halo" effect on the nonprofit. Funders and communities think highly of organizations that can successfully run competitive businesses to further their mission. It connotes a scrappy, can-do, business savvy approach and lends a positive aura to your mission-based services.

For those social businesses that have succeeded, the next challenge and opportunity is finding ways to grow the impact of the work through business expansion. If there is a strong competitive advantage, a unique business need being met, and the organizational and entrepreneurial desire to build the next generation of social businesses, a huge benefit can ensue. This scaling of social businesses is the next frontier for the field, and it remains the work of organizations such as REDF, Draper Richards, and New Foundry Ventures to forge social change through growing social businesses.

***Rick Aubry**, PhD, is the founder and CEO of New Foundry Ventures (formerly Rubicon National Social Innovations) and a former faculty member at the Stanford Graduate School of Business – where he is a fellow of Stanford's Center for Social Innovation – and Assistant*

Provost for Social Entrepreneurship at Tulane University. His work at Rubicon has impacted the lives of over 40,000 people confronting homelessness, poverty, and the challenges of living with mental health disabilities. He is a five-time winner of Fast Company Magazine*'s Social Capitalist Award, past board member of the Schwab Foundation for Social Entrepreneurs, and is a coauthor of Generating and Sustaining Nonprofit Earned Income.*

Social Enterprise Resource Review

John Elkington and Pamela Hartigan. The Power of Unreasonable People. Boston: Harvard Business, 2008.

The definitive book about social entrepreneurs around the world and the work they are doing to change the world.

David Bornstein. How to Change the World: Social Entrepreneurs and the Power of New Ideas, Updated Edition. Oxford University Press, USA, 2008.

A great book profiling some of the world's leading changemakers and telling the story of how they achieved inspiring victories in the world of social entrepreneurship.

Sharon M. Oster, Cynthia W. Massarsky, and Samantha L. Beinhacker. Generating and Sustaining Nonprofit Earned Income: A Guide to Successful Enterprise Strategies. San Francisco: Jossey-Bass, 2004.

A comprehensive review of all the issues involved in the developing a social enterprise.

Stanford Social Innovation Review (www.ssireview.org)

The quarterly publication of the Stanford Center for Social Innovation is one of the best places to find the leading thinking on social impact.

REDF (www.redf.org)

A valuable website to read about the lessons learned from one of the leading funders of social enterprise.

Social Enterprise Alliance (www.sealliance.org)

The leading US membership organization for social entrepreneurs. A very hands-on network for nonprofits starting social enterprises. Beware however, the glut of "consultants" in the field have a vested interest in telling you to start a business.

Muhammad Yunus. Building Social Business: The New Kind of Capitalism That Serves Humanity's Most Pressing Needs. New York: Public Affairs, 2010.

The Nobel Peach Prize winner lays out his vision for what a "social business" is and how it can change the world. In Professor Yunus' view, a financially viable business that reinvests all its profits back into the business of helping people is the highest form of social business.

J. Gregory Dees, Jed Emerson, and Peter Economy. Enterprising Nonprofits: A Toolkit for Social Entrepreneurs. New York: Wiley, 2001.

From two great experts in the field of social enterprise, this book offers great concepts like "blended value theory" and helping readers understand social impact as the goal of all social activities.

Fast Company Magazine. "Social Capitalist of the Year Award" articles from 2004 to 2008.

In partnership with the Monitor Institute, FastCo ran one of the country's most rigorous social impact competitions, selecting 25 winners each year. Examples from the winners during this period are still an invaluable tool for people considering how to create impact and achieve scale.

Teresa Chahine. Introduction to Social Entrepreneurship. Florida, CRC press, 2016.

This book, featuring case studies and interviews with leaders in the field, summarizes the basic steps and tools needed to understand the challenge you're tackling when launching a social enterprise, develop potential solutions, build a business model, and measure and grow your impact.

Jill Kickul and Thomas S. Lyons. Understanding Social Entrepreneurship: The Relentless Pursuit of Mission in an Ever-Changing World, 2nd Edition. New York: Routledge, 2012.

This book offers a comprehensive treatment of social entrepreneurship.

Part Six

Marketing and Communications

Strategy and timing are the Himalayas of marketing. Everything else is the Catskills.

—Al Ries

We've already covered strategy, operations, and how to use technology to communicate with and expand your audience. Now let's dig a bit deeper, especially as tech and other platforms apply to nonprofit marketing efforts in the modern day.

First and foremost, know that marketing is part art and part science. In fact, the word "advertising" was first coined by William Shakespeare (from the Latin *adverto*, or to "turn around"), who invented a full 10% of the words he wrote, including "excitement," "lonely," and "champion." All we mean by this is that ***there is no set formula and finding a unique voice and style is crucial if you want your nonprofit to stand out***.

Today, in the age of social media, people are used to hearing from everyone all the time. To you as a marketer, this means both an opportunity for more *touch points* with your constituent base, being able to keep your cause top-of-mind, and it allows you to ***develop an increasingly better sense of the individuals that make up your audience over time***.

Thanks to this new digital age, your biggest supporters can now easily help spread the word about your fundraising campaigns, new programs, volunteer requirements,

impact, and needs. ***Through impactful marketing, you can engage supporters and donors as ambassadors of your cause***, essentially increasing your staff and amplifying your reach many times over. By leveraging the insights in this section, as well as those found in Chapters Twenty and Twenty-One, your messages now have the potential to go *viral*, seriously expanding your circle of influence and network. Sounds great, right?

Well, this never-ending stream of content also poses some challenges. In a world where anything that happened more than an hour ago is considered old news, how is a resource-strapped nonprofit meant to thrive? This section offers you a wide variety of practical strategies and techniques to help you stay afloat and thriving in marketing and communicating your cause, especially if you're a small, scrappy nonprofit. As an example, Google Grants (https://www.google.com/grants) offers $10,000 a month of free advertising to nonprofits – how can that kind of support benefit your efforts?

The following section of this handbook will take you through the broad spectrum of marketing disciplines. We will begin with a primer on nonprofit branding, which is critical to ensuring your cause owns a particular space in the minds of those you serve, as well as potential and current supporters of your work. We'll also look specifically at how to communicate with Millennials, the huge, sought-after next generation that many nonprofits will help to revitalize their aging donor bases. Then we'll look at the online landscape, including how to leverage popular online platforms to tell your story and increase awareness of your efforts, followed by techniques for utilizing newsletters as a platform to optimize the touch points mentioned above. From there, we'll shift back to the real world to look at events, with a focus on special considerations for smaller nonprofits, and finally, into PR and maximizing your media outreach.

For now, suffice it to say that ***success in this new environment is a factor of to what degree you keep in contact with the people who matter most.*** Today, everybody matters, since everyone is in a position to help or hurt your efforts. So, play nice and think twice before ever burning a bridge. Onward!

CHAPTER 24

Nonprofit Marketing: The Why and How of Branding

By Jennie Winton and Zach Hochstadt, Founding Partners, Mission Minded

Introduction

On September 20, 2017, Hurricane Maria struck Puerto Rico, devastating the island and plunging its 3.4 million American citizens into a desperate humanitarian crisis. The US relief agency Mercy Corps was one of many nonprofits that responded to the disaster.

For weeks and months following the hurricane, Mercy Corps provided aid, supplying food, cash, solar lanterns, water filters, and other tangible assistance.

But that's not all Mercy Corps did. They also published immediately on their website. They posted updates on Twitter and Facebook and uploaded videos to YouTube. They met with reporters and shared stories in their newsletter.

In other words, they immediately took their story to *the public*.

Because of this storytelling – this marketing – thousands of supporters channeled their grief and shock into financial donations for Mercy Corps' critically important work.

Of course, we're not all Mercy Corps; in fact, the vast majority of nonprofits are small, resource-starved organizations. But like Mercy Corps, most nonprofit professionals recognize that it's not enough to do great work. Without a strong brand and great marketing, even the greatest program hovers in a vacuum – in fact, to potential donors, volunteers, and journalists, it doesn't "exist" at all. You have to let people know about your enterprise and make it relevant and compelling to every constituency.

If your nonprofit is like most of our clients, you know it's essential to continuously engage people in your mission: recruit new volunteers, appeal to new donors, sell tickets to events, and invite new program participants.

But even that's not enough. Mercy Corps was successful in converting desire to donations because it has a strong, clear brand that is reinforced with action. To maximize impact, you must be strategic about the story your organization tells about itself – through how you look, sound, act, and through what you do. That is the essence of brand in the nonprofit sector. ***If people don't understand you – how your organization is different and why you're important – they have no reason to support your work***.

Branding is about being unique, understood, and irresistible.

Critical Skills and Competencies

What Is Brand?

"Brand" is a word being used more and more in the nonprofit sector, yet its definition is often unclear. And though the concept of having a strong brand is more welcomed than ever, there are still many people working and volunteering in the sector who find the concept distasteful. After all, they wonder, isn't branding the domain of for-profit companies? And isn't branding just used to trick people into buying things they don't really need?

You may think that you already have a brand just because you have a logo. Or you may feel strongly that your mission should speak for itself and that branding isn't necessary because your nonprofit's motives are so pure and clear. Others – especially those just starting out – may think the idea of branding is interesting, but don't have the time or money to invest in creating this luxury they can't afford. They think branding is something only large, established organizations with lots of name recognition are lucky enough to have.

These ideas could not be more wrong, and here's why: ***Brand is just another word for reputation***. That means that your nonprofit, no matter how small or large, how new or established, has one – whether you want it or not.

Brand is not your logo, mission statement, or website. It's the sum total of the thoughts and emotions that come to someone's mind when they think of your organization. ***Brand is how people feel about you and what they think, consciously and subconsciously***. Like it or not, every nonprofit has a brand.

Think of some of the brands you know: Nike, Starbucks, Habitat for Humanity. What comes to mind? What feelings do you have? Most companies and large nonprofits do such a good job developing and promoting their brand that most of us think pretty much the same things when we hear them. Because they know what brand they want to cement in our minds, they send intentional signals through *everything* they do.

Take Apple, for instance. We've asked thousands of people around the country to tell us about their iconic brand. Almost everyone we have spoken to, regardless of age, income, gender, or ethnicity, associate these characteristics with the Apple brand: innovation, great design, and ease of use.

This is so true that Apple can enter any new industry – from music to software to phones – and so long as the experience carries the hallmarks of their brand, it's a success. Despite the incredible complexity of their products and services, their *brand* relies on a few remarkably simple qualities. Can your nonprofit say the same?

If a company as sophisticated as Apple can make their brand *simple*, then you too can do a lot to influence how your nonprofit is perceived. Creating a powerful brand doesn't require a huge budget, and it doesn't involve trickery or pretending to be something you're not. Just the opposite. ***The clearer you can be about what your organization stands for – and why that matters – the better chance you have of securing the support you need to get your work done***.

Exercise: Ask yourself these questions to better understand your own brand:

1. Does everyone in your organization talk about your work in the same way?
2. Is there internal agreement about your *purpose*?
3. Why does your nonprofit exist? Why are you needed? Why not some other organization?
4. Knowing that every nonprofit is unique, are there similar organizations doing similar work? Why does it feel different to interact with you?
5. If you were hiring a new employee or bringing on a new board member, could you articulate what *behaviors* are expected for representatives of your nonprofit? What are they?
6. What are some of the things you *won't* do? What do you say no to?
7. What is the one big idea or concept you most want to be known for? Are you known for it today?

The Benefits of Branding

Again, every nonprofit of every size – including yours – already has a brand. Investing in building it one that actually helps you reach your goals pays dividends. It's the difference between running against the wind and having it at your back, propelling you forward.

Here are six benefits your organization will enjoy with a strong brand:

1. Minimize Competitive Threats

It may feel uncomfortable to think of "competing" in the nonprofit sector. After all, every nonprofit is trying to do something good in the world, so why frame others as the enemy? The reality is that ***your supporters have choices – lots of them – about which nonprofits to support***. And they aren't limited to the organizations that are obviously similar to yours. They're comparing you to each and every solicitation they receive from other nonprofits. So, you'll find yourself competing with homeless, educational, and children's welfare organizations, as well as hundreds of other

issues. And ***when your brand stands for something clear, powerful, and valuable, it's easier for you to stand out in that crowd of worthy nonprofits***.

A clear, strong brand is a gift to your would-be supporters because it saves them valuable time and attention. Rather than wondering whether your nonprofit is the best choice, they know it intuitively, because your brand has consistently sent them strong, positive signals that allow them to trust you above others.

2. Be a Better Partner

Nonprofits that know who they are also know who they *aren't*. By being clear about what makes you special and unique, you will also have a better understanding of how your nonprofit can effectively co-exist with others in your field. You can better articulate why you belong at the table, and at the same time make room for others. ***When you know what's at the core of your brand, it becomes easier to find alignment and overlap with complementary partners***.

3. Defend Against Negative News

Whether you're a large nonprofit with a big staff and hundreds of volunteers or a small organization with a staff of two, you are susceptible to bad press (more on this in Chapter Four). With a strong, clear brand you can defend against these.

This is a challenge the American Red Cross has faced on multiple occasions recently. With each major disaster comes a story of donors misunderstanding how their disaster relief fund works, questions about unused blood supplies, concerns about donor intent, and exposés about public relations overshadowing response times. Yet, despite these negative reports, the Red Cross' brand remains strong. Were a disaster to occur tomorrow, they'd still be the number one charity Americans would turn to express their concern and open up their wallets. This is because of the strength of the Red Cross brand.

Negative news doesn't have to be national media. It could come in the form of a mail house mishap that leaves your annual appeal letter without a salutation, a "miss" in your performing arts line up, or a website typo in which you refer to *patients* when you meant *parents*. When your nonprofit sends consistently positive signals through its word choice, appearance, and actions, the occasional slip-up is more likely to be forgiven by your supporters.

4. Enhance the Self-Image of Your Supporters

Each of us likes to associate with brands that make us feel good about ourselves and that send a positive signal to the world about *who* we are. That's why people proudly tote their PBS bag to the farmers market and sip coffee from their Sierra Club coffee mug.

If you stand for something clear, powerful, and strong, like-minded people can easily find you. And when they feel good about being part of your work, they proudly promote you to their own networks.

Donors, volunteers, and staff not only choose to align with brands because they believe in the nonprofit's mission, but also because doing so is a reflection of who they are. Just as a consumer might choose a car because of the message it sends to the outside world, i.e. "I didn't buy a minivan because I don't want people to think that I've lost my cool," in the same way, a choice of nonprofit reflects an individual's brand.

6. Make Better Strategic Decisions

Brand clarity helps you better decide what to do and what *not* to do. For example, a nonprofit that wants to be seen as a grassroots cause should not put its office on the top floor of a downtown high rise, even if the space is donated. Likewise, an organization whose brand is built on warmth and friendliness should exude that in its monthly newsletter. These may seem like obvious suggestions, and yet many nonprofits make these mistakes. Fundamentally, ***brand should be seen as a lens through which everyone who is a part of your organization sees the world and makes decisions***.

Get Your Organization Ready for Branding

So, what do your audiences *really* think of your nonprofit? Do they think of it at all? When they hear your name, do they have a fuzzy idea about what you do and why it matters? Or are your values and impact crystal clear? Do they confuse you with a similar organization, or do they understand the important things that make you different? How does interacting with you make them feel about *themselves*?

What does your nonprofit need to get ready to successfully define or redefine its brand?

1. Conversation

Staff, board, faculty, volunteers, and other internal stakeholders need to talk with each other about what challenges you have that a stronger brand and related communications could solve. ***Setting expectations for what branding could do for your nonprofit, and what it can't do, is an important first step***.

When a client calls and asks us to help them rebrand, we always ask them *why* they want to do it. If branding isn't linked back to a top organizational priority, such as raising more money, attracting more ticket buyers, or recruiting more volunteers, you probably shouldn't do it.

Activity

Branding Brainstorm

Convene a group of your organization's leaders and ask for their ideas on what a stronger brand could do for your nonprofit. Allow a long list to be generated and then ask everyone to vote for the top two or three benefits they think a rebranding effort *must* deliver. This will quickly cull the list and give you focus, and also provide a sense of how aligned colleagues are (or aren't) on why investing in branding would benefit you. This exercise also sets you up to draft a good plan for your rebranding effort. Whether or not you hire an outside consultant to help you, ***having clearly stated goals for the branding effort will help keep the entire project on track***.

2. Time

The commitment and decision-making authority of key leaders is critical. Are the senior people in your nonprofit (both staff and board) prepared to put in the time to do this work well? ***The branding planning process can be 40–80 hours of work for an executive director***. And then the fun really begins when you begin to activate your new brand and bring it to life. Branding is serious business. Doing it well takes time – time to think deeply about where you want to take your nonprofit's

reputation. Even with a talented consultant at the helm, expect it to be a major portion of staff time for those tasked with the effort. Our clients tell us it's fun, but that doesn't mean it's not time-consuming.

3. Money

Whether or not you hire a consultant to bring branding expertise to your effort, branding can be expensive. There are two cost categories for you to consider. The first category is the fees you'll pay to strategy consultants. Even if you're not starting from scratch and only clarifying your brand (i.e. rebranding), if your project includes design of a new visual identity you'll need to redesign and print new materials, plus redesign digital channels like your website, blog, and email template. So ***be sure to budget for design and printing fees***.

The Elements of Your Brand

Earlier we said that brand is a synonym for "reputation." Your brand is not your logo or your name, rather it is the *idea* that your logo and name represents. "Nike" is the name. Nike's brand is the idea of athletic greatness. Your nonprofit has a name, but what does that name stand for? What's the idea behind your organization? How do you put it into words?

We created the term "BrandEquation" (™) because your brand is made up of various ideas and elements that, when added together, form the sum total of your brand.

Here are the elements of a good BrandEquation:

Brand Values.

The *essence* of your brand. ***Values are the code by which the brand lives – the principles upon which you make your decisions***. They are the heart and soul of the nonprofit and do not tend to change over time.

Brand Value Proposition.

Your brand value proposition is the *unique* value your stakeholders receive from your work in exchange for what you ask of them. Not intended as a public message, it's an internal guide for what should be conveyed about your organization.

Brand Positioning.

Your brand positioning describes how your organization sets itself apart from the competition. ***Positioning identifies the key elements that make your nonprofit unique, and the core ideas for which you seek to be known*** that matter to your target audiences.

Brand Personality.

These are the distinguishing qualities and characteristics of your nonprofit. Personality attributes are the *culture* of the organization – who you are now, and who you aspire to be.

Brand Promise.

A distillation of the other elements, ***your brand promise is the heart of what's most important about you***. It is the internal rallying cry of your organization as you go about your daily work. See below for an example to get a sense of how this promise fits in the context of the other pieces outlined above.

An example of how these elements of a brand equation work together can be seen in one of our clients: Curious Theatre.

Curious Theatre is a mid-sized, professional theater company in Denver, Colorado. With a core group of professional actors, directors, and artists, the company regularly puts forward some of the city's most engaging, provocative, and conversation-inducing work.

Although the theater had built a strong legacy, it had not yet clearly articulated the hallmarks of its brand. There was no formal articulation that could be shared with new members of the company to help them understand what makes Curious so special.

Over the course of several months, we conducted research, competitive analysis, identified target audiences, analyzed where the brand was and where it needed to go, and led the nonprofit through a series of exercises, resulting in the brand strategy featured in Figure 24.1 below.

Figure 24.1: Curious Theatre's Brand Architecture

BRAND PROMISE No guts, no story.			
BRAND VALUES	**BRAND PERSONALITY**	**BRAND VALUE PROPOSITION**	**BRAND POSITIONING**
Cultural Communion for our Community An Unwavering Commitment to Artistic Excellence A Fearless Pioneering of New Artistic Frontiers Honoring Individual Contribution	Adventurous Ambitious Deep Gracious Intimate	Curious is my cultural home. Being there, I feel invigorated and I am always impressed with what I see on stage. In the days that follow, I can't stop talking about it.	In a world dominated by big boxes, I like to stand with independents because they have the guts to take risks. Curious produces artisan, hand-crafted theatre that is raw and professional, edgy and polished. It's a uniquely Rocky Mountain theatre experience.
YOUR MISSION			

Through this process, Curious was able to articulate each of the elements of its brand: what it believes, how it acts, why its audiences should care, and what makes it unique. These elements are held together by a clear rallying cry, or brand promise: No guts, no story.

Because of this commitment to a clear brand, things have changed at Curious:

1. They've redesigned the lobby, making it feel less cluttered and more gracious and intimate.
2. Concessions got more character. Instead of boring potato chips and sodas purchased from a big box retailer, Curious now sells locally made, hand-crafted chocolates, beer, wine, and snacks. Because they're clear about how they position themselves against competitors, they can make decisions that better reinforce an experience that is unique among other arts organizations, or even going to the movies: independent, artisan, and hand-crafted.
3. Every member of Curious carries a card with the brand personality written on it. And every member can deliver the organization's Belief Message (AKA Elevator Speech). Before every performance they announce:

> At Curious Theatre Company we always say, "No guts, no story," because we believe in taking risks to create theatre that has the power to change the way

> we think and the way we live. Every day, our company of professional artists produces plays that challenge ideas, stir emotions, and leave you thinking and talking for days. It's simple, really – we're here because we're all curious.

The result is that what Curious says, what Curious does, what Curious looks like, and the decisions that they make as an organization are all aligned around a single clear idea. As a result of this and other audience engagement efforts, Curious Theatre reported a 145% increase in subscribers that give, a 63% jump in small donations, and a 300% increase in the percentage of audience members that identify as people of color.

Let's do the same for your nonprofit.

Establish Your Brand Positioning

Every charity is worthy, and every cause has good reason to exist. The nonprofit marketplace is crowded – really crowded. Being noticed, let alone standing out, is not easy.

You must become the go-to organization by standing for something the public values, and that no one else is standing for.

Trouble is, most nonprofits we know think that's what they're doing already. We hear it in claims like, "No one else serves meals to the hungry in our town seven days a week." That may be true – but if another nonprofit serves meals five days a week, the average donor may not be paying enough attention to distinguish between the two of you. Or the difference in services may not be sufficient to sway them in your direction.

Establishing a competitive advantage means talking about your organization in a way in which no one else is talking about theirs.

Even if you do similar work to other nonprofits, we guarantee that there are ways to make your organization stand for something utterly unique. Think about the difference between two toothpaste brands. Are they really that different? Probably not. But one promises "sex appeal," the other sells "fresh breath." If both brands stuck with the unadorned truth – "Your teeth will be clean so you won't get

cavities" – neither would have a competitive advantage. To them, having an advantage means selling more toothpaste.

The big difference between a nonprofit's marketing message and that of a for-profit company is that the benefits are different; ***in the case of your nonprofit, you're not selling products and services, you're selling social impact***.

Let's look at the competitive advantages of the American Red Cross and The Salvation Army. Both come to the aid of disaster victims after fires, floods, and earthquakes. Both have expertise and have been effectively serving people for more than a century. Both have the color red in their logo, rely on volunteers to provide help, and seem to be run by nice people. So why do some people choose to donate to the Red Cross and some to The Salvation Army? What competitive advantage does each nonprofit have over the other?

Each stand for something valued by a different group of people. People who choose the Red Cross may value their international stature, commitment to political and religious neutrality, or their explicit affiliation with federal government organizations such as the Federal Emergency Management Association (FEMA). Those who choose to make a gift to disaster victims through The Salvation Army, on the other hand, may like its commitment to Christian principles, love the Army's affiliation with Christmas (all those bell-ringing Santas described in Chapter Twenty-One inviting donations into red kettles Army volunteers), or value its commitment to the poor.

Branding may be the one activity in which stereotypes are not only valid, but valuable. ***Identifying the type(s) of person most likely to care about your organization is the fastest way to understanding how to reach your audience***. You absolutely must speak "their" language if you want to be heard above the many other appeals they're receiving.

So, who is most likely to care about your organization?

Here's how to develop your brand positioning:

1. Make a list of the *impacts* your mission has on the world, making it as personal as possible. For example, "Ending hunger" is too broad and academic. It's easy to tune out when the mission sounds generic. "Feeding the soul," on the other hand, has a powerful and intimate impact.

2. List all other nonprofits you're aware of that aim for similar impact in similar arenas. Focus on their missions and intended *outcomes* rather than on how they go about getting the work done.
3. Now describe the *supporters* who currently care about your mission. These are your "birds in hand." You'll be most efficient – especially with a limited nonprofit marketing budget and staff – if you aim to appeal to more people like them, rather than scouting new kinds of supporters. Though you may have many individual profiles of people who support you now, 80% are likely to have characteristics in common that will allow you to paint a better picture of them as a single group.
4. Make a list of *why* you think these people choose to support you, or even better – ask them directly. What do they believe about your nonprofit that makes them give?
5. Now list what these supporters *value* about you that the competitors from #2 either don't or can't offer. The answer probably won't be program-related; it will be about mission or inspiration. For example, service based on the principles of Christianity is how The Salvation Army distinguishes its very similar programs from those of the American Red Cross.

Do's and Don'ts

Nonprofit Branding Do's and Don'ts

- DO engage leadership early and often. Branding succeeds when leaders at the top of an organization clearly signal its importance.
- DO focus on specific audiences. You can't afford to reach out to everyone. Focus on the specific groups of people you rely on to meet your mission, especially the ones that have already proven responsive.
- DO know what makes you unique. Having a clear brand is a shortcut for your donors and other stakeholders, helping them to know and trust you more quickly.
- DO stay consistent. Great brands are built through repeated experiences over time.

Do's and Don'ts

- DO teach your staff how to talk about your work. Every person in your nonprofit – staff, volunteer, and board member – is a potential first contact. Equip them all to be ambassadors.
- DON'T think of brand as just design and messaging. Great brands come to life through sent signals – small, everyday experiences and big initiatives alike. Your brand must be reflected in your actions and strategic decisions. What you do must match what you say.
- DON'T use your staff as a test audience. Everyone in your office is an insider. Look to people outside your inner circle to help you know if what you're saying makes sense.
- DON'T make your brand the sole responsibility of your marketing director. Living the brand strategy every day is everyone's job. Put it into your job descriptions and keep the brand alive internally so it takes hold externally.

Conclusion

Building your nonprofit's brand through clear, consistent actions and communication is one of the best ways you can advance your mission. Clarify what your organization is all about and then build that reputation through repeated application of your message. Use words and visual imagery to stand for something unique and valuable. Enroll everyone in your nonprofit to extend your brand and message so you can stand out from the crowded field of other organizations trying to attract the supporters you need.

If you do this, existing and potential donors will respond more quickly to your appeals, you will have greater success urging your audience to action, and your customers (donors, volunteers, patrons, and so on) will remain loyal over the years.

Now, go for it!

Jennie Winton *is a 30-year marketing veteran sought out for her expertise in branding and positioning nonprofits, foundations, and independent schools. Jennie's passion is helping senior leaders clarify how they talk about their work, which leads to greater organizational stability, increased revenues, and an expanded ability to deliver on mission. Since co-founding Mission Minded in 2002, Jennie has served as a strategic advisor to Habitat for*

Humanity Greater San Francisco, National Federation of the Blind, Yale Center for Emotional Intelligence, and others. Prior to starting Mission Minded, Jennie worked under Elizabeth Dole at the national headquarters of the American Red Cross before moving west to become the Chief Marketing Officer of its Bay Area Chapter.

***Zach Hochstadt** is a Mission Minded founding partner and leads the company's creative teams. A nonprofit branding expert, Zach has consulted for hundreds of clients, including Colorado Health Foundation, Sierra Club, San Francisco AIDS Foundation, and Mile High United Way. He lectures frequently and has taught thousands of nonprofit leaders how to improve their communications. Zach is the chairperson of the board of Denver Preschool Program and was the founder of the Bay Area Disc Association.*

Nonprofit Marketing Resource Review

Mission Minded (www.mission-minded.com)

Free, short, practical, and easy-to-read downloadable marketing guides.

Chip and Dan Heath. Made to Stick: Why Some Ideas Survive and Others Die. New York: Random House, 2007.

A smart guidebook on how to be an effective storyteller.

Sarah Durham. Brandraising: How Nonprofits Raise Visibility and Money Through Smart Communication. San Francisco: Jossey-Bass, 2009.

Fun, clear guidance on how to think big about your organization's brand.

Scott Bedbury and Stephen Fenichell. A New Brand World: Eight Principles for Achieving Brand Leadership in the 21st Century. New York: Penguin, 2008.

How some of the best brands in the world go about it.

ChangeAgent: The Journal of the Communications Network (changeagent2019.comnetwork.org)

Where some of the best nonprofit communications people in the country gather to share best practices.

Nathalie Laidler-Kylander and Julia Shepard Stenzel. The Brand IDEA: Managing Nonprofit Brands with Integrity, Democracy, and Affinity. San Francisco: Jossey-Bass, 2013.

A well-researched explanation of how brands have shifted to become more democratic.

Kivi Leroux Miller. Content Marketing for Nonprofits: A Communications Map for Engaging Your Community, Becoming a Favorite Cause, and Raising More Money. San Francisco: Jossey-Bass, 2013.

Common sense advice on how to plan your communications.

CHAPTER 25

Moving Millennials to Act: Strategies and Tactics for Marketing, Fundraising, and Activism

By Derrick Feldman, Founder, Millennial Impact Project

Introduction

Millennials have found their voice, realized its power, and are wielding it. They represent the single largest generation in the US today, outstripping Baby Boomers, and as a result, "Adapt or be left behind" is the new mantra for causes and nonprofits.

Today's young adults don't believe organizations are the only way to create change. They believe in themselves and their own ability to make a difference in the social issues they care about through any field, sector, and network.

They are out to change the world *their way*. As they do, they are forever altering the way that social change itself is created. To be successful, your nonprofit must re-examine its fundraising, stewardship, and marketing approaches, along with the way groups of employees who fulfill these functions are structured.

Critical Skills and Competencies

I have worked with teams of researchers, foundations, companies, idealists, and entrepreneurs for over a decade to study how and why millennials become involved in social issues and, most recently, what *specifically* influences them. My purpose has always been to inform nonprofits and to help them turn this enormous, important audience into supporters, volunteers, employees, and, especially, donors.

A critical skill for engaging any audience is understanding them. Thus, your nonprofit must become familiar with this demographic. To help, I have distilled **10 traits characterizing young adults' approaches to cause engagement.**

Top 10 Millennial Traits

Millennials:

1. are everyday changemakers;
2. see all of their assets as equal; and
3. believe in the power of activism.

Millennials care about:

4. social issues rather than institutions;
5. using their collective voice; and
6. supporting others and the greater good more than ineffective partisanship.

Millennials engage with *causes*:

7. through a range of sectors and industries;
8. by employing novel or visionary approaches; and
9. through actions both big and small.

Millennials are influenced:

10. largely by their peers.

Trait #1: Millennials Are Everyday Changemakers

Millennials have internalized "doing good," exhibiting social good in small acts they perform every day: making an impulsive point-of-sale donation or getting their friends together for a charity walk, for example. Small actions taken almost as a matter of course may not trigger a large-scale impact, and nonprofits have been slow to recognize this mindset as "social engagement" and sadly often miss the boat and refer to this as "slacktivism."

> ***What nonprofits can do:*** *Create opportunities for small first-time engagements, such as social media commenting/posting/liking, signing a petition, or sharing a message. Then, continuing the conversation after this initial interaction is vital to keeping them invested as time goes on. See Chapter Twenty-Six for more tips on the ladder of engagement.*
>
> *A 2018 survey respondent sees "the everyday do-gooder" as millennials' legacy. "Millennials will be remembered for integrating cause engagement into their* daily *lives. It's not something they do sometimes or think about sometimes; it's a part of who they are and what they expect of one another."* – Anonymous, Understanding How Millennials Engage With Causes and Social Issues, *2018.*

Trait #2: Millennials See All of Their Assets as Equal

Millennials have found their voice, and they're using it on today's most powerful message carrier: social media. They use social media to motivate their networks to address

the core issues they believe no one else is concerned enough about, engaging vast numbers in the process. That's a lot of potential support surrounding one person, and millennials know it. ***They value voice and network as equal to the traditionally recognized avenues for cause engagement – time, talent, and treasure***.

> ***What nonprofits can do:*** *Don't try to fit millennials into traditional supporter categories. If you really want to engage them, consider altering your communications structure to accommodate outreach to this generation.*

Trait #3: Millennials Believe in the Power of Activism

Our research reflects a rising popularity in the opinion that millennials have redefined the term "activism." They have typically viewed activism as protests, social organizing, and social media messaging. In surveys since the 2016 presidential election, however, nearly three-fourths of ***millennials view voting as the most important form of activism***. Moreover, voting topped the list of the most actions taken by millennials as well as the action they deemed most likely to be influential.

> ***What nonprofits can do:*** *As with trait #2, let go of traditional views on activism. Don't discount online actions as being less instructive or impactful than attendance at a protest. Establish a central activism pathway that encourages small and deeper actions over time, referred to as a "ladder of engagement" in Chapters Twenty-Six, Thirty-Two, and Thirty-Three, to show progress on issues for the individual to remain encouraged in the work of social change.*

Trait #4: Millennials Care About Social Issues Rather Than Institutions

As mentioned, millennials don't believe they need to work through organizations, including nonprofits, to create change. Millennials' loyalty to social issues rather than to institutions means that ***if your nonprofit doesn't utilize an individual's assets and create a strong, visible connection to your impact, they'll simply move to another*** that's addressing the same cause, or they'll seek out peers who are doing so. They tend to be more focused on what they see as their cause, not yours.

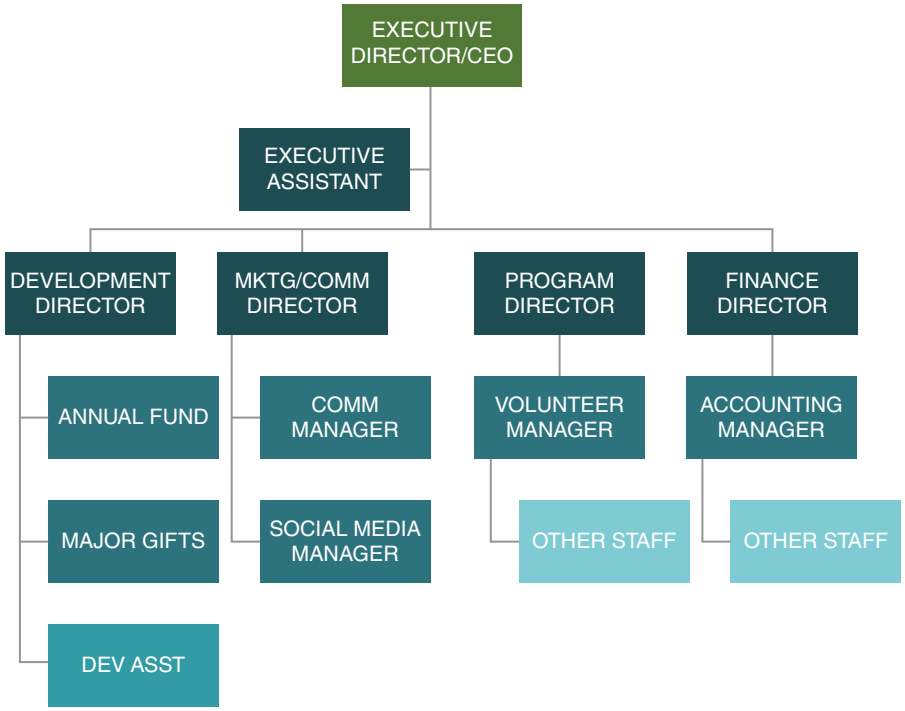
> ***What nonprofits can do:*** *Be diligent about keeping millennial supporters' trust by being as transparent as possible. More than* **75% of millennials**

surveyed said they would stop giving if they aren't told how their contributions advance progress; *a whopping 90% would stop supporting a nonprofit if they began distrusting it. Recognize millennials see your nonprofit as a vehicle to advance their vision for a better world whenever addressing them.*

Reconfiguring Your Nonprofit to Steward a New Type of Donor

As you can see from these traits, the tried-and-true approaches to donor identification, recruitment, and retention won't work for the millennial audience. Today's young adults certainly do not fit neatly into the way nonprofits have been organized for decades.

The typical nonprofit is structured something like what is depicted in Figure 25.1, below:



In most cases, departments and positions are built around constituent involvement: volunteer coordinator, corporate donor manager, membership manager, etc. Many still keep development functions separate from marketing and communications functions, which usually means the fundraising team is not looped into social media activity. However, millennials who view all their assets as equal may not relate to being treated like an annual fund donor or an event volunteer.

Nonprofits must replace transactional interactions with sincere, integrated efforts to build deeper relationships by being approachable, participating in online dialogue, recognizing contributions of advocacy, etc. Some nonprofits still don't recognize or even thank donors until they reach a certain level of giving. Millennials who are treated this way won't hesitate to take their support (and all their networks) somewhere else.

The key to successfully engaging millennial donors is structuring your nonprofit around these new methods of engagement and new demands on stewardship. Think about creating a *constituency engagement manager* position. This staffer would ensure that all your requests for support (fundraising, volunteerism, activism) are coordinated and intentionally move the individual from thoughtless to thoughtful engagement.

Trait #5: Millennials Care About Using Their Collective Voice

Finding one's voice involves aligning yourself with a social issue and advocating on its behalf. ***Young adults today actively endeavor to get their networks involved in the causes they care about***. They use their voices through their networks, which means they capitalize on their personal and professional relationships to expose others to their favorite causes. Engaging one's networks – cycling teams, workout groups, club mates, Twitter followers, etc. – is advocating on a large scale, exponentially increasing a message's potential to influence others as it continues to be shared by voice after voice through network after network.

How Millennials Engage

The 2017 Millennial Impact Survey asked millennials to list the actions they had taken recently in support of a cause or social interest. Findings, depicted in Table 25.1, show that they acted with their voices and network. Giving and posting online tied for third – yet another testament to the fact that ***many millennials believe that serving as an online ambassador of a cause is as important as donating***, and volunteering did not even appear among the top six.

Table 25.1: Percentage of Millennial Engagement by Actions

Action	Millennial Engagement
Voted	72%
Changed purchasing	70%
Donated	69% (tie)
Posted or shared content	69% (tie)
Signed petitions	58%
Contacted political rep	46%

What nonprofits can do: *Recognize social sharing as engagement for its intrinsic value, rather than for its ability to immediately raise funds. Be ready to offer millennials a next step to take to deepen their engagement with you.*

Trait #6: Millennials Care About Supporting Others and the Greater Good More Than Ineffective Partisanship

Young people love to work together. ***Millennials are much more likely to participate in a social good activity if they know their peers are doing so***. They participate at higher levels in workplace giving programs if their immediate co-workers and managers participate. They appreciate partnerships and turn away from partisanship and conflict.

What nonprofits can do: *Talk about your partnerships on social media and share what they've accomplished. Inform millennials regarding how they can get involved.*

Trait #7: Millennials Engage With Causes Through a Range of Sectors and Industries

Millennials are knowledgeable about the breadth of institutions and sectors involved with causes today, from government, business, social enterprise, nonprofit, education, and other sources. They want to have an impact, and ***their loyalty is only as deep as their belief in an entity's ability to help them make a difference***.

> ***What nonprofits can do:*** *It's vital to regularly discuss, on all platforms, why young adults can best serve a cause by working* through *your nonprofit. Be honest about your accomplishments so you don't lose their support and trust. Differentiate yourself from other entities with true examples of impact.*

Trait #8: Millennials Engage With Causes by Employing Novel or Visionary Approaches

Who knew pink knit caps would become a lasting symbol of the Women's March? Who could predict that high school students would lead a cross-country trip to raise awareness of gun violence? Such actions illustrate just how much millennials believe in themselves and their own ability to create change. As *Rolling Stone* wrote in November 2016:

> *"Americans tend to think that the only way one can participate in politics, the only possible way to take political action, is to vote. And yet in recent years – in particular since the 2008 financial crisis – Americans have been rediscovering the power of protest. They have embraced, in increasing numbers, disruption as a tactic for making their voices heard. . . . [M]ore and more of them have turned to civil disobedience to attempt to make change."*

> ***What nonprofits can do:*** *As you participate in the online dialogue about the cause you address, keep an eye out for visionary thinkers. They likely will become influencers, so reach out to them and strive to build bridges. Ask for a phone call or meeting to hear more, then hopefully they'll tell other followers about it and become an ambassador of your work. This is critical since* **millennials trust agents of change like themselves and their peers, encouraging action for the issue rather than nonprofit institutions themselves**.

And, of course, stay in touch with anyone you spend time with to deepen their engagement in your work.

Trait #9: Millennials Engage With Causes Through Actions Both Big and Small

As we've seen, millennials view all their actions in support of a cause as equal in value. They consider volunteering their time at an event, making a monetary donation, retweeting a message to their followers, and lending their skills to further a cause as equally important. Millennials as a group participate on a spectrum, from very low involvement (liking a post, for instance) to high involvement (such as organizing a protest march), with many, many levels in between.

What nonprofits can do: *Offer a broad range of involvement opportunities to this audience and be sure not to downplay the importance of any. Be approachable and keep expectations for involvement low initially. Moreover, since the first engagement is the toughest to procure, be certain you respond right away with another opportunity.*

Trait #10: Millennials Are Influenced Largely by Their Peers

This trait may give nonprofits their strongest tool in connecting with young adults today. Our research has consistently shown that ***peers hold the most influence and credibility with millennials***. They seek out peers' opinions before sharing or, often, even determining their own. They get involved in cause activities at *much* higher rates if their peers are engaged. They share information with their peer networks first (and almost solely). ***Millennials trust their peers above nonprofits, business, social movements, and all levels of government***.

What nonprofits can do: *Participate in the dialogue, but* don't *try to lead it. Analyze the networks where relevant cause-related messages seem to spread (by type of group, geographic location, etc.).* **Never argue with millennials online or tell them they're wrong**. *If they share incorrect information, tactfully correct them without the "Hey, your buddy is wrong!" attitude.*

Do's and Don'ts

Millennial Engagement Do's and Don'ts

- DO create opportunities for small first-time engagements.
- DON'T neglect to offer them a follow-up opportunity immediately after.
- DON'T try to lead online dialogue. Take time to listen and understand.
- DON'T discount one type of action as being less important than another, and don't pass up chances to tell millennials how their contributions (in whatever form) advance progress.
- DON'T try to fit millennials into traditional supporter categories; consider altering your organizational structure to accommodate outreach to this generation.
- DO regularly discuss, in all platforms, your issue and how it is relevant to today's conversation. Differentiate yourself from other entities with roles millennial supporters take to make impact happen for the people you serve.
- DON'T forget to be forthright and transparent about your accomplishments. Guard their trust.
- DO engage your millennial employees and board members in strategic conversations about reaching this audience.

Conclusion

Young adults today are out to change the world in ways and numbers we've never seen before, and they're moving forward alone when nonprofits can't or won't involve them. Therefore, it's up to you to figure out how your nonprofit needs to change to adapt to the millennial mindset. Young adults are certainly willing to collaborate – in fact, they applaud partnerships and collaboration – but only if they are treated as equal participants with valuable assets to contribute.

Millennials have internalized doing good. The nonprofits that can harness this deep level of compassion and commitment will be the most successful with this generation and the next.

Derrick Feldmann *is a sought-after speaker, researcher, and advisor for causes and companies on social movements and issue engagement. He is author of three books,* Social Movements For Good: How Companies and Causes Create Viral Change, Cause for Change: The Why and How of Nonprofit Millennial Engagement, *and the forthcoming* The Corporate Social Mind. *His work is regularly cited by such outlets as* Forbes, Fast Company, *and* The Wall Street Journal. *In 2018, he led the research team for "Influencing Young America to Act," a study of how young adults are influenced by and influence others to support social movements. During the prior 10 years, he founded and led the research team for the Millennial Impact Project, producing the comprehensive Millennial Impact Reports on how the generation has engaged with causes from varying perspectives.*

Millennial Engagement Resource Review

Cause and Social Influence (www.causeandsocialinfluence.com)

Offers insightful research and reports on millennials, as well as an annual conference. Their website contains free video archives of sessions and keynotes from previous Influence Nation Summits at https://www.causeandsocialinfluence.com/summitabout/#summit-videos, and also be sure to review *Influencing Young America to Act*, their study of how Americans ages 18–30 are influenced by – and influence others to act on – social issues and major movements at https://www.causeandsocialinfluence.com/researchabout.

2009–2017 *Millennial Impact Reports* (http://www.themillennialimpact.com)

The nation's largest series of studies to help organizations understand the best approaches to cultivating the interest and involvement of millennials.

Philanthropy News Digest (https://philanthropynewsdigest.org)

A service of Foundation Center, which recently merged with Guidestar to form Candid, the Digest offers fundraising tips and insights on a range of development topics. Check out the research and articles authored by Derrick Feldmann.

Case Foundation and Achieve (2017). Final Report: An Invigorated Generation for Causes and Social Issues. (http://www.themillennialimpact.com/latest-research)

A great study on how millennial dissatisfaction post-election spurred them to work toward changing the status quo, primarily through voting.

Sarah Jaffe (2016). Why Anti-Trump Protests Matter. *Rolling Stone* (15 November). Available at https://www.rollingstone.com/culture/culture-news/why-anti-trump-protests-matter-113934

This article demonstrates the approach of activism and how it fuels the interests and issue engagement of the next generation.

Case Foundation (www.casefoundation.org)

Case's website contains a wide range of resources for nonprofits looking to learn more about millennials, including the article "What is the Millennial Takeover?" at https://casefoundation.org/program/millennial-engagement/ and various blog posts at https://casefoundation.org/blog.

Pew Research Center (http://www.pewresearch.org/topics/millennials)

Pew reports on and shares insightful data about the Millennial generation.

Global Citizen (www.globalcitizen.org)

A movement of engaged young citizens who are using their collective voice to end extreme poverty by 2030. Be sure to check out their Movement Makers Conference at https://www.globalcitizen.org/en/content/tags/movement-makers.

Blackbaud Next Generation of Giving (https://institute.blackbaud.com/nextgen)

This research series reveals multichannel preferences and charitable habits based on generation. Conducted in 2010, 2013, and 2018, this research helps fundraisers understand their donors' perspectives based on their age and optimize their outreach to connect with each group.

CHAPTER 26

Using Digital Tools to Tell Your Story

By Beth Kanter, CEO, Zoetica; Updated for second edition by Carie Lewis Carlson, Digital Marketing Consultant

Introduction

Storytelling is not a solitary, one-way endeavor. The best stories are participatory, ongoing threads, and the most useful ones for nonprofits are *not* created by the organizations themselves. This is particularly true of the stories that emerge through social media and web platforms that rely on user-generated content, e.g. Facebook, Instagram, blogs, YouTube, and so forth. ***Storytelling 2.0 uses social media tools to convey how your organization's programs have made a difference in the world***. Storytelling 2.0 is a new genre of web content – a fusion of content created both by the organization *and* by engaged stakeholders, either in its raw conversational form or as adapted by the organization. ***The real question is: how do you get your community to tell your story for you, thereby generating even better results than you could have on your own?*** Answering this question is the key to success for your nonprofit.

We know that people are more likely to become interested in your work and donate or volunteer if you engage them. And ***telling stories is the most effective way of engaging people, versus dry statistics or institutional jargon***. Storytelling helps build momentum and energize your network, and new technology provides powerful tools to help you do just that. Using social media to relay your story helps you accelerate the process of connecting with like-minded, passionate people who want to help you. This is the heart and soul of an authentic social media strategy that can have winning results.

In this chapter, I'm going to give you two views: the view from the balcony and from the dance floor. This metaphor is similar to the concept of maps versus picks and shovels, as described in the introduction.

When you are on the balcony, you can see the big picture, the entire dance floor, and how all the parts fit together. When rocking the dance floor, you're focused on dancing – the tactics and tools needed to move your body. It's important to do have both views, because they inform and enhance each other. Especially if you're working with other people on social media strategies, you'll be more effective if you can see from both the balcony and the dance floor.

Critical Skills and Competencies

First, I'm going to lead you up the stairs, sit you down, and let you watch how the dancers move from a distance. I'll share a framework for storytelling and engagement that works for social media. Then you can take these principles onto the dance floor and learn the actual steps: the tools. Although there are many different social media tools you can use for storytelling, I'll focus my comments on three popular platforms to help you get started: blogs, Facebook, and YouTube. Finally, I'll share some pointers for getting people in your network and beyond to share your story. Let's begin.

The Balcony: A Few Simple Frameworks

Let's start with a couple of important frames of reference that you need to know and leverage in order to be successful with storytelling 2.0. **Here are some crucial concepts to keep mind:**

Storytelling Must Be Linked to Your Overall Communications Strategy

If you've crafted an overall communications strategy and fundraising plan that includes both traditional tactics and tools (see Chapters Twenty-Four and Seventeen, respectively), your social media storytelling efforts will be hard-wired for success. I recommend you put it in writing: ***you must be able to articulate your objectives, audience, messaging, and, of course, what channels you will use to connect with your audience***. Channels might include your website, email newsletter, blog, social media, print newsletters, flyers, signs, posters, traditional advertising, and so on, and search engine optimization can also play a role by directing people to your website. In addition, ***your strategy should be based on audience research rather than internal discussions and navel gazing, and should revolve around surveys and focus groups, and it should absolutely include the use of social media listening techniques***. For a primer and step-by-step, skills-based approach to learning how to listen to your community, see my Social Media Listening Wiki at https://buffer.com/library/social-media-monitoring-tools. Listening in this way helps you understand who your audience is, what they're doing online, and what motivates them to share their story about your organization or cause. As a bonus, your research is sure to lead you to new stakeholders who are already doing just that!

Telling your story via social media won't have as much impact if you lack the clear objectives and accurate identification of your audience(s) that comes with research and strategy formation. The other pitfall that nonprofits fall into is failing to realize that the use of ***social media must be part of a multichannel strategy that includes email, a strong website presence, face-to-face events, reaching out to the mainstream media, and Google ads*** (which nonprofits can receive for free at https://www.google.com/grants).

Storytelling 2.0 Is a New Genre of Web Content Creation

A *story* has three parts: a protagonist, a problem or series of challenges to overcome, and an ending that resolves the problem. Whether read from a book, cave drawings, or told to you by your grandmother, all good stories basically follow this three-part structure.

At the heart of good storytelling is a narrative arc, or storyline. **A simple narrative arc includes:**

Beginning

- **Protagonist:** The leading character, hero, or heroine in a story. For nonprofits, this person or group (or animal) should represent someone who benefits from your services or is affected by the cause your organization promotes. Let's take a food bank for example. A protagonist might be a family who is receiving a weekly food donation. You would describe the family, their names, how many children, where they live, and so forth. ***The key to a good story is to make it personal and to fill in the details***.
- **Setting:** These are the important details that provide context for the protagonist and that describes her or their situation. Again, it's important to keep this interesting by providing specifics and personalizing the situation – ***the goal is for your reader to be able to visualize herself in the storyline***. In the food bank example, this might be a description of the program's services and facilities in detail.

Middle

- **Antagonist/ Obstacle/Tension:** The protagonist encounters a problem. Traditionally this is the guy with the thin moustache, dressed in black, with the evil laugh, but for nonprofit stories, this can be an unexpected event, a man-made or natural disaster, or some tension or crisis in the protagonist's life. In order to establish the strength of your lead character, ***tell the story of how the protagonist tried to solve the problem but was not successful***. In the food bank example, this could be the story of how the family went from living comfortably to needing help after the mother unexpectedly lost her job, followed by months of struggling.
- **Emotion:** It's incredibly important to incorporate emotion into your story. This can be something funny, scary, sad, or whatever is appropriate. In the food bank example, this might be sharing how the family's children were so hungry during school that they couldn't concentrate, leading to poor performance in school.

End

- **Resolution:** The organization solves the protagonist's problem in a way that inspires readers to support its efforts to do more of the same. This is where you

can widen the lens and bring in overall statistics and trends relating to your program. To conclude our example, the organization helped the family get back on their feet – with the newfound breathing room enjoyed from donated meals, Mom was able to secure a new job and now volunteers at the food bank every Sunday.

If you're looking for additional effective storytelling and narrative arc examples, look no further than the Disney favorite, Cinderella. The various elements described above are insightfully analyzed at https://www.slideshare.net/RowanManahan/power-point-20th-anniversary-cinderella?src=embed. Also, be sure to check out Chapter Twenty-Nine of this book, where David Fenton relays clear tips for effective story writing.

But what I've described above is the basic tenants of Storytelling 1.0. In today's digital age, the way stories are being shared is changing dramatically. ***Storytelling 2.0 incorporates the best principles of good storytelling, as modeled by blockbuster Hollywood scripts and fairy tales, but also effectively leverages technology and social media.*** This enables your story to go "viral," when your audience and others pass it along for you and integrates valuable user-generated content. Stories are now open-ended conversations, participatory, experimental, and as mentioned earlier, many times not created by the nonprofits themselves. Social media makes creating, remixing (see below), and sharing stories between nonprofits and their stakeholders easy and fluid. It also expedites generation of these stories and augments opportunities for participation while revealing new opportunities for nonprofits to communicate and connect with new and existing stakeholders.

Once your organization has mastered the art of story and narrative arc, ***it is important to both listen and engage on social media outposts to motivate your audience to "remix" your story***.

Here's the sequence of steps to follow:

- Establish a "listening post" that searches social media sites, based on keywords or terms, and monitors particular blogs or online communities (see Chapter Twenty-One for tips on using an RSS feed to accomplish this, or set up a Google Alert)
- Understand which stories resonate with audiences who are using social media
- Identify conversation starters, which are the questions that jumpstart conversations with supporters, leading to story creation or co-creation

- Use feedback from social media conversations (comments on blogs, Facebook, etc.) to fine-tune stories and incorporate the audience's voice
- Repurpose stories shared by supporters into content on your website or other channels
- Develop a deep understanding of what is being said about your organization, cause, or program on the web and in the community
- Translate stories into "micro" content (new blog posts, tweets, YouTube videos, and so on)

Understand the Ladder of Engagement: From Passive to Active Co-creation

Think about all the various ways your organization interacts with different groups of people through your communications and fundraising efforts, including both social media and traditional channels. You will undoubtedly discover that some people engage with you lightly, whereas others dive in more deeply. Face it: your audiences will not have the same level of passion or interest in your program as you do. And that is not a problem – it's just the way it is.

To be successful on social media, you need to use different techniques, tactics, and tools that map to each person's level of interest. You need a portfolio of approaches that meet people where they're at, and that get them more engaged with your efforts. Let's look at this more closely in Table 26.1:

Table 26.1: The Storytelling 2.0 Ladder of Engagement

Degree of Engagement	Role in Storytelling 2.0 Content Creation	Description
Very Low	Happy Bystander	Reads your content, views your videos, or joins your Facebook Page or network, but only lurks
Low	Conversationalist	Responds to a conversation starter on your blog, Facebook Page, or YouTube Channel by leaving a comment, rating, or "liking" it
Medium	Promoter	Shares your content with other people
High	Evangelist	Actively encourages other people to participate in the conversation and remixes your content
Very High	Instigator	Creates and shares their own story with friends and others

It is important to understand that these roles and levels of involvement are part of an ecosystem – just like the donor pyramid and any other ladder of engagement. Only a few people will rise to the Evangelist or Instigator levels due to the required commitment of time and skills, or because they're not yet sufficiently engaged in your work. Nonetheless, these supporters are still important to the ecosystem because they spread your stories and demonstrate clear community interest. ***Recognize and appreciate people where they're at, and don't take it personally if they're not interested in or able to get more engaged*** as you strive to gently nudge them further down your pipeline.

Now that you've seen the view from the balcony, let's head down to the dance floor and learn a few steps that can help you get the party started.

The Dance Floor: How to Get Your Groove On(line)

I could write an entire book on "Nonprofit Storytelling 2.0" and cover the many, many tools and platforms that you can use. Because I'm limited to one chapter here, let's focus on a short list of tools that are most useful to causes looking to get the word out: blogs, Facebook, and YouTube.

You don't have to, nor should you, use every social media tool available to be successful in getting your stories out to the masses. Many nonprofits, particularly small ones, just don't have the manpower to be everywhere. Less is more, but wherever you go, go *deep*. Test one platform at a time – for several weeks or months, or for as long as you need to fully explore its potential, practicing and mastering one outlet at a time. ***Only once you have mastered the skills and techniques of one online channel should you consider adding another***. Trust me, taking this sequential, incremental approach will lead to success; otherwise you will spread yourself too thin.

Blogging: The Pen Is Mightier Than the Sword

There are many different ways to use blogs to support your organization's goals, from sharing organizational news as it happens, to recruiting volunteers, and of course, fundraising. Blogs can be platforms for thought leadership or to show off staff expertise – they offer fertile ground for storytelling 2.0 content.

Different Uses of Nonprofit Blogs:

Blogs are usually focused on a particular topic, organization, or person. Like social media, they enable visitors to leave comments, providing an interactive forum for dialog. In addition, many are free to set up via tools such as Typepad.com or other websites. There are many uses for nonprofit blogs, but **here are a few examples that lend themselves particularly well to storytelling and narrative arcs:**

- Field Reports: Blog posts from staff working "in the field" with your clients. These should focus on a particular individual or group of individuals being served by your programs.
- Inside Stories: These posts are used to that tell stories that share insights on how your staff and volunteers actually do their work – think of it as career day for people interested in how you achieve impact.
- Event Coverage: Blogs are a great place to share interviews or tell stories from fundraising and other events.
- Client Posts: Content written by someone who has been served by your programs. To build engagement, this could be an ongoing feature or diary from that person.
- Contests: Blogs are a great place to promote giveaways, storytelling, or idea contests. ***Consider challenging your audience to see who can share the most compelling story of your nonprofit's impact*** – offer a prize to readers who share the best story about benefiting from one of your programs or services.

Before getting started, you need to ***map out the topics you are going to cover on your blog***. In addition, you should do a little research to see if there are other bloggers writing about similar issues, as you will want to link to them in your posts. As you evaluate other bloggers, ask yourself what your unique approach to the topic will be.

Multiple Author Blogging: Many Hands Make Light Work ***It's extremely beneficial to engage multiple authors and distribute the workload***. Plus, it's more fun when you can bounce ideas off others. Consider assigning "beats" to key staff and volunteers based on their program area, expertise, and interests. Most importantly, consider how much bandwidth you or your team has to write, since ***once you begin a blog, it should be updated at least weekly*** to "keep the lights on." Beginning bloggers generally require more time for writing, but you do get faster.

Incorporate Conversation Starters Blogging isn't just about writing content for someone to passively read – the goal is to get readers to discuss the topic by making comments, to share their insights and anecdotes, and tell their friends. It's all about engaging your audience in a dialog – with you and with other readers. ***Blog posts that are good conversation starters are not comprehensive and leave gaps for readers to fill in, and many have a question in the title or at the end*** ("What do you think?" works wonders). Posts are generally written in an intimate, informal style, as if you were sitting at a café table having a conversation.

The best blog posts create threads of conversation – with readers and other bloggers building on the topic. It isn't only about expressing your opinion and ideas, it's about listening and hearing what your audience or stakeholders have to say. This does take some time and practice to master, but the rewards of leveraging storytelling 2.0 can be great.

Listen, Listen, Listen Writing frequent, compelling, and instigative posts is only part of the workflow in storytelling 2.0. As mentioned, it's also important to listen to your audience, and to incorporate what you hear into future posts. For example, if other bloggers have linked to you in their posts about a particular topic, write a post adding to or explaining what they said. You should also ***respond to your blog readers' comments, which turns a post into a conversation and lets your audience know that you're listening***. If you are successful at activating a lively discussion, write a follow-up post summarizing the dialogue and linking back to readers who commented. This type of weaving inspires an audience to share their stories and gets them more engaged in future postings.

Facebook: The Mothership

You can't have a conversation about social media these days without mentioning Facebook. The audiences and dynamics have shifted, but the fact is that today ***Facebook is the equivalent of the world's largest country, with over 2 billion people actively on the platform, which means your constituency is most likely there***. But it's not enough to just post content; you must know your audience and have a strategy that meets their needs to accomplish your goals.

Tips and Tricks

- Sign up for the Facebook charitable giving tools at nonprofits.fb.com. You can put a donate button on your page, make posts, even post a live video.
- Utilize Facebook Live videos to show the real-time impact of your work. All you need is a smartphone (and a microphone helps too!).
- Answer Facebook messages, comments, and reviews quickly and thoroughly. Make social customer service a part of your daily routine.
- Develop a content strategy that focuses on posts that are timely, relevant, and relatable to your audience instead of a diary of what your organization is up to.

Different Uses of Facebook by Nonprofits

A local homeless shelter posts a photo of their empty supply shelves with a wish list and details of how much the items they need cost. They include the Facebook Donate button and are able to provide people an easy way to support their mission and help others.

A national cancer organization encourages their walk, run, ride participants to use Facebook Fundraisers to complement their peer-to-peer fundraising efforts. The tools make it easy to invite friends and family, share, and raise more money to fund life-saving research.

An animal shelter uses Facebook Live to show people the available animals they have up for adoption. The video gets shared amongst animal lovers, particularly on the local level, and increases foot traffic into the shelter, which increases the adoption rate and saves lives.

A human rights organization runs an advocacy campaign to protect women's reproductive rights and posts a link to their advocacy alert to their Facebook page. They rally support for the issue while building their email list by converting Facebook fans to subscribers.

YouTube: Tell Your Story With Video

Video is a powerful way to share your story, and it has never been easier and cheaper to use. With a smartphone you can upload videos to YouTube with just a few clicks. This has led to nonprofits sharing their stories in many ways, such as:

- Interviews at events
- Field work
- Insider tours
- Fundraising appeals
- Live coverage
- How-to's

A compelling video clip is short, tells a story, and sparks an emotional response through humor or developing empathy.

With a little bit of training, you can tell your story with video fairly easily. YouTube offers great resources in their Impact Lab (https://www.youtube.com/yt/impactlab), including how-to guides, success stories, and a campaign section where they feature nonprofit videos. You can easily ***set up and customize the look and feel of your YouTube channel and include a link to Google Check Out to collect donations at no cost***. And be sure to use the "annotations" feature to insert a call to action as text or links in your videos.

Tip and Tricks:

- ***Keep videos to no more than one minute*** (attention spans are short!)
- Capture people's attention with something interesting in the first *three seconds*
- Include a short but hyperlinked headline: one that makes them want to find out more
- If you're going to include your logo or other branding on the video, make it subtle; remember it's about the cause and the people you serve, not your nonprofit

- Choose a thumbnail that's interesting, authentic, and not over-produced
- Always utilize subtitles
- Include a vanity URL and ***feature a prominent, clear call to action at the end; nonprofits can add the click to donate feature for free!***

Getting Others to Tell Your Story

Earlier, I mentioned the potential for your well-told stories to go "viral." The Holy Grail of Storytelling 2.0 is getting your audience to create or co-create content on your behalf. But how can nonprofits encourage this great behavior? Here are a few insights I've gathered:

Give Permission to Share
Tell your audience that you want them to take your content and repurpose, remix, or recreate it, especially on social media. Using a Creative Commons "Share Alike" license makes your intentions explicit.

Incentivize Support
Sometimes people are inspired on their own, but it also helps to reward them for sharing or creating your content. As mentioned before, ***there's nothing better than a contest with a prize to inspire people to engage***. Give away a mug, a free program membership, a T-shirt, or whatever you think is desirable by the audience – you'd be amazed at what people will do for free stuff.

Stock the Pond
You'll likely need to ***get staff and other insiders to participate and help jumpstart your effort*** – after all, no one likes to be first. But if you have a few examples of how other people have remixed or created content, that only helps to inspire others.

Lift Up Examples
Encourage and publicly recognize people who create content for you. This can be done by highlighting their contribution in a blog post, on your website, at an event, or in brochures. Just be sure to get their permission first.

Do's and Don'ts

Storytelling 2.0 Do's and Don'ts

- DO as much listening as you can before talking.
- DO tell the story of your impact on *one person*.
- DON'T use boring statistics or jargon to share your story.
- DO share your story with words, pictures, and video.
- DO include conversation starters in every story you tell.
- DO be explicit with your audience that they can share and remix your story.
- DON'T try to use every tool – start with one and add incrementally.

Conclusion

I've taken you up to the balcony to learn how to tell compelling stories, listen, and engage with your audience so they're inspired to read and share your stories. We also looked at different social media tools that allow you to artfully convey your impact with text, photos, and video. Applying these techniques and leveraging important resources like Facebook, YouTube, and blogs will make your nonprofit's activities more successful, engage and attract more people to your cause, and power your fundraising campaigns. Now that you're equipped with the view from the balcony and have learned a few dance steps, you're ready to dance the night away and change the world!

Beth Kanter *is the author of Beth's Blog (*www.bethkanter.org*), one of the first nonprofit blogs, and is an internationally recognized thought leader in networks, social media, philanthropy, wellbeing in the workplace, and training. She has worked in the nonprofit sector over 35 years in capacity building and has facilitated trainings for thousands of social change activists and nonprofits on every continent in the world. She is an in-demand keynote speaker and workshop leader. Named one of the most influential women in technology by* Fast Company *and one of the* BusinessWeek*'s "Voices of Innovation for Social Media," she is the author of the award winning* Networked Nonprofit *books and*

The Happy Healthy Nonprofit: Strategies for Impact without Burnout (http://bit.ly/happyhealthynpbook). *Her clients include foundations, government agencies, and nonprofits.*

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Storytelling 2.0 Resource Review

Alan Levine and Bryan Alexander. (2008). Web 2.0 Storytelling: Emergence of a New Genre. *EDUCASE Review*, vol. 43, no. 6 (November/December). Available at https://er.educause.edu/articles/2008/10/web-20-storytelling-emergence-of-a-new-genre

> Provides an easy framework and context for storytelling on the social web, and although geared toward people working in education, provides many useful links and resources.

YouTube Impact Lab (https://www.youtube.com/yt/impactlab)

> Information on how to set up your own channel, including an excellent collection of how-to resources.

Andy Goodman's "Why Bad Presentations Happen to Good Causes" (https://www.thegoodmancenter.com/resources/)

> Great overview of how to ensure you get your nonprofit's message across in a compelling, concise, and credible manner.

Britt Bravo. Ten Ways Nonprofits Can Use Blogs. Net Squared. Available at https://www.netsquared.org/blog/britt-bravo/10-ways-nonprofits-can-use-blogs

> Wonderful article on nonprofit blogging by an industry veteran.

Nonprofits on Facebook (nonprofits.fb.com)

Resource from Facebook on all the tools available to nonprofits, as well as case studies and best practices.

Jon Loomer (www.jonloomer.com)

A Facebook-centric blog with tips and free webinars, focusing on advanced strategies.

John Haydon (www.johnhaydon.com)

Nonprofit-specific social media tips and webinars to learn the basics about social media strategy.

CHAPTER 27

Crafting an Effective Newsletter Strategy

By Kivi Leroux Miller, Founder and CEO, NonprofitMarketingGuide.com

Introduction: The Evolution of Nonprofit Newsletters

When I think back to a newsletter I produced for a nonprofit association in 2000, I remember an eight-page print newsletter that we mailed out quarterly. We'd write eight to ten stories per issue, most of which focused on their work in the previous quarter. We highlighted staff and board members in personal profiles. We referred to "staff" and "members" in the text. This print newsletter was, with the exception of conference marketing brochures, the only means of communication from the nonprofit to its members. We archived copies of the newsletter as PDF files on our website.

At the time, it was just like what every other nonprofit was sending out. It seemed fine. But if that same newsletter landed on my desk today, I would think, "Yikes. This sucks."

Unfortunately, many nonprofits still send out newsletters just like that one today, completely ignoring the profound changes that have occurred in the way that people

communicate not only with each other, but with the institutions in their lives, including the nonprofits they support.

If I worked for that same nonprofit today, I'd recommend that we drop that print newsletter *entirely*, and instead produce a monthly email newsletter. Instead of writing 2,000–4,000 words of copy for each edition, we'd write two or three stories totaling 500–1,000 words. Rather than looking back at the last quarter, the stories would look *forward* to the weeks and months ahead. Instead of featuring the people *doing* the work, we'd profile the people *who benefited from* our programs. We'd refer to staff in the first person as "I" or "We" and we'd refer to the members, our readers, as "You" – it would be *personal*. The email newsletter would be integrated fully into a broader, multichannel communications strategy that would likely include a blog and a strong social media presence.

Don't get me wrong. I'm not telling you that print newsletters are dead and that email and social media is the only way to go. Print newsletters can still be extremely valuable fundraising tool, when done well. ***Decision-making about your newsletter strategy should be driven by a few key questions, namely: who your audience is; what kind of content they want to receive from you and how often; and what do you hope they will do with the information upon receipt***.

Critical Skills and Competencies

Regardless of whether you decide to communicate via print, email, or some combination, keep in mind these five critical elements of a successful nonprofit newsletter:

1. **Concise & Consistent**: Send fewer words, more often
2. **Look Forward**: Preview more, review less
3. **Personality**: More of them, less of you
4. **Next Steps**: More action, less FYI
5. **Integration**: More planning, less improv

Think of these five elements as sliders on a mixing board, where you can adjust each element up or down, with the sum position of the sliders blending into a newsletter

customized for your nonprofit and its supporters. You'll need to find a comfortable balance, and in this chapter I offer what I believe to be the best direction on these five key components.

Concise and Consistent: Send Fewer Words, More Often

The conventional wisdom is that ***people need to see or hear a message seven times before they will remember it***. And in today's saturated media landscape, the reality is that your supporters won't read everything you put in front of them, whether online or off. If a supporter actually only reads one in three articles you send in print or via email – and they need to see the message in that article seven times before they respond to it – that would mean you need to communicate the same message 21 times!

If this is true (or anywhere close), how can we possibly believe that sending a quarterly newsletter is adequate communication to inspire supporters to do anything?

At the same time, cultural changes from fast food and 24-hour news networks to social networking and web browsing on smart phones mean that we want everything in our lives to be convenient, fast, affordable, and easy to digest – including our philanthropy.

Therefore, ***your newsletters need to grab your readers' attention immediately and get to the point fast; reach out frequently, but with newsletters that are bite-sized snacks, not seven-course meals***.

That bite-sized snack includes the name that appears in the "From" field – do I recognize you? – and the subject line. Every subject line should include something that readers will find personal, useful, intriguing, or timely. Your email newsletter is competing with tens if not hundreds of other emails being sent to your readers each day. ***The From field and the subject line need to answer this question: "Why should I open this email right now instead of all of these others?"*** Make a *promise* in the subject line, then *deliver* on it in the body of the email.

I recommend that nonprofits ***shoot for an open rate of at least 20%***. With larger lists that are grown through a variety of list-building tactics, you may fall below that. With smaller lists that are grown more organically, you may do even better.

Matthew Bregman, founder of The Fundraising System, once described a strange syndrome that he's seen consume the brains of many nonprofit newsletter writers. "Somehow, perhaps fantasizing that they work for a magazine," says Matthew, "they decide that important topics merit high word counts. The result is that the staff person spends an inordinate amount of time writing the piece, which is guaranteed to be read by almost *no one*."

Matthew recalls asking a colleague to write a simple, short three-paragraph article on a recycling project. "She spent a week squirreled away in a conference room and then turned in four or five pages," says Matthew. "I doubt anyone but the two of us read it from beginning to end."

Exactly why you produce your newsletter is a decision that everyone on your staff, and everyone contributing to the newsletter, must understand. Some nonprofits use newsletters as a way to provide services to members, such as lists of resources, deadlines for upcoming grant applications or event registrations, and reviews of new research. Others use their newsletters as donor stewardship tools, where with each story, you reinforce your donors' decisions to support your cause and inspire them to do more. ***Rarely, if ever, should a nonprofit newsletter be used as a platform for staff to explain everything they know about a topic***.

Until you have good intelligence from the recipients of your newsletter that urges you to do otherwise, ***start by communicating with your supporters monthly***. Send an oversized postcard or two-page newsletter. Send a 500-word email, with links to longer stories on your website or blog if further details are important. Mix it up and trade off between channels if you feel like experimenting. ***The most important thing is communicating often enough so you aren't easy to forget, and with enough brevity that your messages can be consumed immediately***; if your message is filed away in a "read later" folder, odds are it will never be seen. Of course, you must also consider your nonprofit's capacity to meet a regular publishing schedule.

If you are providing on-target, valuable information each and every time (or darn close), your readers won't feel bugged by frequent mailings. ***If you don't have enough content for a short monthly newsletter, you either don't know what your readers want from you, or you aren't thinking creatively about ways to talk about your work***.

Look Forward: Preview More, Review Less

As you select which stories to include in each edition of your newsletter, ***think more about the future and less about the past***. While nonprofits have traditionally used newsletters to report back to their supporters about recent work, if you aren't careful, this approach quickly devolves into lackluster recounts of what was checked off staff to-do lists.

Take the omnipresent event wrap-up article, for instance. Whether it's a board meeting, a seminar, or a conference, ***the events your nonprofit hosts or attends can provide great fodder for newsletter articles – if you highlight the most important points and forget about the rest***. Don't tell us "a good time was had by all." People who weren't in attendance don't care, and people who were already know.

Instead, turn what would otherwise be boring old news into something interesting or helpful to all. ***Pick just a few highlights from the event and summarize them in a more creative format than straight reporting***. Try "Top Ten Insights from the Workshop" or "How to [Insert Task]: Lessons Learned at the Workshop."

Even when you turn the past into lessons for the future, the majority of your newsletter should be about what's happening now and what's coming up next. ***Your newsletter should inspire people to take action today and tomorrow, which is difficult to do when you are living in – and writing about – the past***.

Nonprofits that are required to produce quarterly progress reports for government and foundation funders seem to have the most trouble with this element. ***Resist the urge to save time by cutting from your last foundation quarterly report and pasting into your newsletter for individual supporters***. They are two different audiences with different motivations for supporting your work, and therefore need different communications from you. Focus on the future in your newsletters.

Personality: More of Them, Less of You

Even though odds are your newsletter readers are caring, generous people, it's sometimes helpful to ***think of your subscribers as egomaniacs***. Here's why: if they don't see immediate, personal value in your newsletter, why should they take time to read it? We know what's in it for you, but what's in it for them?

As you write your newsletter articles, ***always put yourself in your readers' place by asking yourself these questions:***

How will this article make our readers feel?

How will it make their lives easier or better?

Does this article show our readers how important they are to us? Will this article make them feel like they are making the world a better place *through us*? Will it reassure them that their investment of time or money in our cause was a great decision?

When Rebecca Arnold, former director of marketing for Arrowhead Ranch, a residential treatment facility for troubled youth in Illinois, joined the organization, the cover of their print newsletter included a board member profile and the back page (with the mailing panel – the most visible part of a print newsletter) listed the board of directors and management team. In other words, Arrowhead Ranch was using the hottest real estate in the newsletter to talk about itself, not its supporters or beneficiaries.

Rebecca transformed the newsletter by instead featuring a success story of a young man or woman whose life was transformed as a result of their time at the facility. The back panel was reserved for photos of children in different activities, artwork they had drawn, poetry they had written, and other items that expressed their creativity and portrayed their lives at the facility. "It put a personal face on what we did, and it reminded readers that our clients – youth-at-risk – are regular kids who needed a little extra help," says Rebecca. "I wanted readers to be 100% sure of the impact we made on the lives of youth-at-risk and in our community."

Speak directly to your readers, one on one, through your newsletters. ***By using the word "You" in headlines, subheads, and first sentences of paragraphs, you signal to your readers that you are talking directly to them***. If you aren't talking to me, the reader, why should I care what you have to say? In other words, talk to me or about me, or else I'm easily bored, and scrolling on.

On the flip side, ensure that your readers know who is writing. Consider ways to ***make your newsletter sound as though it is written by one staff person speaking directly to one supporter***. Use bylines and refer to yourself as "I" or "We." Write in a conversational style and friendly tone.

Storytelling is an incredibly powerful tactic for nonprofit communicators, because ***we remember stories much more easily than facts and figures, which means we can share them more easily with friends and family***. Sharing stories in your newsletters will engage your donors in your work, reinforce their giving decisions, inspire them to do more, and encourage more word-of-mouth marketing on your behalf.

Your stories will be much more powerful if they are about the people you serve or who otherwise benefit from your work, rather than about people who work at your nonprofit. These kinds of stories play a dual role: they educate your readers about the work you do while also providing examples of your successes.

Joan Purcell, who worked with incarcerated mothers when serving as the executive director of Prison MATCH in Raleigh, North Carolina, knew that including stories about the people her nonprofit served was important. At the same time, she realized that they lost much of their emotional power when she told their stories in her voice. Instead, she decided to ask the women to write a story about the most memorable visit they had with their children. Joan collected more than fifty stories to choose from when she wrote the newsletter, all written in genuine first-person. She also collected drawings from the children. Not only were the stories and drawings more powerful than anything Joan could reproduce in their place, but it was also easier on her as the newsletter editor, because others created the content!

Next Steps: More Action, Less FYI

Once your supporters read your newsletter, what's next? Do you want them to donate, volunteer, register, tell a friend, learn more, write an email, make a call, or what? Reader education is a valid goal, but it's usually not enough to justify the time and expense required to produce a newsletter. ***Ask yourself: What one action do you want people to take?*** But remember to stay focused: as it's often said, if you say ten things, you say nothing, plus you'll want to use your entire newsletter to support that one key call to action.

If, for example, you want your newsletter readers to donate money, then *all* of the content in your newsletter should describe what you will be doing with new donations, remind your donors how important they are to your success, and offer clear and simple ways for them to support your work.

If you want to use your newsletter to recruit volunteers, then fill it with articles about how to be a great volunteer and how important volunteers are to your mission. Profile current volunteers and their positive experiences so prospective volunteers will think, "I want to do that, too!"

Chip and Dan Heath, authors of Made to Stick: Why Some Ideas Survive and Others Die, say that "***good stories provide both the simulation (knowledge about how to act) and inspiration (motivation to act)***." These kinds of stories are the perfect content for your nonprofit newsletter, because they do more than simply educate. They give your readers direction in what to do next.

Several years ago, the TAILS Humane Society in DeKalb, Illinois, intentionally started to include more stories in all of its communications, including its e-newsletter, and saw that decision pay off with more website traffic, donations, and adoptions. Lane Phalen, a public relations committee volunteer, said ***the stories that got the most clicks from the e-newsletter to the website were those that involved happy endings*** for pets, especially those who were hard to adopt.

Lane recounted this story as the kind that produces a great response:

> *Watson and his brother, Rayden, were rescued from a hoarding of more than 300 dogs and cats. They're huge bloodhound-husky mixes. Lisa worked with Watson when he was caged and, slowly, he began responding to her presence. After two months, Watson was adopted by Lisa, but Rayden was sent to an animal sanctuary in Arizona where female Buddhist monks work with feral dogs. Two years later, Rayden was socialized, but still timid and unsure of being touched by people. He was reunited with Watson and the two, weighing 95-pounds and 105-pounds, reacted like wiggly puppies to see each other. Lisa adopted Rayden immediately.*

Why does this kind of story work? It provides *simulation* by showing that it can take a while, sometimes years, for abused animals to recover, but that patience pays off. At the same time, it demonstrates that this nonprofit is committed to helping animals, no matter how desperate their situations or how long it takes. It also provides *inspiration* by motivating others to be more like Lisa or the monks in the story, and to take a chance on adopting a dog that others would consider a lost cause. The reunion of the two brothers who obviously remembered each other, even after two years apart, closes the story with a visual, emotional reward that any donor to TAILS would love.

Integration: More Planning, Less Improv

Many nonprofits treat their newsletters like random items on a to-do list, failing to integrate them fully into a communications or fundraising strategy. That makes it next to impossible to use them *strategically*. When the time comes to publish the next edition, the office scrambles to create the content, with little purpose or cohesion and no integrated editorial calendar to ensure strategic timing and coordination of messaging (more on this below).

It's the executive director's responsibility to avoid this scenario. Newsletters can be time-consuming to produce, and EDs need to ensure that time is well spent. ***Fully integrating your newsletter into your nonprofit's fundraising, programmatic, and marketing strategies is essential, as is allocating the appropriate levels of staff time and financial resources to produce it*** (see Chapters Twenty-One and Twenty-Two for additional advice on email fundraising).

Penelope Burk, author of Donor-Centered Fundraising, advises, "Meaningful information on their gifts at work is the key to donors' repeat and increased giving. Communication is the process by which information is delivered. Fundraising under-performance, therefore, is actually a failure to communicate." In other words, ***communicate well through a regular newsletter, and you will see positive fundraising results***.

Editorial Calendars

Whether you are motivated to produce a good newsletter as part of your programmatic or fundraising strategy, one way to improve the integration of your newsletter into those strategies is to use an editorial calendar. ***Editorial calendars are schedules that let you plan out what you will say, who will say it, when and where you will say it, and to whom***. Rather than creating each edition of your newsletter on the fly, which will produce inconsistent, hit-or-miss results, and possibly lead to multiple, disjointed communications to the same person in a short period, editorial calendars enable you to think strategically ahead of time about the different categories of content you want to produce. Then you fill in the editorial calendar by sketching out the specific articles that fall into each category for each edition of the newsletter, along with other appeals and communications.

Don't be afraid to experiment with the days and times that you send out your newsletters. ***Some nonprofits find that sending in the evenings or on weekends produces higher open rates that the conventional wisdom of Tuesday through Thursday mornings***. You won't know what works for your particular mailing list until you *experiment*.

As a professional journalist, Gina MacArthur of Spruce Grove, Alberta, thought that volunteering to produce the newsletter for the parents' council at her children's elementary school would be an easy job. After producing it mostly on her own for several years, her advice to new newsletter editors was simple: ***Set up an editorial calendar at the beginning of year, including standing items that should appear in each issue***. "The standing items should be things that can be written well in advance, and just plunked in when the newsletter is being laid out," says Gina. "This will save you a lot of time on deadline day." Creating this kind of plan well in advance also lets you ask others for help, because you know what you need well before the deadline.

Do's and Don'ts

Email Newsletter Do's and Don'ts

- DO send newsletters monthly if possible and keep them brief: 500 words or so is a great benchmark.
- DO master the art of headline writing. Once your email newsletter is opened, your headlines determine whether the newsletter is read. People naturally skim email, starting with the headlines and subheads.
- DON'T use your newsletter to talk about past accomplishments or to provide updates; instead focus on your plans for the future.
- DON'T confuse readers by offering multiple calls to action; focus your efforts around one critical need and then fill your newsletter with content that supports that goal.
- DO use an email newsletter service provider. You can't do bulk email from your desktop for a variety of reasons, including the potential you'll be labeled a spammer. When you use an email newsletter service provider, they not only help you comply with the spam laws, but also help you manage your email list. See Resource Review for a helpful article to guide your search.

Do's and Don'ts

- DO let your readers talk back. If someone replies to your email newsletter, make sure it goes to an email that someone is monitoring, rather than an impersonal and unfriendly "donotreply@" address.
- DO master the art of subject line writing. ***The "From" field and the "Subject" line determine whether your email gets opened or deleted.*** Ensure what's in the From field is recognizable and what's in the Subject line is interesting, intriguing, or otherwise compelling to your readers.
- DON'T rent or sell your email list, and let your subscribers know that's the case. One of the primary reasons that people are reluctant to give their email addresses to nonprofits is the fear that their email address will be sold to other organizations and they'll be inundated with spam.

Conclusion

Newsletters are a tried-and-true way for nonprofits to both deliver services and stay in touch with participants, donors, and other important supporters. But the quality of nonprofit newsletters varies widely. By deciding how you want to use your newsletter, integrating it into a larger strategy, learning what your readers want to receive from you and how often, and tracking their responses to what you publish, you can create a newsletter that helps you achieve your mission. Just remember to stay top of mind by communicating regularly, be respectful of your readers' time by keeping messages short and compelling, and to keep it personal and look to the future, offering a clear call to action so your supporters can help you get there.

Kivi Leroux Miller *is the founder and CEO of Nonprofit Marketing Guide, where she helps nonprofit communications professionals learn their jobs and love their jobs through a variety of training and coaching programs. She has personally mentored more than 100 nonprofit communications directors and communications teams as a certified executive coach. She is a popular keynote, workshop, and webinar presenter, speaking dozens of times each year. Kivi also runs a popular nonprofit blog and is the award-winning author of CALM not BUSY: How to Manage Your Nonprofit's Communications for Great Results, Content Marketing for*

Nonprofits: A Communications Map for Engaging Your Community, Becoming a Favorite Cause, and Raising More Money (Winner of the Terry McAdam Book Award), and *The Nonprofit Marketing Guide: High-Impact, Low-Cost Ways to Build Support for Your Good Cause*.

Nonprofit Newsletter Resource Review

NonprofitMarketingGuide.com (www.nonprofitmarketingguide.com)

A daily blog and weekly e-newsletter full of news, tips, and resources, as well as frequent training webinars, six-week intensive coaching programs, and a six-month certificate program for nonprofit communications directors.

Kivi's Nonprofit Communications Blog (https://www.nonprofitmarketingguide.com/blog/)

The blog contains entire sections on Nonprofit Email Marketing, Email List Management, and Nonprofit Email Newsletters, as well as a section on Print Newsletters. You'll find the links to these sections in the footer of the blog.

Tom Ahern. The Mercifully Brief, Real World Guide to . . . Raising More Money with Newsletters Than You Ever Thought Possible. Emerson & Church, 2005.

Tom Ahern, a prolific author of many books who also runs a great Donor Communications blog and newsletter at www.aherncomm.com, explains how to create newsletters and other donor communications that produce results.

The Storytelling Nonprofit (www.thestorytellingnonprofit.com)

Vanessa Chase Lockshin provides advice on how to use stories to bring your nonprofit newsletter to life.

John Haydon (www.johnhaydon.com)

John provides advice and training on donor communications, including newsletters.

Britt Vogel (2015). How to Pick an Email Service Provider for Your Nonprofit. *WiredImpact* (7 October). Available at https://wiredimpact.com/blog/nonprofit-email-service-provider

Great, easy to understand article that offers helpful tips for selecting the right email service provider for you.

Email newsletter providers

Numerous companies provide email newsletter services to the nonprofit community, including MailChimp, ConstantContact, AWeber, Drip, Benchmark, Campaign Monitor, VerticalResponse, Get Response, and Salsa Labs, to name a few. Using one of these is essential to a successful newsletter strategy.

Newsletters from your colleagues

Subscribe to the newsletters of similar organizations that focus on the same issue, as well as those you simply admire. You'll get to see a variety of techniques and gather lots of ideas for your own newsletter.

CHAPTER 28

Painless and Effective Event Planning: Let's Get This Party Started!

By Marika Holmgren, Founder, Principal, and Lead Event Producer, Do Good Events

Introduction

At some point, every nonprofit says, "We want to have an event." Images of galas, frolicking guests, and loads of money for the organization dance in our heads. And at another not-too-distant point, almost everyone of those same groups say, "I thought events would be easier." Events can be of tremendous benefit to organizations: they can improve your profile, raise critical funds for your work, and engage community, volunteers, and board members in an exciting and rewarding process.

They can also be a *big* headache.

How do you ensure that your event is fun, productive, profitable, and doesn't drive your staff and board running for the hills? ***Events should be approached with the same methodology that you use for a capital campaign or a strategic planning process: with ample time, realistic goals, and a clear sense of the desired outcome***.

In this chapter, I will demystify event planning and break it down into bite-size pieces that you can tackle one at a time. I will address the role of events in your larger organizational vision and mission, and by the end of this chapter, I hope you'll have a clear sense of how events fit in to your organizational development, and of how to begin planning the perfect event.

Critical Skills and Competencies

Once you've decided it's time to plan and produce an event, you will want to step back, take a deep breath, and prepare to dive in. I'll work to make that dive less frightening with some quick and dirty rules and lessons in this chapter.

What It Takes to Make a Great Event Happen

Before you call the caterer or book the hotel, ***take a look at how an event fits into your organization's big picture***. This is the step that many of my clients overlook. So ***before you even create an event timeline, conduct a goal setting session***.

Start with this set of questions:

- *Why* do we want to have an event?
- *How* do events fit into our larger development strategy?
- *What* are the desired outcomes?
- Are we planning a one-off or an annual event?

Whether you are just starting out or approaching your fiftieth anniversary, these questions are all relevant.

Events can serve many purposes, including:

- Raising funds
- Raising your profile
- Launching new programs

- Increasing your membership or donor base
- Bringing your allies, partners, and supporters together

Which of these are important to you? Are they being addressed in other ways? How will your event address these goals?

When you take a look at these factors, you may decide that an event is the right choice (see Chapter Twenty-Four for a great example of how to use a cost-benefit analysis to decide between different tactics). You may also decide that these needs are better met by other means.

Once you've decided that an event is the best choice for your organization, you're ready to begin planning! The good news is that many nonprofits and causes before you have hosted Bowl-A-Thons, Starry Night Balls, anniversary luncheons, awards ceremonies, and every other event you can imagine. ***The event wheel has been invented, and the more you learn from anecdotal evidence and examples, the more successful you'll be***. Having said that, there is always room for new and different event types. Think outside the box!

In this chapter, we'll look at **the key components to successful event planning:**

- Setting goals
- Evaluating resources
- Managing expectations
- Creating a budget
- Event committees
- Creating and managing a timeline
- Pulling off a great event
- Evaluating what you've done, earned, and learned

Setting Goals

Before you pick out linens or secure a keynote speaker, start by asking some basic questions. This goes back to what I addressed above: goal setting.

Why do we want to have an event?

This is the most critical question of your planning process. The answer will likely include some of the following answers:

- Raise money
- Honor key supporters
- Present awards to those who exemplify our cause
- Raise our profile
- Thank key allies and supporters
- Generate press
- Have a community presence

These are reasonable and achievable goals for an event – just not all at the same time. Although an event should strive to achieve several goals at once, it's a tall order to expect your event to achieve all goals at one time. As you begin planning, ***identify the most important goals for your event, and then prioritize***. No one event can equally address every goal, so you need to rank your goals in order of importance. This will help you ground your event in reality and set you up for success.

You might decide that the goal is to honor key supporters, to present awards, and to thank allies. This event may not be a big moneymaker, but it will help you cement your relationships with donors and the community, and raise your organization's profile.

Perhaps the most important goal is to raise money for your organization. If so, ***spend ample time mapping out your fundraising goal and identifying the elements that will entice donors to support your event***.

If your goal is press, which is difficult to earn on events, identify what the "news" angle is. Are you releasing a major report? Recognizing someone notable with an award? Is your keynote speaker a high profile figure the press would like to interview? Bottom line: ***if your goal is press, your event needs to be press-worthy***. See Chapter Twenty-Nine for more tips around engaging the media.

Setting goals early, and with input from key players, will help you plan the most appropriate and effective event to get the job done.

Evaluating Resources

You've set your goals and you've decided *why* you want to have an event. Now you need to *identify how*. This requires evaluating resources. One myth about event planning is that it's easy and fun. That's not to say it can't be either or both, but events take time, money, and a good measure of sweat. ***Taking time to evaluate what resources you can allocate toward your event is as critical as setting your goals***.

The resources required to plan an event include a combination of the following:

- Time
- Money
- Volunteer and board support
- Community and business support

Remember the old saying "***Good, cheap, fast: Pick two***." The same can be said about event planning. Events require resources, whether they are paid for, pro bono, or in-kind. Start by taking stock of what you have to make your event happen.

This phase of planning is even more important if yours is a small or new organization. ***If you have limited resources, it's important that you evaluate carefully – and realistically – what you allocate to an event***. Because nonprofits operate with limited budgets and staffing, this phase of planning is critical.

We'll start with the first resource: time. Anyone who has planned an event knows they are like home renovations – they seem to cost twice as much and take twice as long as you expect. Whether it's a house party for 20 or an awards ceremony for 5,000, ***a successful event requires time from your staff, board, and volunteers***. With your development staff and/or your event consultant, creating a timeline and task sheet (outlined later in this chapter) will help map out where your time will be required and where your staff and board will need to pitch in.

Let's talk next about money. Although the ideal scenario is one in which local businesses, caterers, performers, and audiovisual companies are compelled enough by your issue to donate all the elements of a great party, this is not typically the case. ***Organizations often erroneously assume that they can throw an entire event based on donated goods and services***. We will dive into budget planning later, but in short, you need to evaluate what funds you can direct toward your event before you begin so

there are no surprise bills in the end. Many nonprofits fall into the trap of poor budgeting, investing time and money, only to break even or incurring a loss at the end of the day. ***A budget that is realistic, detailed, and carefully managed is one of the best tools in your toolbox***.

Next, review your potential *volunteer and board support*. Some groups have an extensive network of volunteers to stuff envelopes, staff a registration table, or approach local businesses for in-kind donations. Others have little or no volunteer program. Though all nonprofit organizations have boards of directors, they can vary in size, capacity, and engagement level. As a board chair myself, I believe it's critical to engage your board in your event. Your board may have fantastic connections, whether it's guests who will purchase tickets or tables, a friend at a winery to donate the wine, or access to a high-profile speaker to deliver the keynote. ***Talk with your board members and ask them how they see themselves contributing to a successful event***.

An often-underutilized area of resources is *community and business support*. As a nonprofit you give back to the community on a daily basis. It's perfectly appropriate to ***approach local businesses and members of your community to solicit support for your event*** – you might be surprised at the amazing resources available to you and your organization. Perhaps your local restaurant will provide an appetizer station for your reception, or a videographer will produce your opening video, or the neighborhood brewpub can donate beer for your dance party. Some local businesses may even provide cash and sponsor the event, especially if they have close ties to your cause. ***If you don't ask, you don't get. Be sure to back up your request with well-produced materials about the event and your organization, along a description of the benefits they'll receive in exchange for their donation***. Your organization has plenty of opportunities that are appealing for businesses and community partners, including:

- Tax deductions
- Advertising in your event materials
- Social media mentions
- Links on your website
- Recognition or booth opportunities at the event
- Tickets or tables to the event
- The opportunity to address your audience

Managing Expectations

Once you've figured out the why and the how, it's time to plant your feet firmly on the ground and repeat after me: "I will not have unrealistic expectations. I will not have unrealistic expectations."

It's easy to think big when planning an event, and this may generate great ideas and identify your stretch goals. However, ***revisit your goals and resources and you are more likely to stay grounded and realistic***. Having a huge benefit concert with Beyoncé may sound great, but is it doable? A gala dinner for 900 certainly sounds like a party worth having, but if your organization doesn't have an individual donor base yet, it may be an unrealistic stretch.

Plan something that invigorates, instead of exhausts, your staff, board, and volunteers. Create a plan for an event that is achievable and manageable. If an event takes you away from your work with foundations, for example, you may hurt your organization and your bottom line rather than help it.

It's not just important to manage your own expectations, but those of your board, event committee, and key players. It's easy for board and committee members (and I'm speaking as one here) to dream and talk big, because after the brainstorming we get to walk away and leave the bulk of the work to the staff and consultant. Brainstorming is a great process and shouldn't be discouraged, but you don't have to say yes to every idea that is presented. Set your team up for success by creating realistic and achievable goals.

Creating a Budget

Before you spend a penny on your event, you must create a budget based in reality, on both the expense and income sides. If you haven't managed an event before, consult an event professional when creating a budget. I've worked with clients that create budgets overlooking significant costs, whether it's forgetting to include a line item for a venue, neglecting service and tax[1] on a catering estimate, or vastly underestimating the audio-visual equipment you'll need to present your program. On the income side, I've seen clients create revenue structures that are not reflective of what their donor base can bear. ***Envision all aspects of your event, account for every component that has a cost associated with it, and think through how you're going to***

raise money and what's realistic. After this, you'll be ready for the next step: putting numbers down on paper.

Expenses and In-Kind

Even if you can secure some items pro-bono or in-kind, you still need to include them in your budget. **Here are the things you should include in the expense side of your budget:**

- Catering (food, beverages, service)
- Venue
- Rentals (chairs, tables, linens, flatware,)
- Design of signage, programs, and other on-site and campaign materials
- Printing (invitations, program, signage)
- Mailing (postage, mail house)
- Audio-visual (sound, projection, screens, recording, livestreaming)
- Insurance
- Permits
- Decor
- Event consultant
- Additional day of staff
- Travel (honorees, special guests)
- Performers
- Awards
- Video production
- Photographer
- Guest gifts or takeaways

Once you've outlined these items, identify what you'd need to spend on each item versus what you can spend. This is when you'll ***identify items and services you might be able to get donated***. An event professional can help you identify where you can save money, and in which areas you'll want to avoid being penny-wise and pound-foolish.

Add a 5–10% contingency line item to cover unexpected costs without breaking your budget. If all goes well, you won't have to use it, but it might come in handy when you realize that the baseball hats you ordered for guests were printed with ".com" instead of ".org" (true story).

Income

Next, ***draft your income structure***. Again, stay grounded in reality. When you look at revenue streams, you'll likely include a combination of the following:

- Ticket sales
- Table sales
- Sponsorship
- Exhibitors
- Ad sales
- Cash donations, fund-a-need
- In-kind donations
- Live auction
- Silent auction
- Raffle or door prize
- Wine pulls
- Book sales

These are all effective and proven methods of raising money. However, when estimating revenue in each area, it's critical that you ***analyze your member and donor***

base to evaluate its giving potential is in each area. If your largest donor in 2009 was a $5,000 contributor, it may prove a challenge to expect a $25,000 table for your gala. Conversely, if you raised $36,000 at your auction last year, consider raising this year's goal to $40,000.

If you're a smaller group just getting started, don't worry if these numbers seem big. You may start out with a fundraiser at a friend's house to raise $500. I know organizations that started with backyard barbecues that now raise hundreds of thousands of dollars annually at their events.

Consider the 2-to-1 ratio: if you raise $2 for every $1 you spend, that's considered a respectable expense/income ratio. With my clients that produce annual galas, we strive for a minimum of 3-to-1 for most of our events. Even if you're planning a modest fundraiser with the goal of bringing in $500 for your project, you still need to create a realistic budget and timeline, just as you would for a large gala.

Oftentimes, as you develop your income structure you'll already know with some certainty who your largest sponsors and donors are going to be – put their names in your budget, right next to the name of the staff or board member who is taking point on securing their support. Do the same with your less likely prospects, and even with your various revenue-generating tactics (e.g. cold calling local businesses). ***Ultimately, the key to event-based fundraising success is ensuring that everyone is on the same page regarding who is responsible for which asks***.

Once you've got your budget developed, reviewed, refined, and approved, don't let it languish ignored and unattended. Be sure to ***keep careful track of every expense, no matter how small***. A budget that is regularly reviewed and updated is much more likely to be adhered to.

Risk Management

Next, look at risk management. Making the decision to have an event involves certain risk. Although there's no way to know exactly what might come up, you'll need to consider the possibilities and identify what measures you will take to mitigate risk.

Scenarios that you should consider include:

- Event income or registration does not meet your goals, financial or otherwise
- Natural disasters

- Hotel strikes and boycotts
- Current events that distract from your cause/event
- A key team member or event planner leaving the project
- A keynote speaker falling through

Review these and other scenarios and identify what you would do in each case and how you can reduce the risk and liability of your organization. ***In event planning, always expect the unexpected – always come up with a Plan B (and C) and hope you never have to implement it***.

Event Committees

You may have worked with a committee when planning an event, or even served on one. If you've done either, you have an idea of the complexities involved with event committees. Generally speaking, there are two primary types of committees for events, both of which are volunteer-based:

- **Event committee:** a group of volunteers involved in the logistics and planning of an event
- **Host committee:** a group of connected supporters and donors who promote the event to their friends and colleagues and ultimately sell tickets, tables, and sponsorships

Not every event needs both, or even one, of the two committees. Some events benefit by having extensive committee involvement, whereas others move along just fine without any at all.

There are pros and cons to consider when deciding whether or not to recruit committees:

Pros:

- Increased involvement from your supporters and broader circle
- Many hands make light work
- Potential resources, including access to donors, in-kind donations, speakers, bands, and other vendors

- Increased breadth and depth of outreach
- Expanding your expertise in key functional areas relevant to your event
- Access and introductions to new donors and allies

Cons:

- Committees, no matter how effective, require management and oversight
- "Too many cooks in the kitchen"
- Increased number of stakeholders has the potential to slow decision-making

As you begin to plan, take stock of the benefits and drawbacks before you put out a call to action.

Creating and Managing a Timeline

A well-thought-out, comprehensive timeline is an event planner's best friend. Invest time creating this tool and I promise you'll feel much more in control throughout the planning process.

A good timeline is detailed, comprehensive, and indicates clear responsibilities, due dates, who is responsible for what, and status updates.

Table 28.1 shows a very quick outline of a simple, but effective timeline that you can create in Word or Excel.

Like your budget, ***for a timeline to be effective you must review, update, and revise it frequently*** – a timeline is a living document that must evolve throughout your planning process. This document will also help your successor immensely, and she will revere and thank you!

Table 28.1: Sample Event Planning Timeline

What	Who	Due By	Status	Notes
Select venue	Event Planner	April 1	Done	Be sure to consult board for suggestions
Send out sponsorship packets	Development Director	May 1	Already sent 5; 10 more to go	XYZ expressed interest in sponsorship

Pulling Off a Great Event

Somewhere on that perfect timeline you've created, you'll see the words "Event Day," probably in bold, 18-point font, all CAPS. There's no getting around it – after the goal setting, resource evaluation, budget planning, and timeline, it's time to have the event.

This is where the rubber meets the road, and where you see how your meticulous planning and preparation come together to result in a gorgeous, inspiring, and lucrative event.

I believe that **all nonprofit event planners should live by five golden rules:**

Rule #1: No Assumptions

It's critical that everyone involved be crystal clear on how event day will flow, what their role is, and what all the key players will do. If anyone starts a sentence with "Well, I assumed . . . " then you've got a problem. Call it transparency or the right hand knowing what the left hand is doing, but a beautifully executed event is a well-oiled machine where all the parts work independently, but as one.

Rule #2: Start the Day with Nothing Left to Do

When you begin event day, there should be nothing on your list that could have been done the day, week, or month before. Avoid leaving anything to collate, stuff, or compile on event day unless there's no way around it. You're better off splitting up your volunteers and bringing some in on the days before the event to stuff nametags, assemble goody bags, or label auction items. Event day is a strange parallel universe where time accelerates to the speed of light – plan for that and you'll be okay. Further, you need to leave yourself time to address the unexpected (see Rule #5).

Rule #3: The Curtain Rule

I tell all my volunteers and staff participants about the curtain. I like to think ***there is a curtain between the public side of an event and behind the scenes of the event***. When we are out in front of guests, at the registration table, staffing the silent auction cash-out, or even backstage with the master of ceremonies, we are in front of the curtain, where *we must* ***remain professional, composed, and gracious, and most importantly, calm***.

When you are behind the curtain – whether it's in the makeshift event office or in a private corner, that's when you can gripe, cry, tear your hair out, or curse the day that someone thought of silent auctions. Remember the old ad campaign, "Never let 'em see you sweat."

Rule #4: Remember That You Are Part of a Team

No matter what size event you're planning, it takes many hands to create a great event that your guests will enjoy and to which they'll want to return next year. From staff participants, to Junior League volunteers, to the team running the audio-visual, a cohesive and comfortable team knows how to communicate to pull off true event magic.

Remember that ***all team members need to be briefed, trained, and managed throughout the process***. In order for the team to function seamlessly, each part needs to work independently, but be comfortable with the other key players. Think of your event team like a baseball team. The shortstop doesn't need to know how to pitch, but he needs to be able to work with the pitcher and know what the pitcher's job is.

There's a good chance that you'll want to work with at least some of your teammates again. Once the event is over, or during if appropriate, ***be sure to personally thank your team, ideally by publicly recognizing their hard work and contribution***.

Rule #5: Don't Expect Perfection, But Do Expect Perfect Troubleshooting

Events are a live show that you get to perform only once, without a dress rehearsal. ***Because of the live, one-time nature of events, you can anticipate glitches***. As much as you've planned, prepped, and strategized, something (with luck, something minor) will not go as you hope or expect. I always tell my clients, don't expect that nothing will go wrong, but *do* expect that when something goes awry, your team will be ready and able to deal with the snafu in the most professional and efficient way possible.

However, this can be mitigated by following steps 1 through 4 above!

Evaluating What You've Done, Earned, and Learned

Your event is over. The caterers have left, the awards have been presented, the guest have fabulous goodie bags. You've had a huge group high five – after all, there's no

better time to congratulate and thank your team than with a glass of champagne at the end of your event. Now what?

You're probably itching to check into a spa for a week (or two), but your work is not done yet. This next task is just as critical as all of the work you did leading up to the event. This is where look back and figure out what worked and what didn't.

Evaluations are best done when information is fresh, so ***schedule debriefs within two weeks of the conclusion of the event***. Although it's good for people to take a couple of days after the event to digest what happened, don't take too long or the feedback – good and bad – begins to lose focus and specificity.

Who do you invite to a debrief? You'll want to include the key players involved in the event planning. That might include any combination of:

- Development staff
- Executive director
- Event consultant
- Event chairs
- Event committee

Some organizations invite a larger circle of people to join, such as host committee members and staff that were only peripherally involved. However, ***effective debriefs are ones in which those present feel safe, comfortable, and have been involved in the event in a meaningful way***.

A debrief can be a surprisingly challenging. By the time you reach the debrief, your nerves are raw and you have what I call "Post-Event Depression." It's difficult to work on a project for months or even years, only to hear, "Well, it would have been nice if we'd had better name tags." ***In order to ensure debriefs are effective and that participants don't get defensive or cast blame, focus on the parts of the event that went well as much as on the parts that need improvement***. Start by highlighting your achievements and successes, and then delve into areas for improvement, making sure to acknowledge those elements and record them for the next year. Make sure you hear from everyone, and that everyone is heard.

A sample debrief agenda might look something like this:

1. Welcome and introductions
2. Celebrating our success – we did it!
3. What worked and what needs improvement
    a. Planning process
    b. Committee
        i. Need a larger, more diverse committee in future years
    c. Program
        i. Work to shorten speeches of awardees
    d. Logistics
        i. Set up
        ii. Break down
    e. Food and wine
        i. Need more wine – ran out early
    f. Staffing and volunteers
        i. Ensure that volunteers know where volunteer check-in is
4. Next Steps

After the debrief, circulate clear and concise minutes as appropriate. When you begin planning for next year's event, pull out those notes and memorize them as you begin your next planning cycle.

Do's and Don'ts

Event Planning Do's and Don'ts

- DO start the planning process early – at least six to eight months out for a larger event – setting clear and achievable goals.
- DON'T assume that hosting an event will be easy or free.
- DO a careful and realistic analysis of the resources your organization can allocate to the event including time, money, and staffing.
- DON'T assume that hiring an event consultant means you won't have work to do.
- DO create a timeline and a budget that is grounded in reality as your very first step.
- DON'T forget to thank everyone who has supported your event.
- DO conduct a thorough and inclusive debrief and evaluation within two weeks of your event.

Conclusion

Events can be an exciting and effective way to showcase your work, your achievements, and to raise critical funds for your organization. When done with thought, attention to detail, a little bit of humor, and a lot of patience, they benefit your organization, your volunteers, your board, and the community at large.

Take time at the beginning to set goals, evaluate resources, and manage expectations. During the process, adhere to your budget and timeline, updating and revising as needed. When it comes time to execute your event, ensure that there are no assumptions, don't leave until tomorrow what can be done today, remember the curtain, work as a team, and be ready for anything. And when the party's over, debrief and evaluate so that next year's event is an even bigger success.

And of course, don't forget to have *fun*. It's your party, after all!

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Event Planning Resource Review

BizBash (www.bizbash.com)

A comprehensive site with more than 50,000 resources for events, from venues to how-to's, to highlights of new trends in event planning.

MeetingsNet (www.meetingsnet.com)

With a focus on conferences and meetings, this resource is a helpful tool for anyone planning a large gathering.

Special Events (www.specialevents.com)

From the International Live Events Association, this site showcases the latest in galas and live events, and serves as a resource for planners everywhere.

Here Comes the Guide (www.herecomestheguide.com)

Developed initially for brides, this site provides info on venues, caterers, photographers, bands, and more.

Grassroots Fundraising Journal (www.grassrootsfundraising.org)

A resource for nonprofits navigating their way through development work, including tips on fundraising events.

Terry Axelrod, the Raising More Money book series

A terrific resource for donor cultivation and "ask" events.

Soul of Money (www.soulofmoney.org)

Lynne Twist (see Afterword of this book) is an expert fundraiser, and her work will help demystify "the ask" and believe it or not, get you excited about raising money.

Sustainable Communities Network (https://www.sustainable.org/index.php)

Additional resources for green event planning.

Google (www.google.com)

Need to find a vendor that does photo booths? Someone who rents whiteboards? Google it – there's a pretty good chance that exactly what you need is just a couple of clicks away.

Local sites dedicated to charitable events

In San Francisco, there's www.sfphilanthropist.com – a great spot to see what other nonprofits are doing, what parties and events are hip and hot, and to view a calendar of upcoming events.

Venues Online (www.venuesonline.com)

Ideas, tips, event products, or visit simply to brainstorm about what's possible when planning an event.

CHAPTER 29

Public Relations for Nonprofits: Getting Exposure for Your Cause

By David Fenton, Founder and Chairman, Fenton

Introduction

This chapter was originally subtitled "getting ink for your cause." Ink – how quaint. Nowadays more people get their information online and from social media than from print sources or newspapers.

But the basics of getting attention for your cause – the principles of *public relations* – remain largely the same across platforms, whether broadcast, online, print, or at the water cooler.

How do I know this? I've been doing communications (and advertising) for nonprofits and causes for 48 years, and I'm only 66. I've watched nonprofits evolve to where, finally, communications are an important part of what they do. It wasn't always thus. And even today, many important and heartfelt nonprofit leaders

intrinsically believe that the facts alone will set them free. They believe a purely rational argument presented in the best lawyerly or scientific fashion to someone influential will change the world. Empirical research in the cognitive sciences proves this just isn't so.

Core Skills and Competencies

Again, there are proven principles behind good public relations. In this chapter, I review these principles and offer some practical pointers on how to be an effective communicator.

Eight PR Principles

1. Tell Unforgettable Stories

At the heart of every successful PR strategy is a compelling story. ***Stories work because we're hardwired to remember them***. Opponents of California's "Three Strikes" law, for example, have used the story of a man sentenced to 25 years to life for stealing a slice of pizza to underscore why the draconian law should be repealed.

What makes a story "sticky"? There must be *characters* – ideally, a clear hero and a clear villain. As mentioned in Chapter Twenty-Six, ***there absolutely, positively should be conflict in the story – without conflict, there is no story***. Put these two key elements together and you'll have the makings of a story that is emotional, moving, and memorable.

Tell the conclusion of the story first, then the details, or you will lose people's attention. The story must resonate with people's lives. Policy questions cannot be approached as abstractions – they have to be relayed in terms of real impact on real human beings.

Short and compelling is best. What you say or write in your opening statement, paragraph, or email subject line will determine whether people keep paying attention. ***It's the opening of your pitch that will largely determine the outcome***. So, get really creative with those subject lines!

2. Meet People Where They Are – Then Bring Them Along

Before you can take people where you want them to go on your issue, you first have to find common ground with them. ***When you aren't getting traction on your cause, chances are it's because you haven't yet found a way to engage people on a level they can relate to***.

According to linguist George Lakoff, we make sense of the world and our place in it through internal metaphors and narratives. The key is to activate these so-called "frames" by evoking them in your communications. For example, if you frame a discussion of energy in terms of climate disaster, you will lose many conservatives who don't believe in it. But if you make it about jobs and profits from green energy, and national security, it will appeal to conservatives and liberals alike. Lakoff called one of his books, *Don't Think of an Elephant*. Okay, now try not to. As psychologist Drew Westen pointed out, ***it's ultimately our emotions and not our rational or political brain that drives us to take action***. Use the right frame and you'll trigger those emotions.

3. Repeat Yourself

You must design scenarios that repeat the story many times in many different venues. ***Without repetition, stories don't stick***. Without repetition, there is little education. Do you remember the Dial soap ads? They used to be long: "Aren't you glad you use Dial? Don't you wish everybody did?" After quite a few years, they dropped the second sentence. Why? Because they had achieved so much repetition, it became superfluous – people repeated the second line to themselves. Now *that's* a marketing breakthrough.

Social change works the same way. People don't absorb new ideas without repetition. ***Paradigms won't change if you only say something once or twice***. Political pressure also works the same way. Are you happy your story appeared once on local TV? Was it embarrassing to a politician? Bravo to you. But that politician will likely ignore it. If it's reported a few times, however, the politician will be forced to respond. More times, and they will appoint a commission. Enough times, they may resign. It really does work that way.

4. Build Relationships of Trust With Reporters

Most human commerce is greatly influenced by relationships. If you know someone, and they have learned to trust you even a little, you have more access, you stand out,

and they pay more attention to what you say. If you don't, you're one of 1,000 emails. ***Relationships run the world***. The same holds true in PR. As NBC's Chris Matthews once put it, "It's not who you know. It's who you *get* to know."

I have learned many times in my career that no matter how fair-minded the journalist, and most are, if you know them, and do a good job, your clients and causes get more attention than if you are not already acquainted in person.

But the world is changing. More and more journalists are losing their jobs. A good part of our communications landscape is shifting to user-created content on social media platforms. ***Nonprofits now have to make their own media content for distribution online***. Journalistic mediation is becoming less important. Users rate content, and what rises to the top gets the most attention.

But there will still be real, live human beings choosing what to feature on YouTube, Facebook, your local news website, and the rest. So, ***get to know the decision makers, and help them do their jobs even better***. This applies equally to the increasingly influential role of bloggers.

Journalists and bloggers alike value trusted relationships with communicators. But the stress is on *trust*. ***Bombarding people with emails and press releases for dubious stories that often don't even fit their beat or interests won't win you any friends***. Journalists often complain they are deluged with material that shows the publicists haven't even read their stories or columns or seen their broadcasts. So, know your audience.

Of course, ***writing clearly, getting right to the point, and most of all, being factually accurate and reliable are essential to building trust*** (see my Seven Rules for Writing an Effective Press Release below). And, of course, one critical way to build a relationship with reporters is to follow what they cover and understand what makes them tick.

5. Simplify Your Issue

Many of the issues we work on can be complicated. It's your job as the communicator to break down these complexities into something simple. "Simple" does not mean dumbing down – just the opposite. ***Simple is smart because it means more people will understand why your cause is so important and be inspired to act***.

In the mid-1990s, Republicans in Congress put forward a bill they called "regulatory reform." It should have been called "end regulations." The bill would have made it

incredibly difficult for executive agencies like the EPA and USDA to do their jobs. It would have tied up proposed new rules in the courts for years, among other things.

The environmental community was deeply concerned that the bill, if passed, could be used to gut all kinds of environmental and health regulations. But how could we get the public and the news media concerned and even roiled up about "regulatory reform?" The very phrase can cause narcolepsy.

My friend and client at the time, the late Phil Clapp, founder of the National Environmental Trust, came up with the solution. One day, he brought a woman into my office whose child had become horribly ill and almost died after eating a fast-food hamburger poisoned with the virulent strain of E. coli that had caused the infamous "Jack in the Box" episode, where four children died and at least 700 people became ill after eating bad meat.

She was articulate and authentic. The nonprofit she founded, Safe Tables Our Priority (STOP), had been leading the fight to get tighter USDA regulation of the meat supply. STOP was composed of parents whose kids had either died or become violently ill after eating bad meat. And they were up in arms about "regulatory reform," because it would stop the USDA from instituting new regulations for many years. Which meant more kids would die.

So, Phil discovered how to ***turn a snooze of a story into compelling drama – with characters, conflict, pathos, narrative, and with good guys and bad*** (concerned parents and irresponsible companies, respectively). The center of the campaign was not "regulatory reform." It was the great American symbol that we could all relate to: the hamburger.

We succeeded in getting the STOP parents a tremendous amount of media attention. One well-known columnist wrote four consecutive columns about it in a row. The STOP parents were featured on "The Phil Donahue Show" and other national outlets.

I knew we had won when Bob Dole took the Senate floor and said, "I have been accused of being a purveyor of tainted beef!" Now that was a frame he could never recover from, kind of like when President Nixon said, "I am not a crook." Regulatory reform soon went down in flames because of *the power of the right story, told well*.

6. Harness Influential Messengers

Sometimes the messenger is as important as the message. This was the case for a campaign we developed for SeaWeb, a project of the Pew Charitable Trusts, to save the North Atlantic swordfish from the brink of extinction due to overfishing.

I thought a consumer boycott would do the job. But I didn't think people would necessarily listen to what an environmental group had to say. So, who *would* they listen to?

I recommended we recruit some of the nation's leading chefs to refuse to serve swordfish and call on the country to stop eating it until the government protected their spawning grounds so they could recover. Nora Pouillon, the fabulous chef of Nora's restaurant in Washington, DC, agreed to recruit celebrity chef contacts of hers.

We announced the campaign in New York with 27 leading chefs. And then, much to our surprise, it went "viral" as they began to recruit their colleagues. More than 750 chefs across the country joined the boycott. Cruise ship lines, hotel chains, and restaurant chains all announced they would stop serving swordfish. It was a spontaneous grassroots uprising.

Soon, the price of swordfish dropped dramatically due to decreased demand. As a result, even the fishing industry started urging the government to protect spawning grounds. Which they did. And now swordfish in the North Atlantic have recovered significantly.

7. Use Advertising to Make News

Many nonprofits think advertising is not an option because it's too expensive. But it can be cheaper than you think. And ***with the right combination of bold strategy and media outreach, it's possible to parlay a modest ad buy into millions in free, "earned media"*** (editorial coverage).

Advertising was the linchpin of a campaign we did for the American Medical Association. They had long campaigned against teenage drinking as a tremendous public health problem. For years, they had successfully lobbied to keep advertising for hard liquor off television and radio. Then NBC announced they were changing the policy and accepting ad dollars from Seagram's, which many charged was to be aimed at young people in particular.

The deal was done. NBC was going ahead. The AMA turned to our firm. We counseled them to buy one full-page ad in *The New York Times* to embarrass NBC out of taking the money. The *Times* is the media bible – it'd be like picketing the homes of NBC's president and owners to embarrass them in their own communities – plus we knew that a campaign like this was sure to attract attention from journalists, leading to additional coverage.

The ad featured a large photo of a television set, with a Surgeon General-like warning label across the TV screen. "WARNING," it read. "NBC MAY BE HAZARDOUS TO YOUR CHILDREN'S HEALTH." We also created a micro-site where people could send protest e-letters to NBC's president. Less than a month later, NBC caved under the negative press and public outrage.

Advertising can make news. It need not only be used to repeat messages and persuade audiences. It can *be* the story. Consider it part of your arsenal.

8. Don't Let the Opposition Control the Conversation

Hunkering down and hoping that negative publicity will simply "go away" is never a good PR strategy. It makes even less sense in today's information economy. We live in a 24/7 news cycle where information – and *misinformation* – can rapidly spread, as easily and as fast as the time it takes to write a 280-character tweet. As described in Chapter Twenty-Four, ***you must be vigilant about positioning your issue and protecting your brand***. Silence works against you.

Some years ago, the Natural Resources Defense Council (NRDC) hired my firm to help get attention for a report they were planning on the impact of various pesticides on the diets of infants and children. The evidence was growing clear that these chemicals were affecting the nervous system of children (and, we later learned, their hormones). Some were probable human carcinogens.

According to NRDC's peer-reviewed study, children were getting much too high a dose of the chemical Alar, which was then used to redden and ripen apples for harvesting. Alar was a strong carcinogen. Several states had banned it as a result, and the EPA had been sued for delaying action on the chemical. EPA scientists were very concerned, but industry pressure kept slowing them down. Going through regulatory channels would likely take months or years, so we asked ourselves, ***"How can we use the power of public pressure to make the company do the right thing?"***

Kids, who consume a lot of apple juice and applesauce for their size, were really getting dosed, so the pesticide concentrations were way above what had been guessed previously would be a "safe" level. That level had been set for adult consumption (which is still a huge problem today in the regulation of other pesticides).

Apples. An apple a day. As American as . . . We could see the symbolism of focusing on apples – and on kids. We took it to a TV news magazine producer with whom we'd worked in the past and briefed other national reporters after we were able to ***get journalists to agree to cover the story on an "embargoed" basis*** (meaning they agreed not to run stories until the magazine segment aired). We also filmed a TV commercial with a volunteer celebrity washing fruits and vegetables, explaining the dangers of pesticides.

Well, there was a media firestorm beyond what anyone could have predicted. News stories kept appearing for days and days. People stopped buying apples. The bottom literally fell out of the apple market. So Uniroyal, Alar's manufacturer, announced they were unilaterally removing it from the market. Only then did apple sales come back. The news magazine show we gave the exclusive to was CBS "60 Minutes," and the celebrity in the TV spot was Meryl Streep. These helped, but they are not essential to make news. If you've got a local story, a local news station and a well-known local personality can work. For more tips on press strategy, see Public Relations Frequently Asked Questions later in this chapter.

Ultimately, Alar was taken off the market not because of a court case, an act of Congress, or the EPA. The public effectively banned Alar by exercising their consumer power. Months later, the Bush Administration EPA also decreed that there could be "zero" tolerance of Alar, effectively banning it from food, as urged by their expert panel of scientists.

Meanwhile, the Washington State apple growers sued NRDC, "60 Minutes," and my firm. They claimed we had purposely and maliciously disparaged their apples with no scientific evidence. It was a classic harassment, or "slap" suit, designed to muzzle the anti-pesticide movement and the media from ever doing this again.

NRDC's outside lawyers advised the group to go silent while the case wound its way through the courts. Now that it was in the legal arena, the public relations advisors were put in the background. Many argued against silence, saying that the pesticide and agribusiness companies would certainly *not* be silent. This would lead, possibly for years, to a situation where one side would be putting out their story while NRDC

would remain silent. And ***in a vacuum, opposing interests that go on the offensive often succeed in rewriting history***. And that's what happened.

I understand why NRDC's leaders decided to listen to the lawyer's advice. The legal case was serious, and giant interests were up against them. But it's too bad. Because by the time the case was rejected by the US Supreme Court several years later, the other side had successfully convinced reporters, and part of the public, that Alar had been a "scare," unjustified by science. And that's what you may find on Google today. Never mind that EPA's scientists banned it based on the *evidence*.

Postscript – shortly thereafter, some states, egged on by the chemical industry, passed so-called "veggie hate crime bills," which were clearly unconstitutional infringements on free speech. They made it a crime to say bad things about food. Poor Oprah Winfrey got charged with these laws in Texas after running a show on problems with hamburger meat contamination. Sorry, Oprah, they passed these laws because of the Alar campaign. Luckily, she was found not guilty of falsely defaming hamburgers.

Seven Rules for Writing an Effective Press Release

Your writing should be about what's interesting to a journalist and the public, not what's important to your nonprofit. ***The best press releases read like the story you want to see in the newspaper***.

Headlines must be short and provocative. Less is more. On emails, subject lines are key.

Lead paragraphs must get right to the point and state the story briefly and compellingly. Any press release that starts out with "So and so the head of so and so organization, today commented on the new status of so and so" is not going to be read and should never be sent.

Use the style of an inverted pyramid. Short conclusions on top. Then some background. Put the details towards the bottom. This is the basic rule of journalistic writing, and it applies to communicators too.

Quotes should only be used when they have something to say – not to satisfy the boss's ego so she can make a bland statement. ***Envision the sound bite that***

(*continued*)

you want to see repeated in news stories (and be tuned in to what reporters are most likely to use). Make *that* your quote.

Write crisply. Study what you've written and take out many of the words, focusing especially on if, and, but, yours, his, hers, the, and other extraneous verbiage. Usually, I cut out up to a third of the words in a press release, and it becomes far clearer and more digestible. You can too. Less is more – practice finding and editing out words you don't need. ***Clarity and brevity communicate intelligence***.

Avoid overusing buzz words like "leveraging" and "strategic." It's the equivalent of using "like" twice a sentence when talking.

Public Relations Frequently Asked Questions

When Should I Give Exclusives to Reporters?

In general, exclusives should be used when a story is not a "must cover" for the whole press corps. If it is optional, its visibility can be raised with an exclusive to one news organization. This is always risky, as it can upset the other media. But there are times it helps a good deal. ***If you know you are sitting on a strong story that almost everyone will want, do not give an exclusive***. You don't have to, and it will really upset media contacts that you may need in the future.

Should I Hold a Press Conference?

If you are not confident of a significant turnout, don't have one. Speak to reporters individually instead or consider a telephone press conference so reporters don't have to travel. That way, if a story is marginal, more of them will listen in.

Whenever possible, connect reporters either in person or by phone with your spokespeople prior to announcing a story. These can be formal briefings or more informal meet and greets, where the conversation is more free-wheeling and your goal is to establish your nonprofit as an important, reliable source. ***Journalists will almost always cover something more accurately if they have an opportunity to meet you or your spokesperson and hear the background on a story***.

How to Prevent or Handle a Crisis

If you have news, deliver it first. Don't let your enemies beat you to it, as they will frame the story before you can. Also, confessing error and taking the blame is always the right thing to do, and to do *first*, if you are to restore credibility.

If you are attacked, respond immediately. In today's 24-hour Internet and cable news cycles, you can't afford to wait. An accusation that goes without a response can become set in stone and hard to change.

Do's and Don'ts

Public Relations Do's and Don'ts

- DO meet people where they are. The first step to getting people to listen to what you have to say is to find *common ground*.
- DO translate your issue into a story. The news media is in the business of telling stories. The better you are at packaging a narrative with compelling characters and a juicy conflict, the more likely they'll respond.
- DON'T overcomplicate your issue. Facts and nuance won't move people. ***Getting to the emotional core of your story will inspire sympathy or outrage – and ultimately action***.
- DO recruit influencers. Sometimes it's not what you say, but who says it. In the age of information overload, people are more likely than ever to tune into people they already trust.
- DON'T assume you can't afford advertising. If one ad is provocative enough and featured at the right place at the right time, you can get a lot of mileage from it by turning it into an earned media story.
- DON'T allow "no comment" to be your rapid response strategy. If you are under attack from the opposition, respond immediately so their point of view doesn't become gospel.
- DO invest in communications as an organization. Educate the rest of your staff about how PR will amplify their program work and help you achieve your goals.

Conclusion

We can't make the world better if we don't communicate thoughtfully, effectively, and frequently. And in general, conservatives pay much more attention to communications than liberals, so if that's not your political bent, I encourage you to learn from the other side. Simply put, better messaging is a big part of why conservative ideas tend to be dominant in the public policy arena. And no wonder. Conservatives largely come from business, where they had to market or die. Liberal nonprofits come largely from law, science, academia, government, and the humble, do-good world. Whatever your politics or cause, being able to clearly and compellingly convey your message – and engage the media in helping to tell your story – maps directly to your ability to impact the world.

So, to the readers of this book, the future nonprofit public policy, change-the-world leaders of tomorrow, I hope you will ***make communications central to what you do***. If you're a policy-oriented nonprofit and you're not spending at least 25% of your budget on PR, in my view you are not facing contemporary reality.

It's up to us to tell the truth – and to tell it in ways that will inspire sympathy or outrage – and ultimately, *action*. We are in an era, abhorred by reporters and many of the rest of us, where there is less and less acceptance of facts. There are just points of view. There is much conscious manipulation of the media and body politic by forces intentionally spreading misinformation. The truth is really the best weapon, but only if you get it out there. ***Simply and repetitively.*** That's where great PR comes in.

David Fenton*, named "One of the 100 most influential PR people of the 20th Century" by* PR Week *magazine, founded Fenton (*www.fenton.com*), the largest public interest communications firm in the country, in 1982 to create public relations campaigns for the environment, public health, and human rights. Over more than four decades, he has pioneered the use of professional PR and advertising techniques by nonprofits. David cofounded four nonprofits: Environmental Media Services; New Economy Communications; the Death Penalty Information Center; and Climate Nexus. He was formerly director of public relations at* Rolling Stone *magazine and coproducer of the "No-Nukes" concerts in 1979 with Bruce Springsteen and others.*

Public Relations Resource Review

George Lakoff. Don't Think of an Elephant!: Know Your Values and Frame the Debate – The Essential Guide for Progressives. Chelsea Green, 2004.

If you want to learn how the other side thinks, this is the book to read. Lakoff, a key advisor to the Democratic Party, explains how conservatives have framed the issues and how to counter their arguments. Also check out Lakoff's Moral Politics: How Liberal and Conservatives Think. University of Chicago Press, 2002; and The Political Mind: Why You Can't Understand 21st Century American Politics with an 18th Century Brain. Viking Adult, 2008.

Lisa Witter and Lisa Chen. The She Spot: Why Women Are the Market for Changing the World and How to Reach Them. Berrett-Koehler, 2008.

This is a provocative and practical primer for change makers on how to harness the power of women for change, written by two of Fenton's former senior strategists. Their argument: women vote, volunteer, and donate five more to causes then men do – that makes them the number one "get" for nonprofits.

Malcolm Gladwell. The Tipping Point: How Little Things Can Make a Big Difference. Little Brown, 2000.

This book quickly became a classic among communicators, with important insights on what it takes to build a movement or change behavior – or what Gladwell calls "social epidemics."

Drew Westen. The Political Brain: The Role of Emotion in Deciding the Fate of the Nation. Public Affairs, 2008.

Psychologist Drew Westen shows how Americans don't vote with their heads but with their hearts, and how the role of emotions drives our decision-making – and the outcome of elections.

The Communicators Network (www.comnetwork.org)

CN is an important hub for social change communicators. The Network offers free webinars and other services and holds an annual conference.

Fenton (www.fenton.com)

The Fenton website offers a number of guides and tips for nonprofit communicators on both new and traditional media channels.

M & R Strategic Services (www.mrss.com)

Another leader in this field that does great work. Check out their advice on grassroots mobilization.

The Nieman Journalism Lab (www.niemanlab.org)

Housed at Harvard University, this site bills itself as "an attempt to help journalism figure out its future in an Internet age." This is a good resource for the latest innovations and trends in communications.

Part Seven

Boards and Volunteers

> If you want to go fast, go alone. If you want to go far, go together.
>
> —African proverb, as quoted by Al Gore

It would be impossible to put together a truly comprehensive nonprofit management handbook without talking about the volunteers who make all our work possible. As psychologist Amos Tversky pointed out, human nature leads us to believe that *price infers quality* – we value something more if we have to work or pay for it. Volunteers and board members may provide the strongest evidence that this is simply not true. Yes, they donate their time, but ***if properly leveraged, a board can provide strategic direction, important introductions, and the funding needed to fulfill your mission***. At the same time, volunteers have the potential to not only fill the beast of burden roles to which they're traditionally assigned – pouring soup, stuffing envelopes, and so forth – but can also contribute skills, experience, and more.

The chapters that follow will provide you with concrete tools and tactics for optimizing your board and volunteer efforts. We'll begin with a primer on board governance – the roles and responsibilities associated with this honorable post – and then move onto the often-vexing topic of how to get your board to actively contribute to fundraising efforts. From there, we'll dive into strategies for identifying volunteer needs and recruiting quality talent, followed by tips on how to effectively

manage your volunteers and keep them engaged in your efforts. Before we dig in, we'd like to share **a few of the most helpful takeaways from this section:**

The Volunteerism Revolution

Know this: ***"skills-based" volunteerism will explode in our lifetime***. For starters, the very concept of retirement is about to undergo a radical transformation. Baby Boomers aren't interested in sitting in a rocking chair or on the golf course and seeing their grandkids a few times a year. Just as the younger generation is flocking to opportunities to learn about social entrepreneurship and corporate social responsibility, Boomers consistently say they want to help. That said, as you'll read in the following chapters, ***today's volunteers aren't as interested in performing mindless busy work that anyone can do*** – if a woman is an accountant with 30 years' experience, she may prefer to balance your books. A master carpenter will likely get more excited to help with construction needs at the office. This revolution is already under way and offers you a new way to meet mission and cut costs.

Meet People Where They're At

In the age of social media and technology, volunteer and board options for engagement with nonprofits have expanded significantly. The term *slacktivist* has popped up to describe the people who sign online petitions and post to social media but stop there. This line of thinking is counterproductive and takes us completely in the wrong direction – instead, we must ***appreciate that we all show up differently for different causes, at different times***. Along these lines, you'll see the concept of a *ladder of engagement* in several of the upcoming chapters. Every bit of support helps, and it all adds up. Whether it's a volunteer, a board member, or a donor, work to engage people in a simple, easy capacity at first and then grow your relationship with them into a partnership, getting theme more and more involved. The key is to map this ladder out in advance and to identify strategies for moving supporters to the next rung up.

The other piece of this concept is that ***it's critical to communicate with and serve volunteers and board members in whatever way they are most comfortable***. While you

may face serious resource constraints, expecting these key supporters to meet you on your turf is unlikely to be nearly as effective, so treat people as individuals, find out what their preferences are, and then accommodate those.

Just Ask

Another important factor in maximizing the value of your board members and volunteers is your ability to be proactive, intentional, and explicit about what kind of support you need. Though it's always important to be open-minded and opportunistic when resources make themselves available, it's even more important to ***know what you're looking for and ask for it***.

At the board level, this frequently takes the form of a *board matrix* or a *board member agreement*, both of which you'll read about in Chapter Thirty. Whether you're putting these powerful tools to work to support board recruitment and development, or using a *volunteer job description* to fuel your volunteer efforts as described in Chapters Thirty-Two and Thirty-Three, the key is to ***be cognizant of your needs and to communicate related opportunities both internally and to the outside world*** – to be proactive versus reactive as you expand your team.

As you'll read in the chapters throughout this section, the key when using any of these tools is to take the time to be as specific as possible and to ***map volunteer contributions directly to impact***. In particular, when working with high-end volunteers and especially board members, you should embrace a management philosophy we call "low touch, high value."

Low Touch, High Value

You may have access to some people – ideally including the kind of people you have on your board or are recruiting – that have a ton of value to offer, but very limited time. ***The best way to optimize your relationships with time-constrained but potentially high-impact volunteers is to focus on their low-touch, high-value contributions***. Put another way, what are the three things you really want your board's help with, if each member only has a few hours a month to offer? Contacts and introductions? Strategic input on major decisions? Voting on issues that require their approval?

These are the contributions on which a board should focus its time. And if you're spending more than 20% of group time sharing reports and updates, in monologue versus dialogue, then it's a critical error and a huge missed opportunity. But fear not, the *consent calendar* shared in Chapter Thirty is designed specifically to solve this common pitfall.

Okay, let's get started!

CHAPTER 30

Board Governance

By Vernetta Walker, Director of Consulting, Walker & Associates Consulting, and Emily Heard, Nonprofit Consultant; Updated for second edition by Darian Rodriguez Heyman, Editor, Nonprofit Management 101

Introduction

Every nonprofit in the United States is governed by its own board of directors (sometimes called a board of trustees). This group of volunteers ensures that the organization operates in the public trust, to which every nonprofit is accountable. Collectively, the board makes decisions about a nonprofit's strategic direction, ensures financial and other resources, and provides oversight. ***Having an effective board makes all the difference in your nonprofit's ability to carry out its mission***.

As a nonprofit professional, the level of interaction you have with your board depends on your position within the organization. The executive director (sometimes also referred to as the chief executive) is the only employee directly supervised by the board and interacts with them frequently. Senior leaders and development professionals at many nonprofits also work with their boards, whereas other staff may have less contact.

Our experience working with boards at nonprofits of all sizes and mission areas continuously demonstrates that ***there is a direct correlation between good governance and effective nonprofits***. Accordingly, learning about some of the best practices utilized by responsible boards, as well as ways the staff can best support the board, will serve you throughout your career as a nonprofit professional. ***If you're considering becoming an executive director, or if you recently assumed that post, pay particular attention to board governance*** – it will and should take a significant amount of your time, which catches many new EDs by surprise.

Research illustrates that ***the effectiveness of a board is important to the longevity of an executive director***. In fact, the timeless "Daring to Lead" report found that executives "who are unhappy with their boards are more than twice as likely to be planning near-term departures than those who have positive perceptions of their boards."[1]

Critical Skills and Competencies

Although a short chapter is not nearly sufficient to cover all important facets of board governance, we will introduce some of the most important fundamentals – including information on board roles and responsibilities, board size and structure, effective recruitment, board meetings, and the fundamentals of working well with your board. Let's begin.

Board Roles and Responsibilities

As a collective, a board of directors governs the organization, whereas the staff – led by the executive director – is responsible for its management and operations. As stated in BoardSource's Ten Basic Responsibilities of Nonprofit Boards, **nonprofit boards are entrusted to:**

1. Determine mission and purpose
2. Select the executive director
3. Support and evaluate the executive director, including setting her compensation
4. Ensure effective planning
5. Monitor and strengthen programs and services

6. Ensure adequate financial resources
7. Protect assets and provide financial oversight
8. Build a competent board
9. Ensure legal and ethical integrity
10. Enhance the organization's public standing[2]

In short, ***boards exist to establish strategic direction, ensure necessary resources are available, and provide oversight***.[3]

In small nonprofits with no staff, boards sometimes also carry out staff functions until the organization is able to hire full-time staff; these boards are referred to as "working boards." In these situations, it is imperative that the board does not neglect its governance responsibilities. As the organization matures and hires staff, the board should ensure that it focuses squarely on governance (e.g. establishing strategy, helping to mobilize resources, and so on). ***Transitioning from a working board to a strategic one is challenging, and the tips found in this chapter can help you cross the chasm as gracefully and strategically as possible***.

Regardless of where an organization is in its lifecycle, as individuals, **board members are responsible for three key duties:**

- **Duty of Care:** Board members must use their best judgment in all dealings with the organization by, for example, preparing for and attending board meetings, raising questions, and providing careful oversight.
- **Duty of Loyalty:** Board members must be faithful – avoiding conflicts of interest when making decisions affecting the organization.
- **Duty of Obedience:** Board members must stay true to the organization's mission and to applicable laws when making decisions for the nonprofit.

At a glance, it may appear that the role of the board is very straightforward. Indeed, some boards are fabulous – they understand their roles and carry them out effectively. Other boards, however, are less effective. ***When boards lack an understanding of their roles and responsibilities, they can delve too deeply into operations***, which can be a source of frustration for the executive director and staff.

You can mitigate against this challenge and ensure your board is clear on how to best serve the cause by implementing the two following tools:

- **Board charter (or job description):** A short but important document that defines the role of the board as a collective, including items like the basic responsibilities mentioned above. This should be shared with the full board and with new members before they officially join.
- **Board member agreement:** Outlines the duties of individual board members. ***This critical document is the single best tool for more effectively engaging your board in fundraising*** and should be a short (no more than 2–3 page) contract signed by each board member and the board chair. The same agreement should be used for all board members, as this document clarifies exactly what is expected of each and every member. ***Keep this readily accessible so you can share it with candidates, instead of including it in a huge orientation packet*** with bylaws (the operating rules for the board), past minutes, and other detailed materials. And most importantly, avoid jargon and legalese, and instead ensure it clearly, specifically states responsibilities in a way that's easy to understand and black or white. If you require a "good faith effort" to attend all board meetings, that means different things to different people, and ***the agreement should instead set an objective benchmark against which all members can be assessed annually***, i.e. attend at least 75% of all quarterly board meetings, serve on a committee, make an annual site visit, etc. It should also clarify fundraising responsibilities, which might include items such as an annual personal capacity gift, facilitating three introductions to possible funders per year, and so forth (see the next chapter for details).

Be certain to work with your board to update both documents as the role of the board and expectations of individual board members change, so that your documents and practices continue to meet current needs. And ***when first implementing these tools, instead of the staff "forcing" these expectations on the board – which inevitably generates serious pushback – use a consultant or at least a board member as the messenger so it's framed as what's best for the organization or a "peer ask."*** Once these tools have been introduced and socialized, then the board can weigh in on the specific terms that are most appropriate, but getting past that first step can be tricky.

Board Size and Structure

Nonprofit boards vary in terms of size and structure. Let's take a look at best practices for both of these key considerations.

Board Size

Wherever your nonprofit is incorporated, ***state law defines the minimum size for your board***, which typically ranges between one and three members. Note, however, that minimum size is not synonymous with what's ideal – ***your board must determine its optimal size and revisit that decision over time***. If you are just founding a nonprofit and forming your initial board, or if the board is revising its size, think about whether it has enough members to carry out its work, and enough diversity of skills, backgrounds, perspectives, and contacts to further your mission.

Ideally, ***your board should have no fewer than five members*** to ensure this diversity. ***Avoid growing your board to over 20 members***, as it takes significant staff resources to support a board that size, and fully engaging board members in meetings becomes more difficult. As a point of reference, the average board in the United States has 15 members,[4] but that factors in the larger nonprofits with huge boards, so odds are you'll want to go deeper versus wider and focus on working closely with a smaller group.

Most executive directors sit on the board as a nonvoting, "ex officio" member (meaning to serve by virtue of their position), and this is oftentimes mandated in bylaws. Not having a vote helps preserve the reporting relationship of the director to the board and prevents conflict within the board if the ED and the board don't see eye-to-eye. Along these lines, ***never appoint any other staff members to the board***, as doing so upsets the reporting relationship of staff to the executive director.

Board Officers

The most common officer positions, which are often required by law, include:

- **Chair:** Provides leadership to the board, leads meetings, and interacts closely with the executive director
- **Vice Chair:** Chairs meetings when the board chair is unavailable

- **Treasurer:** Coordinates financial oversight and chairs the finance committee (discussed in the following section), if appropriate
- **Secretary:** Keeps records for the board and takes the minutes of board meetings
- Just as having a charter for the board as a whole and individual board member agreements are helpful best practices, ***having a one-page charter in place for each officer and committee helps to clarify exactly what's expected of each***.

Committees

Given the extent of the board's responsibilities, many boards use committees to manage their work. ***Committees make recommendations to the board, but do not act on behalf of the board unless specifically authorized to do so***. They typically function as working groups, and **common committees include:**

- **Finance:** Reviews and makes recommendations regarding the budget before it goes to the full board, reviews financial statements, and addresses fiscal issues
- **Audit:** Hires the auditor and oversees the audit process, as required for organizations over a certain budget size in most states; some states require separate audit and finance committees (check requirements in your jurisdiction)
- **Resource Development/Fundraising:** Oversees the board's role in fundraising, oftentimes ensuring board members fulfill their personal financial commitments
- **Governance/Board Development:** Identifies, recruits, orients, and engages board members

Many nonprofits with larger boards also have an executive committee. If you have one, it's essential to define its powers (or limitations thereof) in your bylaws. ***The executive committee is generally the one committee authorized to act on behalf of the board in emergency situations***. This power should be used sparingly, however, so as not to overstep and disengage the rest of the board.

As you think about board committees, always remember the following guidelines:

- Be strategic about the board's committee structure – make sure that committees focus on the board's ongoing work (e.g. finance). ***Boards should use a task force,***

which is similar to a committee with a clearly defined start and end date, to conduct time-limited tasks like strategic planning.

- Unless your board falls into the "working board" category and your nonprofit has no or limited staff, ***the board should not establish committees that overlap with staff functions*** (e.g. marketing committee).
- ***All board members should serve on at least one committee;*** this should be specified in the board member agreement.
- ***Invite non-board members to join a committee*** as a way to add needed expertise in areas, such as for your annual audit. It can also be an effective way to recruit potential board members (see next section). However, it is important to note that some states do not permit this; check on relevant state laws prior to instituting this practice.
- Ensure all committees consist of at least three members to provide enough capacity and diversity of thought to complete assigned tasks.
- In order to ensure that board members aren't stretched too thin, ***limit the number of committees that any board member can serve on to two or three, but be sure to have at least one board member on each committee***, if only to serve as a liaison with non-board members and to provide clear direction.
- As mentioned above, clearly define the role of all committees in a short charter so all members are clear about their responsibilities.
- Assign a chair to each committee – use these positions to groom potential board chairs.

Recruiting Effective Boards

If established, ***it is the responsibility of the governance or board development committee to lead the board in identifying the most important skills and qualities the organization needs as it expands its board***, and to engage the existing board in identifying and recruiting candidates. A founder often handles this task at first, but once a board is established, the board itself should assume this responsibility.

Board Matrix

In order to help determine what skills and types of candidates are needed on the board, use a board matrix. ***A board matrix is a very powerful tool that helps boards visually chart various characteristics, skills, and talents that currently exist on the board and among prospects, while also identifying gaps***. Typical items found on a matrix might include:

- Demographic information to help ensure diversity – age, gender, race, ethnicity, geographic location, and the like
- Professional expertise – accounting, finance, law, and so on
- Leadership qualities
- Community connections, including various types of potential funders – corporate, foundations, major donor prospects, among others
- Past board experience
- Capacity to give

The key to successfully adopting a board matrix is getting really clear on the "need to haves" instead of the "nice to haves." What are the things you absolutely *need* on your board ten years from now if you are to fulfill your mission and maximize impact? Less is more, and this focus is critical in setting priorities. And once you've narrowed down the list with robust board and staff input, you may find it helpful to ***group your desired characteristics into three buckets: expertise and capacity (i.e. accounting, nonprofit fundraising, high net worth), connections (i.e. to foundations, celebrities, etc.), and diversity (i.e. African American, female, based in Oakland)***.

Then, it's as simple as creating a spreadsheet with these criteria as the rows and member and prospect names as the columns, which facilitates people simply checking the relevant boxes under their name and helping you very quickly identify what you're missing or where you're light. ***The end result of adopting a board matrix is helping your board gain consensus around the top 3–4 characteristics for which you're recruiting*** so that when they're out in the community, everyone

Table 30.1: Sample Board Matrix

	Member 1	Member 2	Prospect 1	Prospect 2
Hispanic	X		X	
African American				X
Under 30		X		
Age 30–50				X
Accounting	X			
Legal		X		
Fundraiser			X	X

shares the same goals and well-connected allies are *much* more likely to share relevant candidates.

Table 30.1 offers an example of a *very* simplified board matrix – more detailed examples can be found online or in the resources listed at the end of the chapter:

Again, ***using a matrix forces the board – or founders – to be deliberate about the board's composition and avoid the temptation of simply recruiting one's friends*** to serve on the board. A board matrix should change over time as the needs of your nonprofit and board evolve. It is crucial to the success of the mission that the board recruit leaders that stand to significantly advance the work of the organization.

Finally, let us underscore the point that diversity at the board table is crucial to the success of any organization. ***Diversity helps the organization stay relevant, promotes creativity and innovation, and can help mitigate against "groupthink."***[5] Yet research demonstrates that communities of color and younger professionals are underrepresented on boards – as of 2017 84% of all board members were Caucasian and only 17% of board members were under 40 years old.[6] A board matrix helps you represent the community you serve, ensure a healthy range of perspectives, and advances your efforts to become an inclusive organization.

Recruitment

Once the board's needs and priorities are identified, its next step is pinpointing specific candidates. There are various resources that boards or founders can leverage when seeking out candidates that match their criteria, including:

- Personal networks of business and community leaders (but don't stop there)
- Volunteers and non-board member committee members
- Participants in leadership programs
- Local associations or business organizations
- Current MBA students
- Online sites that specialize in board matching (e.g. www.boardnetUSA.org) or that list board opportunities (e.g. www.Bridgestar.org)
- Live events that connect nonprofits and potential board members (e.g. http://theboardmatch.net)

Every board member should provide board prospect suggestions as part of her role. Also, the executive director and staff will undoubtedly have some suggestions, which should be routed through the ED to the board.

Once the board has specific candidates in mind, the governance committee, ideally in conjunction with a board member that has a preexisting personal relationship, contacts these prospects, begins to cultivate relationships, and gauges interest in serving on the board. The ED should play a role during the recruitment process, sharing the nonprofit's mission, stories, and impact with prospects.

When assessing possible candidates, make sure they are:

- Passionate about and committed to supporting the mission
- Clear about their potential role and the time commitment required – share the board charter and board member agreement and answer any questions about the work of the board
- Able to fulfill the expectations you have of them, especially those outlined in the board charter and board member agreement

Let's review a case study that highlights how one nonprofit used a board matrix to support board development:

Case Study

The Art of Founding an Inclusive Board[7]

When The Opportunity Agenda (OA) – which works with social justice organizations – began the process of securing 501(c)(3) status, they began strategizing around board development and wanted to ensure their board represented the diverse community they serve. An insider, Jason Drucker, PhD, director of development and operations, explained the process and reflected on how the principle of diversity shaped its nascent board:

> *We learned that* **finding, training, and retaining a diverse group of board members requires hard work and a concerted effort**. *We started by creating a long list of qualities, experiences, expertise, and backgrounds that we wanted on our board. Racial and ethnic diversity is very important to us, but we also wanted candidates from the worlds of entertainment, politics, and philanthropy that could deliver helpful contacts. We wanted to attract a social justice luminary and people well versed in employment law, communications and advertising, and accounting, because we believed these skills were essential to our health and prosperity. We developed a broad list of candidates and created a matrix to assess their contribution to our goals. After spending a few days researching and brainstorming, we identified nearly 100 candidates from diverse backgrounds – people who had the skills, time, and potential to become excellent board members.*
>
> *Our nascent board has been very helpful in identifying, vetting, and growing the list of candidates – members spent about half of their meeting time this past year discussing nominations. Our conversations, which are based on candidate profiles created through prospect research, have been lengthy and fascinating. Do we have too many candidates who are lawyers? Enough people with deep pockets?*

Case Study

Someone who would be an inspiring and capable board chair? Someone with expertise in Human Resources, and someone able to oversee a future budget committee? Can we have too many *African-American candidates?*

While **there is always a subjective aspect to how individuals evaluate potential board members**, *our board matrix keeps us accountable and honest about the overall board we're building. At each meeting, we look at our matrix; because we set diversity goals in terms of talent, skills, and background, we can very quickly see what is missing.*

Orientation

All new board members should go through orientation to ensure they are properly acclimated to the board and to the organization's work. The governance committee or board chair should lead the process and ensure it includes:[8]

- An informational overview of the organization (e.g. history, programs, staff, financials, and so on) with the executive director and chief financial officer (or equivalent). Be sure to address areas of oversight that may be particular to your mission and focus (e.g. boards of health care delivery nonprofits may review quality and patient safety data, boards of charter schools should look at student achievement data, etc.).
- Background information on the board (e.g. bylaws, board charter, member bios, and the like).
- Information on key challenges and opportunities facing the organization, which helps to bring new members up to speed so they immediately feel confident contributing to strategic conversations.
- A rundown on board culture.

Term Limits

Term limits, which limit the number of years an individual can serve on a board, are a good idea. They will help your nonprofit avoid stagnation, ensuring that it's regularly connected to new resources and ideas – plus they offer an effective, graceful

way to rotate off ineffective board members. Most boards have two- or three-year terms of service, one- or two-year terms for officer positions, and the opportunity to serve two consecutive terms. ***Never implement automatic term renewals*** – the board should be reserved for energetic board members who fulfill their duties and make a real contribution to the organization, thereby earning reelection. Also, note that ***if you fail to officially adopt term limits, many states mandate default terms***; if you consciously decide not to pursue this approach, be sure your board formally adopts a resolution and incorporates that into your bylaws.

Of course, this rotation implies that the board must constantly identify and recruit new members, which is why a governance committee is so important. It also means that the board itself is not static. As members rotate, the dynamics on the board will change, hopefully reinvigorating the board on a regular basis.

For more information on recruitment, orientation, and term limits, visit the sites listed in the Resource Review.

Maximizing Board Meetings: Consent Agendas

Making the most of valuable group time is important in any setting, especially when it comes to board meetings. Unfortunately, all too often 80–90% of board meetings are spent in monologue, instead of in active conversation. ***Your mantra for board meetings, and board engagement in general, should be "low touch, high value,"*** meaning how can your board have a transformative impact on your work in a relatively short amount of time? The answer is absolutely not sitting there listening to a range of reports and updates, that while important, do not lend to impactful engagement. The good news is there are some simple tips and tools that can help you turn this ratio on its head, enabling you to have 80–90% dialogue in your meetings, and leveraging them as a key opportunity to advance your work. And at the same time, you can still get all those important FYIs across so the board fulfills its fiduciary and other responsibilities to oversee your work.

The board chair and executive director should collaboratively plan board meeting agendas to maximize time and attention on the issues that matter most at the time, strategizing how to best leverage the gathering to most significantly advance the mission. The process of setting the agenda should also involve input from committee or task force chairs. Although it is important to quickly relay key updates and action items, ***it's crucial to ensure meetings provide time for strategic thinking and***

discussions and are not overly focused on reports and updates *– that's where a consent agenda can help.*

A consent agenda groups items that do not need to be discussed, such as potentially important committee and staff reports or previous meeting minutes, under one agenda item. These items are then approved relatively quickly with one vote, thereby saving time to focus on more strategic issues that are harder to address outside of meetings. If a board member feels an item merits discussion, you can do so before voting in the consent agenda.

To be used successfully, however, all board members should receive the materials far enough in advance so that they have an opportunity to review the contents before the meeting. Even still, don't assume that everyone present has read the materials, and even if they have, they may not remember the details. So, ***take five to ten minutes in silence at the beginning of every board meeting for board members to review the consent agenda and then ask any questions before voting it in***. And any items in the consent agenda that a board member feels are too important and merit conversation or action can be removed before the vote. They can be added to your proper agenda, sent to committee or staff for further action, or otherwise addressed outside of the consent agenda.

This way, once the consent agenda is voted in, which typically only takes the first ten minutes of your meeting, all those reports and updates are out of the way and board meetings can be a time for dialogue and make the best use of the board's time together, thereby further engaging current members and advancing your work. If you ever saw the movie *The Matrix*, think of this as akin to Neo learning Kung Fu in ten seconds.

Additional meeting materials should include an agenda with set times allocated to each item, urgent committee, financial, and staff reports not included in the consent agenda, supporting documents for discussion and action items, and a *short* executive director's update. For more information on planning and running effective board meetings, visit the resources listed below.

Fundamentals of Working With the Board

As noted previously, the type of relationship that nonprofit leaders have with their boards depends on their position; it also depends on the size of the board and staff.

Though there are always exceptions, the following discussion is based on **the most common practices in the nonprofit sector:**

Executive Directors

The relationship between the board and the executive director forms the nexus for effective nonprofit leadership. If you are the ED (or contemplating a future as one), **here are a few tips to help ensure a productive and effective relationship with your board:**

- Expect to spend a significant amount of time working with your board.
- Establish a strong working relationship with the full board and with the board chair in particular. Set time aside periodically to talk about communication preferences, mutual expectations, and work styles.
- Keep the board informed with timely communications based on the board's preference versus your own and ***ensure there are never any surprises for your board***.
- Establish clear and agreed-on expectations. ***Have a job description in place for your position, the board chair, and for the board*** to ensure that everyone knows the line between governance and management, and that everyone is held accountable for fulfilling their roles.
- Work with the board to ***establish formal, explicit, and measurable annual goals*** (e.g. executing tactics within the strategic plan, growing your budget by a defined amount, ensuring a balanced budget, and so forth), against which the board will assess your performance and conduct your annual performance review, which should always be documented in writing.

Staff

If you are a staff member other than the ED and your position or duties require that you interact with the board, **here are a few tips:**

- If you are asked for information for a board packet or to present information at a board meeting, ***be clear, concise, and accurate*** – the board will use the information provided to make important decisions. Don't provide the board

more detail than is necessary; their time is valuable. "Low touch, high value" is something you should take to heart, too.

- If you are supporting a committee, be sure to determine expectations – including the type of support it needs from staff and a clear delineation of roles – in advance.
- ***Remember that board members are volunteers***, so be considerate. They are, after all, dedicating their time to ensure the success of the organization, and they tend to be quite busy. So be respectful of their time and keep routine communications as brief as possible.

Fundraising: A Common Challenge

Executive directors, development directors, and other staff often encounter reluctance on the part of many board members to engage in fundraising. This is especially true when trying to transition a working board to a more strategic one, as mentioned earlier. The next chapter provides guidance on how to get your board to fundraise, so we will not spend time on it here, except to say that ***expectations have to be very clear and always remember there are a variety of ways board members can support fundraising – don't expect everyone to make an ask to contribute***, although all board members should help in some way, such as making introductions or thanking donors.

Board Assessments

Just as it's important to set clear expectations of board members and executives, it's equally critical to remember that this forum of accountability is worthless if not applied. ***It is important for every board to conduct a self-assessment every year or two*** to reflect on how well it is meeting any goals it has set and carrying out its roles and responsibilities. The results can inform board education, a board work plan, and board retreat content.

Additionally, it can be helpful to undertake individual board member reviews annually. This can be done in a few ways. Some boards ask individual members to reflect on how well they have met the expectations set forth in the individual board member agreement. Others combine this with a conversation between the board member and chair to reflect on the board member agreement and discuss interest in

future committee assignments and board leadership roles. Some boards that have high levels of trust between members and with the ED take more of a peer approach to this process. Either way, ***every board member should undergo an annual review to assess performance and review how they stacked up against the board charter and board member agreement***.

When conducting these, remember there may be a good reason why someone fell short this past year: a career change, moving, health issues, etc. So, it's not necessarily a problem, but it should be discussed and the group should get clarity around whether or not this will continue to be an issue, in which case the member can be transitioned into a more appropriate role, such as a committee or simply a donor and supporter of the nonprofit's work. It may also be the case that the board member simply requires more support or information from the staff and board, which must be provided to set her up for success.

If possible, ***it's best practice to also use annual reviews to create and revisit a personal development plan for each board member***. Unlike the board member agreement, these plans are specific to each member, wherein you simply document her goals for the upcoming year and what support is needed to achieve those. Of course, this also entails managing that member to success and providing that support. Then, in their next review you can check in on the plan to see how things worked out and create a plan for the year ahead.

Other Essentials

Before we conclude, **here is a short list of other items requiring your attention:**

- ***Every nonprofit should have a conflict-of-interest policy***. Conflicts of interests arise when the personal interests of a board or staff member conflict, or might conflict, with the interests of the organization. Avoiding these situations is an important part of fulfilling the "duty of loyalty" outlined above. Your policy should define what constitutes a conflict, processes for recusing (disabling the ability to vote or weigh in) board members and staff from discussions involving a conflict, and processes for resolving any such conflicts. See Chapter Ten for more information.
- Be sure to ***secure Directors and Officers (D&O) insurance***, which protects the board from liability resulting from board action (see Chapter Seven for more). Many board candidates will refuse to join without this protection.

- As outlined in Chapter Ten, most nonprofits need to complete the IRS Form 990 annually. Note that ***the Form 990 asks a number of questions pertaining to governance and should be shared with the board***.
- As discussed in the last section, regular assessments are a great tool for board self-reflection, improvement, and accountability. In addition to reviews of each member, ***it's ideal for the board to conduct an annual self-assessment of its overall performance***.

Do's and Don'ts

Board Governance Do's and Don'ts

- DO create a board charter and board member agreement so that board members are aware of their duties as a collective and as individuals.
- DO be strategic about board development by creating and frequently updating a board matrix. Effective board composition is crucial to advancing your work.
- DO establish a board orientation that includes information about the organization (e.g. mission, history) and the board (e.g. board meeting minutes, bylaws).
- DO implement a consent agenda in order to focus board meetings on strategic issues and discussions versus reports and updates.
- DON'T overstep! Remember ***the board's only direct report is the executive director***. All other staff reports directly or indirectly to the ED and must work through her on board and other matters.
- DO conduct annual reviews of every board member and an annual self-assessment of the board's performance as a whole.
- DON'T stack the board with personal connections that lack the right skills to advance the mission in significant ways.
- DON'T forget that board members are volunteers. Thank them routinely for their service and be respectful of their time.

Conclusion

As a nonprofit professional, equipping yourself early on with knowledge about the role of your board will *significantly* advance your ability to deliver results. This chapter introduced some fundamentals pertaining to board governance – but by no means is this a comprehensive overview. Implementing the strategies and tactics outlined here will help ensure that your board has the leadership it needs and is well positioned to advance your nonprofit's mission in significant ways, but just as with all relationships, realize that this is an ongoing journey.

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Board Governance Resource Review

BoardSource (www.boardsource.org)

Nonprofit dedicated to advancing the public good by building exceptional nonprofit boards and inspiring board service. Their website features valuable articles, books, and resources on effective governance.

Blue Avocado (www.blueavocado.org)

A provocative online magazine for community-based nonprofits, with a strong focus on board governance and engagement.

boardNet USA (https://www.boardnetusa.org/public/home.asp)

Matches nonprofits looking for new board members and individuals looking for board service opportunities.

Bridgespan (www.bridgespan.org)

Offers nonprofits and potential board members a listing of opportunities.

National Council of Nonprofits (www.councilofnonprofits.org)

Offers a wide range of helpful resources, including some related to nonprofit governance.

Nonprofit Quarterly (nonprofitquarterly.org)

Publishes articles on governance and a variety of other relevant topics for the nonprofit sector.

The Chronicle of Philanthropy (www.philanthropy.com)

Provides news on board governance and other important topics pertaining to the nonprofit sector.

The Nonprofit Times (www.nptimes.com)

Contains articles on nonprofit management, including tips on working with your board.

VolunteerMatch (www.volunteermatch.org)

Connects individuals to opportunities for civic engagement, including board service.

Young Nonprofit Professionals Network (www.ynpn.org)

A nonprofit that engages and supports future nonprofit leaders.

Chait, Richard P., et al. Governance as Leadership: Reframing the Work of Nonprofit Boards. New York: Wiley, 2005.

This timeless book introduces "generative governance." Once you're familiar with governance basics, this is a great resource for staff and board members looking to take board governance to the next level.

CHAPTER 31

Getting Your Board to Fundraise

By Bob Zimmerman, President, Zimmerman Lehman; Updated for second edition by Ann Lehman, Governance and Gender Consultant, Zimmerman Lehman

Introduction

It is the rare nonprofit that is blessed with a board of directors that enjoys raising money without prodding. Although some board members acknowledge that raising funds is part of their job, all too many claim that theirs is a "program," "working," or "policy" board, and that fundraising is therefore not part of their job description. Assuming that you're part of the rule and not the exception, you can likely benefit from a quick review of some of the ways that have proven most effective at getting boards to fundraise.

Critical Skills and Competencies

Board members need to be trained in their fundraising responsibilities; this is critical as you cannot do well what you don't really understand. In this section, we'll focus

on how to get your board members ready to raise money. Board members have a variety of fundraising responsibilities, and they must be apprised of those as soon as they consider the possibility of joining the board (that is, this information should be in the board job description or agreement, as overviewed in Chapter Thirty). This chapter includes concepts that board members must understand to be successful fundraisers, plus examples of how board members should be deployed in particular kinds of fundraising campaigns.

Set Expectations and Create a Culture That Favors Fundraising

It is vitally important to understand at the outset that ***the board's reluctance to raise money is not the fault of individual board members***. The fault lies with organizational cultures that (1) do not alert new board members to the fact that fundraising is one of their responsibilities; (2) do not train the board in successful fundraising techniques; and (3) do not recruit new board members with an eye toward giving and getting money. Is it therefore any wonder that so many boards fall down on the fundraising job?

Also, board members must understand that fundraising is not "tin-cup begging"; words like "contribution," "donation," and "gift" distract board members from the fact that they should be asking people to *invest* in successful community enterprises, as Kay Sprinkel Grace articulates in Chapter Eighteen. Remember the glass half full story from Darian's introduction to Part Five: ***if fundraising is viewed as community investment instead of begging, board members will be proud to solicit money on behalf of their organizations***.

Members of nonprofit boards have four fundraising responsibilities outlined below. **Prospective board members should be explicitly alerted to these responsibilities when they are considering membership:**

- To make a financial contribution to the nonprofit that constitutes a "capacity" gift
- To solicit friends, relatives, and colleagues for investments
- To add "ability to give and get money" to the list of considerations when recruiting new board members
- To oversee the nonprofit's fundraising activities

Let's look at each of these in a bit more detail.

To Make a Financial Contribution to the Nonprofit That Constitutes a "Capacity" Gift

Charity begins at home: ***the willingness of board members to donate generously to their nonprofit is the key to successful fundraising***. If board members aren't making capacity investments, why should anyone else in the world give? Thus, ***100% board giving, meaning that every single board member makes a financial contribution, is critically important*** in two ways: it represents significant revenue for the nonprofit, and it advertises to prospective donors and grantors that those closest to the organization have "put their money where their mouth is." ***Agreeing to make a capacity gift must be part of the written board member agreement***. More and more foundations require 100% board participation in giving before they will consider making grants. The financial capacity of board members varies widely; ***each board member's contribution should be one of the three largest that he or she makes to any nonprofit in the calendar year***.

To Solicit Friends, Relatives, and Colleagues for Investments

Nonprofits have two "hot lists" of prospective donors: people who have a substantive interest in the work of the organization; and the friends, relatives, and colleagues of those closest to the organization (of course, these lists overlap to some degree). The most important tactical issue in fundraising is *access*: raising money from strangers is much more difficult than raising it from friends, acquaintances, and colleagues. ***Board members' willingness to solicit contributions from the folks they know will often spell the difference between fundraising success and failure***.

Conduct a half-day fundraising training for the board that concentrates on the importance of asking for contributions from this "low-hanging fruit." Whether the training is led by staff or an outside consultant, the focus should be on ensuring that the nonprofit doesn't leave money on the table by failing to ask for gifts from the board's contacts. While initially many board members will say they would rather ask a stranger than a friend for money, with training and experience they will come to see it as ***giving your colleagues a chance to invest*** in your successful enterprise. A good trainer will provide detailed information on how board members can ask for gifts in a variety of ways (e.g. direct mail, events, and major gift campaigns).

Although some board members may not be comfortable with face-to-face solicitation, which must be accepted and honored, they can still play a vitally important fundraising role by appending notes to friends on direct mail appeals, serving as "door-openers" to colleagues who might make contributions, thanking existing donors, and being ambassadors for your nonprofit by speaking at events.

To Add "Ability to Give and Get Money" to the List of Considerations When Recruiting New Board Members

A well-functioning nonprofit board will include people with expertise in finance, program development, and human resources. It is crucial to add "fundraising" to this list. Fundraising is certainly not the only responsibility of a nonprofit board, nor is it necessarily the most important. But it is a responsibility that cannot be shirked. When considering new members, nonprofit boards should include "ability to give and get money" as one of the criteria in their assessment (see "board matrix" in Chapter Thirty).

To Oversee the Nonprofit's Fundraising Activities

Just as the board of directors has oversight of finances and programs, it has a similar responsibility for fundraising. ***The board should require the staff or a consultant to prepare a written two- or three-year fundraising plan divided into six-month or shorter segments*** (see Chapter Seventeen for more on this). Each segment includes the kinds of fundraising to be undertaken in each period (e.g. foundations, corporations, individual donors) with corresponding goals for each; the tasks to be addressed in each fundraising area; and the person(s) responsible for those tasks. The board should then require staff to report at each board meeting on the progress made on realizing plan objectives.

A board that is willing to give money, get money, recruit people to the board who can help with fundraising, and exercise oversight on the organization's fundraising activities will ensure the ability of their nonprofit to compete successfully for grants and donations.

Key Principles of Board Fundraising

The board's successful involvement in fundraising depends on the understanding and application of five key principles:

1. The Biggest Problem in Fundraising Isn't Getting People to Give; It's Getting People to Ask

Even in difficult economic times, there is a great deal of philanthropic money available to nonprofits: witness the $410 billion that was donated privately in 2017 (see Chapter Eighteen), the first time giving passed the $400 billion mark. The tragedy in fundraising is not that there isn't any money; the tragedy is *unrealized potential*: the billions of dollars that nonprofits leave on the table every year by not asking for enough money, or not asking for it at all. ***The willingness of board, staff, and volunteers to ask is the bedrock of successful fundraising***.

2. Fundraising Must Be Done From the Perspective of the Donor, Not the Nonprofit

Nonprofits have an unfortunate tendency to assume that the world must be interested in every aspect of what we do. What nonprofits have to "sell" is of far less importance than what donors and grantors want to "buy." Which of your programs is of the greatest interest to a particular contributor or prospect? Successful fundraising depends on "active listening": what positioning, framing, or "spin" will appeal to a particular donor? Fundraising is best done when you've taken the time to get to know what specific programs or "pitches" will resonate with a given prospect. ***Identify a prospect's hot buttons, either through research or conversation, and then frame your work accordingly***.

3. People Give to Strength, Not Crisis

Nonprofits all too often throw themselves on the mercy of the prospective donor. "Without your help," they whine, "our little organization is threatened with extinction." ***In soliciting donations and grants, board members and staff must understand that they are asking folks to invest in a thriving organization with exciting plans for the future***. Why would anyone invest in a sinking ship? It doesn't make any sense. People want to invest in success, not failure. Remember what Kay Sprinkel Grace said in Chapter Eighteen, "people don't give because you *have* needs; they give because you *meet* needs."

4. People Love to Give Away Money

There is a warm and wonderful feeling that comes over a person when she has made a donation to a deserving nonprofit. This is one of those rare "win-wins" in life: the donor feels good having made the gift, and the nonprofit takes the gift and does good things with it. There is no reason for board members to be embarrassed about asking for contributions, or to feel that they are taking advantage of friendships. ***If done right, people are honored to be asked and are thrilled to give, and they're always given a graceful way out if they decline***.

5. Accentuate the Positive

Rather than whine about another organization having an easier time raising money, nonprofit board and staff members must focus on the value of their work to the community and the most effective means to make the case for a gift. Think along the lines of, "Here are all the wonderful things we are doing, and with your help we can continue we can do even more." ***It is particularly important to make your case in a positive and engaging manner***.

Raising Money Through Grants

Nonprofits raise philanthropic dollars from grants and individual contributions, and board members have roles to play in both areas. Looking first at grants, the universe of grantor possibilities includes foundations, corporations, religious institutions, and government agencies. ***Board members are essential to the grant solicitation process, and they can help with their connections, introductions, and presence***:

Connections

Though grantors may try to convince us otherwise, personal relationships matter as much in grant solicitation as they do in seeking donations from individuals. ***Once development staff have identified prospective grantors, it is vitally important for board members to review the names of board and staff members at prospective grantors to determine if they have any personal relationships there***. It is remarkable how often a nonprofit board member, in reviewing the names of contacts at a foundation that the nonprofit plans to pursue, will say: "I knew that person in college. I had no idea she was on a foundation board!"

Introductions

Having identified a personal connection, and following discussions between staff from both organizations (see Chapter Nineteen), the nonprofit board member should send a note or email to her contact at the grantor agency soon after their nonprofit has submitted its letter of intent or full proposal. The note might say: "I hope this note finds you well. It was quite a coincidence to discover that you're on the board of the [name of foundation]. I'm proud to serve on the board of the [name of nonprofit], and our executive director recently sent your foundation a proposal with reference to [short description of the project for which the nonprofit is seeking funding from the foundation]. I hope you have the opportunity to review our proposal. Please give me a call if you'd like to discuss the work of [name of nonprofit]. Thanks so much."

Presence

If a grantor is considering making a grant to your nonprofit, one of their representatives may make a site visit or request that some of your team come to their offices to discuss the proposal. Though the executive director or development director should certainly be present at that meeting, it is also valuable for the board president or another board member to attend. The presence of a board member at the meeting tells the program officer that a volunteer cares enough about the work of the nonprofit that she is willing to take the time from her busy day to meet with the grantor, not to mention that she can add a new perspective and dimension to your pitch.

Corporate Grants

Board involvement, then, is critically important to successful solicitation of grants of all types. The world of corporate philanthropy deserves special mention in this regard. Corporations give to nonprofits for two reasons: first, they want the world to know that they are "good corporate citizens." A corporation loves sponsoring walkathons and other events, because it knows the nonprofit will mount large banners trumpeting the corporation's largesse. Second, corporations are extraordinarily responsive to the philanthropic priorities of their employees.

Millennials in particular expect companies to support the social issues and causes they care about. ***If someone inside a company makes a pitch on behalf of a particular nonprofit, the opportunity to secure a grant is exponentially greater than if the nonprofit sends that company a cold letter or applies directly***.

Nonprofit board members should prepare lists of folks they know in local and national companies and be prepared to put in a good word in order to help secure a meeting with their corporate philanthropy or marketing department. They should ask their company contact to talk to the corporate philanthropic officer to communicate their excitement about the work of the nonprofit, and to report back with any feedback they're able to garner.

Raising Funds Through Individual Donations

Although grants are important, ***individual donations should be the primary goal of virtually every nonprofit's fundraising efforts*** for three reasons, as indicated in Chapter Eighteen. First, four out of every five dollars raised from private sources in the United States come from individual contributions, not grants, and this figure hasn't budged for years. Second, most individual gifts represent unrestricted income that you can use any way you want to (unlike, say, foundation grants, which are usually tied to a specific project). If a nonprofit holds an event, solicits gifts on its website, or conducts a direct mail campaign, the resulting revenue can be used for any legal purpose deemed important to your work.

The third reason that individual gifts deserve pride of place goes to the very heart of the nonprofit philanthropic effort. ***If an individual makes a donation to a nonprofit, and if that person is pursued consistently and respectfully, there is every reason to expect more and more money from that person*** far into the future. This is simply not the case with grantors. Hence, the $25 direct mail contributor in year one may become the $10,000 major donor in year seven and the $5 million planned gift donor in year twenty. ***Successful individual fundraising depends on bringing a donor into the "system" and continuing to cultivate that person and to ask her for larger and larger gifts***.

Though board involvement is important in seeking grants, it is absolutely fundamental in the pursuit of individual donations. It is no exaggeration to state that ***the success of most any individual donor campaign rests on the active, intelligent involvement of your board***.

Here are a few examples of how the board can provide critical assistance to your individual fundraising campaigns:

Direct Mail

Board members should append personal notes to fundraising letters after assembling address lists of friends, relatives, and colleagues who might contribute. As corny as it might sound, these short written notes atop the letter persuade people to give at *substantially* higher levels. A direct mail signing party can be both fun for board members and lucrative for your organization.

Events

Board members must be expected to sell sponsorships and individual tickets. In addition, if you're planning a complex event, like a sit-down dinner with a cocktail party beforehand and music and dancing afterward, the event should be managed by an event committee (as described in Chapter Twenty-Eight), which will include board members and other volunteers with a passion for your work and a flair for producing events.

Telephone Solicitations

Even though many nonprofits hold their noses when it comes to telephone fundraising, the statistics are undeniable: *it works*. What is paramount is that the people making the calls and the people getting the calls care deeply about the nonprofit. Private schools, for example, have been very successful in asking board members and other volunteers to call parents, grandparents, and alumni families. ***When there is passion on both sides of the call, money is raised***.

Online and Social Networking Solicitations

People now live their lives online, and this has had an enormous impact on philanthropy. As with direct mail, board members should supply the nonprofit with the names and email addresses of friends, relatives, and colleagues, and should stand ready to send personal messages in support of the organization's email, web, and social networking fundraising efforts. Fundraising through social networking should be explored, especially if your audience is younger. See Chapters Twenty, Twenty-One, and Twenty-Six for tips and tools to maximize your efforts.

Major Donor Campaigns

Over 80% of the money raised by nonprofits from individuals comes from the 20% of the population that can afford to give the most. The people with the greatest

capacity to give should be approached face-to-face: ***the most effective way to raise money is to sit across the table from someone who has lots of it and ask for some***, after developing a meaningful relationship and culminating in a direct ask. A "major donor" is someone who makes a financial contribution significantly larger than the average individual gift to the nonprofit. For some organizations, this will be $500; for others it will be $500,000.

Once your nonprofit comes up with a list of prospective major donors, it is time to initiate a campaign by convening a major donor committee made up of appropriate board members, staff members, and other volunteers with a knack for face-to-face asking. The committee is responsible for determining the overall campaign dollar goal; matching solicitors and prospects; meeting with prospects to solicit gifts; and providing the organization with information on what transpired during the solicitations.

Board members are particularly well situated to ask for major gifts because prospective donors are impressed that a volunteer board member has taken the time from her busy day to meet with the prospect. This "modeling" is not possible for a staff solicitor, because part of what the staff person is asking for is her salary. As it is said, ***the most powerful form of ask is a "peer" ask***, which sounds something like, "I invite you to *join me* in supporting the work of this great organization. I gave, and you can, too." Board members are therefore crucially important to the success of major gift solicitation, as are their personal financial contributions that pave the way for these powerful asks.

Case Study

The Show Must Go On: Board Member Fundraising

A modern dance company in a city in the western United States had reached an important and troubling crossroads. In existence for just over five years, their funding had come from two sources: box office receipts and foundation grants. Box office receipts covered barely half of their expenses and, as is often the case, though foundations had been eager to help them get off the ground, they were reluctant to provide sustaining funding.

Therefore, it was imperative that the dance company begin to solicit contributions from individuals. They had a database that included information on folks who had attended performances, but those people had never been approached

Case Study

for donations. In addition, the board comprised dancers, choreographers, and friends of the company's artistic director, none of whom had connections to big dollars.

With the assistance of a fundraising consultant, the company's board of directors, and artistic director, they reviewed their database. It contained just over 1,500 names, with street addresses or email addresses, or both. The board and artistic director decided to cultivate and pursue these prospective donors in three ways:

- A direct mail campaign aimed at people whose database information contained only street addresses
- An email/web campaign aimed at people for whom the dance company had email addresses
- An event at the dance company's performance space to celebrate its fifth anniversary and to alert people to their exciting plans for the next two years
- Board members had a number of responsibilities to help ensure the success of these activities:
- Providing names, addresses, and email addresses of friends, relatives, and colleagues for the campaign
- Appending personal notes on direct mail letters to their contacts
- Sending emails encouraging contacts to make contributions (for prospects who received email solicitations)
- Sponsoring tables at the dance company's event
- Striking up conversations with event attendees to alert them to their plans

Due in large part to the board's enthusiastic involvement in these fundraising activities, the modern dance company secured over $50,000 in contributions while growing their database of 1,500 names to over 1,800 donors and ticket purchasers.

Do's and Don'ts

Board Fundraising Do's and Don'ts

- DO require that every board member make a capacity financial contribution annually.
- DON'T assume that you've recruited folks to the board only to serve as experts on policy and programs, and make sure they understand their role in both fundraising and governance.
- DO make sure that all board members ask friends, relatives, and colleagues for contributions, or at least open the door to those discussions and help to steward existing supporters.
- DO make sure that the board makes the ability to give and get money one of its criteria when recruiting new members.
- DON'T let board members "poor-mouth" your efforts to solicit contributions; instead, coach them on singing the praises of your nonprofit and making prospects understand that they are supporting a successful, valuable enterprise.
- DO give board members specific "fundraising marching orders" so they understand their roles in such areas as grant solicitation, direct mail, and events.
- DO understand that Rome wasn't built in a day – creating an effective fundraising board takes time, and it will happen if everyone understands that fundraising is a top board responsibility.

Conclusion

Nonprofit organizations must forge a "culture of philanthropy" and train and encourage board members to raise money. ***The success of a nonprofit's fundraising efforts depend primarily on a board of directors that is willing to give money, get money, recruit people to the board who can help with fundraising, and oversee the organization's development work.***

Once board members understand their fundraising roles, they must be trained in the importance of "accentuating the positive." Fundraising is not begging; it is alerting prospective donors to the great work of the organization and asking them to *invest* in advancing the impact of a successful enterprise.

The board is vitally important in the solicitation of grants and individual contributions. Every nonprofit must review the ways that it raises funds, decide whether there are other approaches that make sense for the organization, and ensure that the board is being tapped to help out with *every* fundraising strategy.

Though people rarely join boards because they like to raise money, they will rise to the occasion once they are coached and educated to understand that their fundraising work will ensure the survival and success of the organizations they love.

Robert M. Zimmerman *passed away on December 26, 2010. He was president of Zimmerman Lehman and dedicated over 35 years to nonprofit fundraising. He served as director of development at several nonprofits, including the Youth Law Center and the Westside Center for Independent Living. Bob taught workshops on topics including major donor solicitation, capital campaigns, and overcoming the fear of fundraising. He served on the board of directors of the Golden Gate chapter of the Association of Fundraising Professionals (AFP) and was the coauthor of Boards That Love Fundraising: A How-To Guide for Your Board and Board Members Rule: How to Be a Strategic Advocate for Your Nonprofit. Using his wit and wisdom, Bob dedicated his life to teaching board members to be fearless in the pursuit of resources for their nonprofits. Please keep his philosophy in mind as you continue to do your important, essential work – it's the best way to honor his wonderful legacy.*

Ann Lehman*, a nonprofit board governance and gender specialist, is the principal of the nonprofit consulting firm Zimmerman Lehman. Ann co-authored Board Members Rule & Boards That Love Fundraising. She is the Editor of* ZimNotes*, an e-newsletter for nonprofits that has provided useful insights over 21 years. As the policy director for the San Francisco Department on the Status of Women, Ann gave sexual harassment training many years before the #MeToo movement. Ann supervised a storefront law center in Portland geared to senior citizens and was the ED of the NYC office of the National Lawyers Guild and the California Law Center on Long Term Care.*

Board Fundraising Resource Review

Robert Zimmerman and Ann Lehman. Boards That Love Fundraising: A How-To Guide for Your Board. San Francisco: Jossey-Bass, 2004.

A comprehensive survey of how boards can bring value to all nonprofit fundraising activities.

Boardsource (www.boardsource.org)

An excellent online resource on all matters affecting nonprofit boards of directors.

Chronicle of Philanthropy (www.philanthropy.com)

The premier online and print publication in the field of philanthropy.

National Council of Nonprofits (www.councilofnonprofits.org)

A network of state and regional nonprofit associations providing information and resources for small- to mid-sized nonprofits.

Nonprofit Quarterly (nonprofitquarterly.org)

Investigative journalism for nonprofits, with a focus on philanthropy, fundraising, governance, and policy.

The NonProfit Times (www.nptimes.com)

An excellent national publication that will help board members stay up-to-date on developments in the world of philanthropy.

The Partnership for Philanthropic Planning (formerly the National Association of Charitable Gift Planners) (https://charitablegiftplanners.org/)

Excellent resource for those board members interested in getting involved in planned or legacy giving.

Bernard Ross. The Influential Fundraiser: Using the Psychology of Persuasion to Achieve Outstanding Results. San Francisco: Jossey-Bass, 2009.

An invaluable resource to teach board members how to ask for contributions successfully.

Robert Zimmerman and Ann Lehman. Board Members Rule: How to be a Strategic Advocate for Your Nonprofit. San Francisco: Zimmerman Lehman, 2007.

A thorough survey of board responsibilities, with a particular emphasis on the board's advocacy role.

CHAPTER 32

Volunteer Recruitment

By Greg Baldwin, President, VolunteerMatch

Introduction

It may not be easy to change the world, but it has never been easier to *try* – particularly if you can find the right help.

Since 1998, VolunteerMatch has been helping nonprofits like yours do just that: find the right help. We've seen thousands of new organizations capture the imagination and energy of volunteers to advance their cause. We've seen established nonprofits engage new supporters and diversify their volunteer and donor bases. And we've seen causes of all kinds learn how to engage volunteers more successfully.

Volunteering is changing. The willingness, interest, and ability of regular people to make a difference illuminates a renaissance of sorts in public participation that has been going on for more than a decade. New technologies, new attitudes about involvement, new and more flexible roles, and new ways to discover volunteer opportunities are all contributing to a revival of the ethic of service and volunteering.

The timing couldn't be better. In an era when the natural limits of what nonprofits can do in a single day are easily reached, ***finding great volunteers is a critical strategy for meeting your mission, delivering services, telling your story, expanding your financial health, and much more***. The question, of course, is *how* to do it.

That's what this chapter is about. We'll help you understand who volunteers, why they do it, and what you can do to make it easy for them to help you.

Purpose Is Priceless

Rule number one of volunteer recruitment is to avoid underestimating people's willingness to help. This may be harder to do than it sounds.

According to Stanford business school professor Francis Flynn, we tend to "grossly underestimate how likely others are to agree to requests for assistance." He suggests that ***our discomfort in asking for help leads us to assume others are more likely to say no to a request than they actually are – by as much as 50%!***

This blind spot not only hampers many would-be social leaders, but it also reinforces the misconception that it's easier to attract volunteers if you don't ask too much of them. In fact, ***asking more of people and giving them opportunities to build their skills and experience can be one of the best ways to engage volunteers in your work***.

At the same time, some people think volunteers work for free because they're do-gooders who don't care about money. Not true. ***Volunteers don't care less about money; they are just less willing to let it get in the way of doing important work***. Volunteering is about meaning – it's about our willingness to forgo payment and profit when we believe we have an opportunity for purpose and progress. Volunteering is not about the importance of doing things for free – it's about the freedom to do something important.

Just ask Alexis de Tocqueville. In the early 1800s, the French critic also quoted in Chapter One visited this young country and couldn't get over how different things were in Europe. He was particularly interested in our strange aptitude for cooperation, as he wrote: "[I] admired the extreme skill with which the inhabitants of the United States succeed in proposing a common object for the exertions of a great many men and in inducing them voluntarily to pursue it."

It turns out volunteering is one of our most defining and enduring values. And that's where you come in. ***Your job as a volunteer recruiter is to master the art of proposing a shared goal and inducing others to voluntarily pursue it***. Ready to get started?

Who Actually Volunteers?

Each year the Corporation for National and Community Service, the federal agency chartered with promoting volunteering and service, combs through U.S. Bureau of Labor Statistics and recent census figures to report on volunteering habits. Over the last decade, ***around one-quarter of Americans volunteer every year***. Among the groups that volunteer more regularly are women and young people ages 16–24, adults 46–64, and older adults (65 and older).

What Do Volunteers Want? Six Key Motivations

When we've asked volunteers why they choose to give back, we tend to get the same answers again and again. Here are the top six:

1. **To help others**

   This is the top answer by a wide margin in all our surveys. Most volunteers really do want to be helpful. They want to make a contribution to something they care about and *make a difference* in the lives of others.

2. **To be involved in their community**

   For many volunteers, being helpful also gives them an opportunity to be more connected to the community in which they live. The experience of giving back strengthens their *sense of community*.

3. **To contribute to a cause**

   Sometimes volunteering is organized to advance a cause that has a personal meaning for the volunteer, such as raising money for cancer research or building a new neighborhood playground. In these cases, the motivation may not be to directly help others but to work on a project and *solve a problem*.

4. **To develop new skills and have new experiences**

   For some busy people, volunteering is a break from the everyday and an opportunity to take on new challenges. For these volunteers, service is a way to *learn new things*.

5. **To use their skills in a productive way**

   Some talented folks are eager to apply their particular skills for the public good. Lawyers, business consultants, and designers often yearn for the opportunity *to leverage their knowledge to help others*.

6. **To stay fit**

   New research shows that ***volunteers tend to be healthier and live longer***.[1] Many older adults volunteer in part to stay physically and mentally fit.

Regardless of motivation, most volunteers feel strongly about their service. In our biggest survey, nearly 70% of respondents said that volunteering is either "very important" or "one of the most important things" in their lives.

With the right context and the right plan, any volunteer role can provide what volunteers really want – and keep them coming back for more. ***The key is to identify and stay focused on giving volunteers a genuine opportunity to be part of something larger than themselves***.

Barriers to Involvement

You can't eliminate all the obstacles that keep people from helping you, but you can avoid some of them. A 2009 study from Fidelity® Charitable Gift Fund and VolunteerMatch touched on this. When asked about their volunteer habits, survey respondents said that a *lack of time* (46%) kept them from volunteering. No surprise: we lead busy lives. But the study also found that one-third of respondents *want to see immediate results* when they volunteer and nearly one-half (44%) say if a nonprofit only wants *menial work*, they'll go elsewhere.

What the data tell us is that people don't want to waste their time. ***If your opportunities largely revolve around tasks your staff would rather not do, you're going to have a tough time finding interested volunteers***.

The good news is that by aligning the needs of your nonprofit with the interests of volunteers, you can help eliminate barriers that keep people who care about your cause from volunteering to serve it.

If all this talk of alignment, barriers, and efficiency sounds familiar, it's because it represents one of the most fundamental shifts in the volunteering world today: the recognition of volunteer engagement as a marketplace where some nonprofits perform better than others.

A Market-Centric Approach

Picture a huge market with thousands of stalls. On one side of the hall stands 60 million individuals with time and talent to spare. On the other stands 1.5 million nonprofits pursuing a variety of worthy causes.

It's supply and demand, just like any market. Except that all along the sides of the hall are doors leading *out*, to a world of social media, video games, books, movies, shopping, and all manner of other things people can do with their time instead of volunteering.

For you to succeed in this marketplace, you need to not only captivate prospective volunteers with inspiring stories and meaningful opportunities, but also engage and motivate people who are already volunteering with your nonprofit.

Critical Skills and Competencies

The tools your nonprofit needs to succeed in the volunteer recruitment marketplace include a needs assessment, designing opportunities, and outreach. Let's get to work.

Needs Assessment: Determining Your Capacity to Engage Volunteers

You may be thinking about recruiting volunteers, but what if you don't actually need them? Or worse, what if no one at your organization really has the time, skills, or inclination to lead them? ***Conducting a needs assessment is the process of figuring out not only the potential for volunteers to help your nonprofit, but also your organization's potential to effectively engage them***.

In the following chapter you'll learn all about engaging and managing volunteers. A needs assessment is an area where volunteer recruitment and management really need to work together to build a successful volunteer program.

Needs Assessment Questions:

- Are you already engaging volunteers? If so, how?
- What more could volunteers be doing for you?
- What are nonprofits like yours doing with volunteers?
- What volunteer projects or roles can be developed to reflect those needs?
- What skills or expertise will your volunteers need to have to succeed?
- Who in your nonprofit will manage new volunteers?
- What skills and expertise will staff need to manage new volunteers?
- What other resources, policies, or processes will your organization need to effectively support the new volunteers? For example, do you need a committee to oversee the program?

There are many tools out there to help you conduct a needs assessment, and we've included some resources at the end of this chapter to help you get started. What they tend to all say is that ***you need a rigorous, process-oriented structure designed to help you collect important information about your nonprofit and identify areas of potential upside or risk***.

Regardless of whether the leaders of each function at your organization are paid or not – or whether they have any experience managing volunteers – all your stakeholders should be invited to take part. And whatever the result, they should all be notified of the findings.

Don't shirk this process. A common outcome of conducting a needs assessment is the discovery that although volunteers are desperately needed, your nonprofit isn't ready to effectively organize them yet. Since 2009, we've collected more than 3,000 volunteer reviews at VolunteerMatch.org. Most are very positive. Where they are negative, however, they are often *very* negative. ***Usually the points raised by disappointed volunteers relate to organization, communication, and leadership***.

Designing Great Opportunities

Your needs assessment should have helped you figure out what needs to be done, what kinds of folks will be best at doing it, and who within your staff will oversee

them. Now comes the fun part: designing volunteer opportunities. Your goal here is to ***take needs developed in your assessment and translate them into discrete opportunities for individuals to get involved***.

There's no formula for doing this right, but there are some best practices. Keeping in mind the "Six Key Motivations" discussed earlier, you can figure out the best way to package your needs in ways that will attract talented and enthusiastic volunteers.

Among the variables you'll want to consider are:

- Does the opportunity connect clearly to your mission? If not, it is going to be hard for volunteers to see how their work really makes a difference.
- Is the opportunity a *role* or a *project*? Roles ("web designer") have the advantage of being easiest to understand because they parallel the world of paid work. Projects ("design banner ads for this year's fundraising campaign"), on the other hand, are more appealing for skilled professionals, or others who want to put tangible items on a résumé or school application. ***Many volunteers don't want to lock themselves into a long-term role***.
- Can the opportunity be done from anywhere, or only at your office? ***Virtual volunteering is an emerging trend for nonprofits whose opportunities can be performed remotely*** using a computer or phone. Most important, these types of opportunities let you recruit from a larger pool of prospects, potentially from anywhere in the world.
- Does the opportunity allow for flexibility? Will the volunteer feel constrained, or does it allow the volunteer to exceed expectations?
- For skilled work, what will you do if your volunteer leaves mid-project? However rudimentary, ***preparing project plans with timelines, phases, evaluation points, and deliverables helps ensure you can pick up where somebody else has left off***.

Just like a job description, ***developing a volunteer position description is crucial***. This is also recommended in the next chapter, since creating a description is key not only to recruitment, but also critical to engagement and management. Do this for each opportunity you create and use it to advertise your opportunities and keep you focused on what you're looking for. **Each description should include the following:**

- Organization overview: a brief summary of your nonprofit's programs and mission

- Title: an attractive title summarizing the opportunity
- Position overview
- Key responsibilities
- The support provided to the volunteer by the organization
- Short-term impact and sustained outcomes of the assignment
- Training provided or needed
- Time commitment and preferred location
- Desired qualifications
- Desired skills
- Benefits to the volunteer

Make sure your website has a section where potential volunteers can learn about opportunities for service and be sure to post these new options there so they are easy to find, read, and act on.

Time to start recruiting.

Outreach: Choosing Channels to Build Awareness

Where are the volunteers these days? How do they find out about volunteer opportunities or learn about important causes? Which sources of information do they trust the most?

A few years ago, we asked more than 1,000 nonprofits what they thought were the most useful ways to find volunteers. And up until recently, ***the most effective strategy for volunteer engagement was good old-fashioned word-of-mouth – great recruitment often starts with great management of your existing volunteers***. More on this later.

Our latest survey conducted with Verified Volunteers, however, identified another trend. ***Usurping word-of-mouth for the first time, the most useful strategy for volunteer recruitment today is online services like VolunteerMatch and your nonprofit's own website***. At 57%, these easily outscored traditional methods such as word-of-mouth (44%), social media (39%), and online searches (38%). In just a few short years, the

web has eclipsed the more traditional forms of recruiting volunteers to become an essential tool for sourcing support.

When we launched VolunteerMatch.org back in 1998, it was clear that volunteer recruitment hadn't yet caught up to the changes in technology. The revolution didn't take long. Since then, more than 123,000 nonprofits, hospitals, schools, and government agencies have used www.VolunteerMatch.org to recruit new volunteers, and lots of other platforms have also launched, including Catchafire, Taproot Foundation, and Idealist.org. As new technologies like social media, mobile, and API evolve, we're all getting better at serving the collective interests and needs of nonprofits. Thousands of others have used Idealist.org, especially for overseas opportunities, and a host of other online services.

In combination with word-of-mouth and your own website, these services are probably all you'll ever need to reach new volunteer prospects who might not be familiar with your nonprofit. They're cheap or free, easy to use, and are great sources for getting more traffic from prospective volunteers than your own site.

Of course, ***the best volunteer prospects are often already part of your network***. You can reach them in a variety of ways, including social media and other online platforms, traditional channels like public relations to get your story into mainstream media (see Chapter Twenty-Nine), buying a booth at industry events or conferences, dropping fliers at job fairs, or partnering with service clubs like the Elks or Rotary. Service clubs continue to be strong social glue for millions of people.

Definitely ***publicize your opportunities on all your online social networks***. If you're not already using Facebook, Instagram, Twitter, LinkedIn, or YouTube (see Chapter Twenty-Six), consider this your wake-up call to start building a community of followers on those services to draw attention to your volunteer opportunities. As mentioned above, people also use a variety of other websites to find causes, too, so post your opportunities far and wide!

Getting Noticed: Putting Your Best Face Forward

You get one chance to make a first impression. Prospective volunteers will make assumptions about your nonprofit, programs, and volunteer opportunities based on how you present yourself. They can be energized, motivated, and excited to help based on what they learn, or they may pass right over you without a second glance.

No matter where you publish your opportunities, it's important to tailor them for the respective channel. Facebook, for example, works best with short blurbs that link to your website. Twitter only allows 280 total characters per message. VolunteerMatch, Idealist.org, and other online volunteer services invite full descriptions, graphics (including photos and gifs), video, attachments, automated responses, and other detailed information.

A few years ago, we evaluated our listings from over 56,000 nonprofits to figure out which were the most successful. The findings don't apply to every channel, but they can help you get started:

- **Titles are *really* important**

  Make your titles compelling, fun, and informative, and above all else, ***focus on the impact their service will make possible***. For example, "Unlock Youth Potential – Teach a Child to Read" has much more impact than "Volunteers Needed to Teach Reading." A few more terrific examples: "Use Your PR Skills to Share the Story of Our Housing Successes" and "Open Your Home & Host A Foreign Student."

- **A picture is worth 1,000 words**

  Words don't rival the power of a single well-chosen image of a volunteer making an impact. If you don't have one, make it a priority to find or capture one.

- **Get to the point**

  Successful listings are short and to the point, but still descriptive. Be succinct. Don't use more than three sentences per paragraph, or more than four paragraphs.

- **Keep it simple**

  Use terms that your volunteers can relate to and try saying them out loud first before writing. Using jargon or acronyms will create more questions than answers in the minds of potential volunteers.

- **Describe tasks accurately**

  Just about every single successful listing had a clear description of the volunteer opportunity.

- **Spelling counts**

  Overlooking spelling or grammatical errors is a huge liability, so get a second pair of eyes. The 100 worst performing listings on VolunteerMatch *all* had major spelling or grammatical errors.

- **Let opportunities stand alone**

  Listings stuffed with many opportunities confuse prospects and diffuse your message – ***include only one opportunity per listing***.

As mentioned, it's also important to integrate important parts of the job description, especially details about the impact that volunteers can expect to make, the support they'll have, and what skills and experience they need to have.

Turning Interest into Action – Screening for Ideal Candidates

If you've covered the bases above, chances are good your nonprofit will attract some people interested in volunteering. Now it's time to make sure you've got the right volunteers for your team.

Sorting through a pool of interested prospects is one of the most important jobs in volunteer recruitment. The investment of time and resources goes up exponentially when you try to fit a square peg in a round hole. But done together, ***screening and interviewing create a solid foundation for success***.

Many nonprofits use applications to ask for contact information, current and past employment, availability, reasons for volunteering, and so forth. Some even ask for references. ***Formal applications are a great idea for roles that require deep involvement, specific skills, or close interaction with children and the elderly***.

You should ***conduct phone or in-person interviews with all prospective volunteers as part of your recruitment process***. Interviewing has lots of benefits – not only does it let you ask questions about the candidate's interest in volunteering, it also gives them a better sense of your expectations. Not all volunteers work out, and an interview gives you a chance to spot potential problems *before* they occur, plus they provide everyone a graceful opportunity to move in a different direction.

Remember: this is an opportunity to promote your organization. Be inspiring, but also represent your work candidly. If all goes well, this person will soon become an important part of your team.

Leveraging Word-of-Mouth

Earlier I mentioned our survey of how nonprofits find volunteers. For the first time since we began collecting this data, the web and online recruitment services outperformed the oldest medium in the book: word-of-mouth. That doesn't mean word-of-mouth is gone. ***The web can amplify positive word-of-mouth, but it can't replace it***.

Computers don't talk to people – people do. Your volunteers, board, staff, and other supporters are vital links to a slew of people who can also help advance your organization. What they say about you can boost your ability to raise money, create awareness about your issue, and of course, recruit more volunteers. The trick is to make it easy for them to share (see Chapter Twenty-Six).

Start by making sure your supporters know what you need and why. As shared in Chapter Twenty-Seven, **if you have an e-newsletter, use it to detail new openings, showcase great volunteers, and highlight impact**. Regularly send your supporters emails as new openings come up or remind them to the check your website or other online platforms for opportunities. Events are another great way to spread the word about volunteer needs.

You can also arm supporters with boilerplate snippets (short blurbs about your organization and needs), photos, videos, and any number of digital assets to help them communicate opportunities with their social media networks.

The process of actively listening to how others talk about you may inspire you to look closely at your volunteer program's "brand." ***Branding a volunteer program with messaging or visuals helps to differentiate it from other nonprofits***, and Chapter Twenty-Four provides some great tips on how to do this. For example, if you recruit college students to read to at-risk youth, a T-shirt, hat, or button that simply says, "I volunteer for kids" doesn't say as much as "I'm a Silver Lake Kids volunteer rock star!" Now you're communicating.

Listen to what volunteers may already be saying about your program by tracking reviews on VolunteerMatch.org, GreatNonprofits.org, or Glassdoor.com, as well as comments on your social media channels. Set up free monitoring with Google Alerts; you can receive an email whenever your nonprofit's name plus the word "volunteer" appears anywhere on the web.

Case Study

Creating a Well-Oiled Volunteer Recruitment Machine

The Huntington Beach Public Library discovered that ***the secret to successful volunteer recruitment is hard work and smart planning***. With a shared commitment to best practices, the five-branch library system has been able to turn its volunteer program into an engine for meeting its mission – all in less than 18 months.

The new focus is most visible in its Volunteer Program Development Team. Composed of the volunteer services coordinator, three librarians, and two literacy coordinators, the committee was formed to explore how volunteers can help and what resources are needed to support them.

The first change they made was in identifying volunteer opportunities. Volunteer roles used to be developed in department silos, but today they're often conceived in collaboration between the committee and department heads. For example, when they heard about an amazing volunteer working in circulation, the tech services division became curious how she might fit with them. Today she is that department's first-ever volunteer – and she has since been joined by a second. The library also created an innovative computer coach program, which taps into the skills and talents of tech experts from the community as IT trainers for the public – a need that was identified by the reference division in coordination with the committee.

The committee also helped the volunteer services coordinator formalize standards for opportunity descriptions and listings. Today, all needs are documented and preserved, lessening the impact on the organization if a volunteer decides to leave. When it's time to promote, the coordinator keeps the listings consistent

Case Study

and in the same format. These standards help to reinforce the messaging for both the program and the library as a whole.

To get the word out, the library relies heavily on its own website and VolunteerMatch. To save time, the library embedded a "widget" that enables its VolunteerMatch listings to automatically show up on its site, which means less manual data entry for the coordinator.

The library also employs best practices for listing opportunities, including using a title that speaks to the benefits and impact of volunteering. Instead of "Computer coach needed," for example, their headline is "Share your computer skills with novice computer users." The listings are specific and easy to read, and they clearly spell out any technical or personal requirements. The coordinator has also sourced a great photo of volunteering in action, which they include in every post.

The committee also fixed a fragmented application process. There used to be a general application for all available roles, plus applications for each department. Today, all prospects fill out a single application, which goes directly to the coordinator, who then contacts the prospects to learn about their objectives.

Their new hands-on approach accomplishes several crucial goals. Volunteers learn about the library and where they might fit in. The coordinator uses her experience to suggest a specific path for each volunteer – one where they have the best chance of succeeding and making an impact, thereby increasing the likelihood that they stay engaged and keep volunteering. And if a role is currently filled, the coordinator can come up with a plan to keep the prospect involved so the library doesn't lose them in the meantime.

The outcome? Within a year of implementing the new program, the library generated more than 300 new volunteer referrals from its efforts, including 33 computer coaches, compared to only 50 the year prior. There's still plenty of work ahead, but the library is on its way.

Do's and Don'ts

Volunteer Recruitment Do's and Don'ts

- DO try to understand the specific motivations of each volunteer so you can find the right fit.
- DON'T recruit volunteers unless you can support them with resources, time, and training.
- DO involve the entire organization in your needs assessment process.
- DO create a volunteer job description for every need and focus on the impact the opportunity will make toward your mission. Make it clear how the volunteer stands to benefit from the opportunity personally, socially, and professionally.
- DO use photos, logos, and multimedia to help communicate the value and benefits of volunteering.
- DON'T include more than one opportunity in a single listing.
- DON'T depend solely on your website to spread the word; use popular online volunteer recruitment and social networking services to publicize opportunities.
- DO interview all volunteers to explain the opportunity and learn more about their interest.
- DO ask all volunteers to complete an application.

Conclusion

A community of individuals is ready and willing to support your nonprofit, but it won't happen by accident – you need to eliminate the barriers that keep people from getting involved. Utilizing tried-and-true methods of conducting a needs assessment, designing opportunities, outreach, and screening, you can identify meaningful roles and projects, reach out to those who care about your cause, and effectively harness their goodwill and energy to help fulfill your mission. And best of all, over time your relationship with your volunteers can deepen and grow in wonderful new ways – and real partnerships can occur.

***Greg Baldwin** is the CEO of VolunteerMatch – the web's largest volunteer engagement network. Greg joined the founding team in 1998 as its Chief Imagination Officer and today oversees the expansion of a network that serves more than 130,000 causes and ten million interested volunteers a year. Since 1998, VolunteerMatch has helped the nonprofit sector attract more than $13 billion worth of volunteer services.*

Volunteer Recruitment Resource Review

AL!VE (Association of Leaders in Volunteer Engagement) (www.volunteeralive.org)

A national membership organization of leaders and professionals in volunteer engagement, AL!VE offers tools, resources, professional development, and advocacy programs for volunteer managers.

Council for Certification in Volunteer Administration (www.cvacert.org)

CCVA administers Certified in Volunteer Administration (CVA) certifications, the only international professional certification in the field of volunteer resources management.

Corporation for National and Community Service (www.nationalservice.gov/)

A federal agency that supports and strengthens volunteer efforts by providing grants, training, and technical assistance to nonprofits.

Energize Inc. (www.energizeinc.com)

An international training, consulting, and publishing firm specializing in volunteerism.

Engaging Volunteers (http://blogs.volunteermatch.org/engagingvolunteers/)

The official VolunteerMatch blog for volunteers and those who lead them is packed with best practices and insights around engaging the do-gooders of today and tomorrow.

Idealist.org (www.idealist.org)

A website from Action Without Borders, Idealist.org offers a popular posting service for volunteer opportunities, particularly international opportunities.

VQ Volunteer Strategies (www.vqstrategies.com)

Expert consultants who help nonprofits attain excellence in volunteer engagement, strategic planning, and board and organizational assessment and development, with special emphasis on Baby Boomer volunteer engagement.

Points of Light (www.pointsoflight.org)

A leading organization that mobilizes people to take action on the causes they care about through innovative programs, events, and campaigns.

Volunteering in America (www.volunteeringinamerica.gov)

Interactive site from the Corporation for National and Community Service with research and reports on US volunteering trends in local communities.

VolunteerMatch (www.volunteermatch.org)

VolunteerMatch believes in bringing good people and good causes together to make a difference. The popular online service is helping more that 130,000 causes find the volunteers they need.

CHAPTER 33

Volunteer Engagement and Management

By Gary Bagley, Executive Director, New York Cares; Natalye Paquin, President & CEO, Points of Light; and Michelle Nunn, President & CEO, CARE USA

Introduction

For many nonprofits, especially smaller ones, human capital is as important as financial, and often this means volunteers. In fact, on average this critical unpaid source of support accounts for 58% of a nonprofit's human resources.[1] Without volunteers, most nonprofits would cease to exist, or would at least suffer a drastic reduction in their capacity to serve communities and achieve their missions. Volunteers are not only arguably nonprofits' greatest asset, successful volunteer programs are also critical to improving civic life, with ramifications well beyond the specific impacts of the service itself. Today, the problems facing our world have never been more complex, and solving these challenges is simply not possible without leveraging the power of *people*. Effective volunteer engagement is key to connecting individuals with their ability to create meaningful change for the causes they care about.

As overviewed in the previous chapter, ***if your volunteers believe their service makes a difference and they feel connected to your organization, they're not only more likely to keep volunteering, but they're also more inclined to donate and deepen their commitment*** to your nonprofit and other social causes.[2] This chapter highlights key areas of volunteer engagement and management in order to help you increase volunteer satisfaction, and thus their commitment to service and civic life.

The potential for impact from volunteering is enormous. In 2015, 62.6 million Americans (24.9% of all residents) volunteered 7.9 billion hours, delivering an estimated value of $184 billion to communities.[3] But without an overarching strategy for volunteer engagement and management practices that support that strategy, volunteer efforts are less productive and more challenging than they need to be. And good volunteer management correlates to good management overall: research has found that ***nonprofits that manage volunteers clearly and effectively are significantly better led and managed overall***.[4]

Critical Skills and Competencies

Think of effective volunteer engagement as building a house. First, you need to create a blueprint of where you want to go and a plan for getting there. This involves organization-wide support and planning, developing meaningful service opportunities, and agreeing on clear volunteer expectations. Next, you need the right tools to ensure the house can be built to specifications. ***Critical tools include effective onboarding and training, logistics planning, ongoing communication, and development of volunteer leadership roles***. Finally, you need to add the finishing touches that make the house a home – something special. Unique touches, such as providing growth and development opportunities, recognizing volunteers, and clarifying impact, will drive loyalty and increase the passion your volunteers have for your cause and organization. Ultimately, your effectiveness at managing volunteers will benefit both your organization *and* the community.

Engaging Volunteers Strategically to Meet Your Mission

A good volunteer management plan should support your nonprofit's overall strategic plan (see Chapter Five). By doing this, it's easier for you and other leaders to connect the dots between your volunteers and your goals. That enables you to justify allocating the resources needed to recruit, retain, and recognize your volunteers well, and also to develop and track the metrics to gauge the success of your efforts. And this doesn't just benefit you – ***when volunteers understand your mission, vision, and priorities, they deepen their commitment, volunteer more, and better grasp their role in your success and impact***.

As you think about the strategic importance of your volunteers, consider where they'll be managed within your organization. Human Resources is one option, if you have a person or department, but ***if a volunteer's primary purpose is to expand service delivery, you're likely best off having the people running your programs manage her***. Similarly, if the volunteer is supporting fundraising, your development staff should run point. However you decide to handle this, ***your strategic plan should clearly present who manages which volunteers and the rationale for those decisions***, as this is very helpful with aligning your team's understanding and ensuring everyone is on the same page, including all staff and volunteers, but also your board.

Best Practices for Strategic Volunteer Management:

- Engage staff at all levels in conceptualizing how volunteers can support and advance your work.
- Designate one or more staff members to coordinate volunteers and ***ensure that every volunteer is clearly assigned a manager***. Include volunteer management as part of their job or position descriptions, performance reviews, and ongoing management.
- ***Include volunteers on your organizational chart*** as a way to communicate their importance to your staff, board, and funders.

Case Study

Volunteer Management Impacting the Bottom Line: Best Friends Animal Society

In 2015, Best Friends Animal Society invested in a range of strategic volunteer management improvements across its network of animal shelters and rescue organizations to support its mission to "save them all" and end the killing of homeless pets. Through Points of Light's Service Enterprise Initiative, a change-management approach that helps nonprofits better engage volunteers, Best Friends has implemented many of the best practices shared in this chapter and helped affiliates in its network:

- **Train staff on volunteer management.** By expanding their commitment to training all volunteers and staff on their roles, affiliates were able to better equip them to work effectively with each other.
- **Clarify and reimagine volunteer roles.** Not enough forethought was previously invested into clarifying exactly what each volunteer was meant to do, which caused a range of problems. But through this process, affiliates learned to creatively and strategically engage volunteers as part of their human capital strategies. A critical piece of this was the transition to intentionally and thoughtfully scoping out all volunteer roles in advance of bringing anyone on board, along the lines of what's detailed in the previous chapter.
- **Resource volunteerism adequately.** In the past, volunteers were not always set up for success with sufficient time, money, people, and tools needed to dial in volunteer engagement. Through this process, affiliates learned the importance of investing in these resources.
- **Broaden the reach of partnerships.** Affiliates were taught to cultivate mutually beneficial relationships within their respective communities. While this takes some effort, the payoff, especially as it relates to expanding the number of recruitment channels (again, see Chapter Thirty-Two), enabled the groups to significantly increase engagement and reach.
- **Track volunteer engagement, and much more.** Affiliates implemented systems to spot overall trends and to track the outputs and outcomes of volunteer contributions, thereby enabling all of them to not only monitor, but optimize, the quality of volunteer experiences.

Case Study

As Best Friends and shelters in their network have better engaged and managed volunteers, they've enjoyed a host of benefits. For example, Asheville Humane Society North Carolina now cares for 25% more animals because of how they partner with volunteers and can demonstrate that for every ***$1 invested in volunteer engagement, they see a return of $18.24***.

"[Volunteers] have always been important to us, but we are beginning to see and experience vastly expanded roles and responsibilities for volunteers, in turn increasing our ability to achieve our mission," said Tracy Elliott, Executive Director of Asheville Humane Society.

Learn more about the Service Enterprise Initiative at https://www.pointsoflight.org/serviceenterprise

Creating an Onboarding Process

Investing the time and resources needed to properly onboard volunteers is crucial to good management. It is critical to client and staff safety, setting realistic expectations for all involved, and volunteer orientation. **Your onboarding process will be unique to your nonprofit, but at a minimum it should include:**

- **An Application or Intake Form**. These help you gauge eligibility for volunteer positions and enable you to identify interests so you can match volunteers to the right roles.
- **Interviews for Individuals or Orientation for Groups**. By taking the time to meet before volunteers get started, you can more effectively introduce them to your mission, values, and impact, as well as offering a valuable forum to review policies and procedures and share logistical information.
- **Training**. This is key to building volunteer knowledge in specific areas or introducing new skills needed to make their service more impactful.
- **Background Checks**. Volunteers represent your organization, so it's critical to ensure that your clients and reputation are safe in their hands. Through a variety of background check services, you can calibrate how deeply to look into someone based on the level of risk and exposure associated with their potential role.

- **Placement**. Just as with employees, a volunteer's skills and interests must fit well with her role to ensure a mutually beneficial experience. You can feel this out during the earlier stages in the onboarding process.

Develop your volunteer policies and procedures with support and leadership from an attorney and also your Human Resources person or department, if you have one. This ensures that you consider and minimize risk before launching a program. Often, these leaders can also advise you on how best to ***track the success of your onboarding and placement process by metrics like the percentage of interested candidates who become fully trained volunteers, amount of volunteer activity, and volunteer retention rates***.

As covered in the last chapter, ***all volunteer roles should have a clear job description*** that includes details such as duration of the project; time commitment; necessary skills, training, or languages; and other particulars specific to your nonprofit and their role. Be particularly sure to ***clarify and discuss whether the level of commitment needed is one-time, episodic, semi-committed, very committed, or nearly full-time***. If possible, it's helpful to have a variety of short- and long-term volunteer positions available to engage a diverse mix of volunteers.

Best Practices for Volunteer Onboarding:

- Have a written and readily available volunteer application or intake form, and clear policies and procedures. Review these documents annually to ensure you are compliant with all local laws and nonprofit standards.
- Determine and enforce a screening process for volunteers.
- Scale your onboarding and screening processes to the commitment level and task. For instance, a mentor to high school students likely requires more training and screening than a one-time gardening volunteer.

Ensuring Quality Experiences for Volunteers

Because a volunteer's reward is non-financial, it is crucial to ***develop systems for gathering feedback from volunteers and clients to ensure the experience was meaningful***. Volunteers who feel they have made an impact are more likely to volunteer again than those who do not. [5] Whether you gather anecdotal feedback

through informal conversations or develop a standardized volunteer post-project evaluation survey, it is important to ***gather input systematically, review it periodically, and make changes to your volunteer recruitment, retention, and recognition tactics in response***. Beyond program feedback, regular check-ins permit you to confront issues as they arise, as well as identify volunteers eager for a greater commitment and with leadership potential.

In addition to gathering feedback, it is important to ***provide structured time for volunteers to examine what they learned, how it affects them, and where they go from here***. This is the primary avenue to connect their service with greater civic involvement beyond your nonprofit's work. Through the process of reflection, volunteers can think about the bigger picture – especially the larger societal problems that lead to the need your nonprofit fills – explore other opportunities for leadership and impact, as well as identify additional roles and opportunities with you. If possible, include people from the community served in this discussion so volunteers can hear other perspectives on their impact.

Best Practices to Ensure Quality Experiences:

- Regularly test whether your volunteer tasks and timeline match the job descriptions you provide to each volunteer.
- Provide volunteers with a designated volunteer or staff supervisor for *every* assignment.
- Develop reflection activities that provide context for your volunteers' efforts, challenge them to consider the underlying causes of the issue they are addressing, and reinforce their role in contributing to the solution and accelerating change.
- Give volunteers feedback. Recognize great behavior and performance. ***If a volunteer needs to improve, offer concrete suggestions***.

Developing and Utilizing Volunteer Leaders

Build volunteer leaders into your strategy unlocks even more capacity than simply enlisting volunteer support in general. ***Passionate supporters with leadership potential can serve your nonprofit by training, managing, and supporting other volunteers,***

thereby freeing up staff resources to focus on program development, onboarding, and tracking. A lead volunteer can also serve as a model to new recruits and demonstrate what the highest level of service looks like in your nonprofit. The key is to identify roles that, with proper training, provide appropriate leadership opportunities for volunteers. Depending on your program model, you may want to consider recruiting clients who have benefitted from your work for these lead volunteer roles.

When engaging volunteer leaders, it is even more critical to have a clear job or position description, a one-on-one interview, and a structure for ongoing feedback. Think of volunteer leaders as high-performing staff members. Attending to their professional development helps them take on more responsibility and is good for morale and the culture of your organization.

Best Practices for Volunteer Leaders:

- Think broadly about what kinds of volunteers can be leaders. ***A willingness to learn and enthusiasm for your organization are the key characteristics***.
- *Ask* volunteers to step into leadership roles rather than assume they will step up without prompting.

Recognition and Retention

We all like to feel appreciated, and volunteers are no different. Recognizing volunteers helps them understand the importance of their work. While a simple verbal "thank you" is a great start, ***consider developing more formal recognition practices, like recognition parties, handwritten notes, and certificates***. The most effective acknowledgement is timely, frequent, consistent, and personal.

Demonstrating gratitude regularly increases volunteer satisfaction, strengthens the bond between volunteers and your nonprofit, serves as a tool for volunteer recruitment and retention, and also encourages deeper involvement.

Best Practices for Volunteer Recognition:

- Make sure to say thank you at the end of each volunteer project, even for returning volunteers.

- Be specific when expressing appreciation. Include examples of helpful actions and their impact.
- ***Develop a recognition calendar to ensure you consistently appreciate volunteers for their service.***

Research Insight

Recognition Is Key to Volunteer Engagement

New York Cares, which helps place volunteers in local nonprofits, wanted to test just how important volunteer recognition is to increasing engagement. They tracked 4,600 volunteers who hit a range of service milestones over the course of a year, then systematically thanked them after their fifth project, after 50 projects, on anniversaries of their years of service, and more. In total, they contacted 4,000 people individually, one or more times, and let them know they not only noticed, but also *appreciated* their efforts.

At the same time, New York Cares randomly selected a control group of 600 volunteers from the same pool. These generous souls weren't thanked *at all*. Communication took place via standard newsletters and other mass correspondence, but none of them received an individual, personalized token of thanks.

What happened?

In short, the study proved recognition works. In particular, ***appreciated volunteers contribute more of their time and are more likely to step into leadership roles***. Those who were thanked volunteered 36% more and were 33% more likely to become volunteer leaders than people left alone.

Tracking Volunteer Activity

As detailed in Chapter Fifteen, the foundation of evaluating any effort is ensuring that systems are in place to track basic outputs, such as amount of volunteer activity. ***If you have a clear sense of the scale and scope of volunteer engagement in your work, combined with a clear understanding of how this advances your overall strategy, it can support fundraising efforts and lead to new and improved programs***. You may also be able to better serve your clients and identify and fill gaps by tracking information

about your volunteers, including languages spoken, vocational skills, and other skills, demographics, and more.

Your strategic volunteer management plan should inform what information, activity, and outcomes you want to track. ***Remember the old mantra "measure what matters" and focus your metrics on things you need to know to ensure that your programs and nonprofit are running well***. Measures that are not critical to performance will only distract you. Whether you use a database or a spreadsheet, learning to rely on data to make decisions about your volunteer program will significantly improve overall performance.

Best Practices for Volunteer Tracking:

- Ask for contact, demographic, and skills/interests as part of your intake process.
- Enlist volunteer leaders in helping you to collect and track data.
- Identify outcomes of target volunteer roles. For instance, volunteer high school tutors should not only track the attendance of students, but students' improvement throughout the program.

Key Resource

Tracking Volunteers Up the Leadership Ladder

At New York Cares, a study titled "The Leadership Ladder: Fostering Volunteer Engagement and Leadership" demonstrates how ***developing a clear goal for volunteers and then tracking volunteer activity can greatly improve programming***. The report details strategies for maximizing volunteer engagement by better understanding motivations for volunteering and civic engagement.

Seeking to increase volunteer engagement and develop more volunteer leaders, New York Cares created a Volunteer Engagement Scale to help categorize volunteers by commitment level and to develop strategies for pushing volunteers "up the ladder" to more engaged participation. The continuum starts with those who are just checking out the cause and proceeds to episodic and short-term contributors, and then into reliable and fully-engaged volunteers, and finally to committed leaders.

Key Resource

Key findings included that volunteers who believed their service made a difference and were satisfied with the nonprofit they served volunteered more often, assumed greater leadership, and more frequently engaged in other forms of civic engagement.

By simply tracking amount of activity, length of tenure, and level of leadership, your nonprofit can use this tool to implement clear strategies and tactics for increasing volunteer engagement over time. The report also assessed which strategies are most effective in encouraging deeper commitment among volunteers, with a focus on communication, orientations, leadership training, and outreach.

Read the full study at https://www.newyorkcares.org/node/1045397.

Skills-Based Volunteering

The elements of volunteer management detailed above are focused on tips and tactics geared to traditional volunteer roles, where people donate their *time*. But many also apply to those who would contribute their *skills* to your cause. ***One of the most exciting developments in volunteer service is the expansion of pro bono support beyond the legal profession***. Skills-based volunteering is just that; it is about leveraging the specialized skills and talents of individuals to strengthen your infrastructure, helping you build and sustain capacity to achieve your missions.[6] While *pro bono* legal services may still be the most common form of skills-based volunteering, these intellectual allies can also offer a wide range of infrastructure support, from IT, accounting, and strategic planning, to marketing and HR.

Corporations are increasingly offering these programs to their employees and grantees. In 2016 alone, 51% of companies offered skills-based volunteer programs.[7] The "consulting" nature of these engagements requires increased investment of time and resources in every element of volunteer management, and also typically entail a significant time commitment from volunteers. ***Assessing volunteer competencies and clearly articulating your needs – as well as developing a clear scope of work – are the foundation of an impactful program***.[8] Failing to ensure a fit between volunteer expectations and your nonprofit's need will lead to disappointed volunteers and also to you wasting precious time and resources.

Best Practices for Skills-Based Volunteering:

- Schedule frequent meetings to ensure more complex projects stays on track.
- Involve multiple members of your team so that the responsibilities of a skills-based engagement are not overwhelming for any one individual.

Do's and Don'ts

Volunteer Engagement Do's and Don'ts

- DO include volunteers as a consideration during every strategy discussion.
- DON'T forget to track volunteer activity and impact – from numbers of volunteers and hours served to program results.
- DO remember volunteer management comes with costs (e.g. staff time, training, recognition programs) that you need to include in your budget.
- DON'T forget to use a variety of recognition tactics, from personalized thank you notes to social media.
- DO expand your programs and impact by engaging volunteer leaders to recruit, train, and manage other volunteers.
- DON'T make it hard to express interest and sign up to volunteer – create a clear, streamlined intake process.
- DO provide context for your volunteers on the importance of their service and the issues their service addresses.

Conclusion

There are many potential benefits of working with volunteers, but it is critical to first evaluate whether the strategy and investment is right for your organization. Put in the time to understand the costs of managing volunteers – from staff time to database costs. Weighing that cost against the value volunteers bring to your nonprofit will help you to invest more in winning strategies and to identify practices that no longer serve you.

Independent Sector (independentsector.org) annually assigns a value to an hour of volunteer service. In 2017, the national average was $24.69 per hour. This alone proves that well-managed volunteers can add tremendous value to your efforts, even before more intangible values like stronger communities and a greater connection to your stakeholders are taken into consideration.

Remember, ***volunteer activities that meet real needs and incorporate reflection get people more deeply involved in solving challenging social issues***. By effectively managing and engaging your volunteers in ever-deepening levels of commitment, you plant the seeds for their continued involvement. Look at your volunteer program as a way to teach people how they can contribute to public life and participate in solving real problems they care about, and watch as your efforts help build a strong volunteer sector – the key to a healthy democracy and a vibrant civic culture.

Gary Bagley *is the executive director of New York Cares, New York City's largest volunteer management organization. He serves on the board of directors of Points of Light and the New York State Commission on National and Community Service. Gary led New York Cares in garnering The New York Times Company's Nonprofit Excellence Award for Overall Management Excellence and the Peter F. Drucker Award for Nonprofit Innovation. Previously he worked with arts education organizations Young Audiences New York and TADA! Youth Theater. Gary is a lecturer at Columbia University School of International and Public Affairs and Baruch College of The City University of New York.*

Natalye Paquin *is the president and CEO of Points of Light, the world's largest organization dedicated to volunteer service. Visionary and results oriented, Natalye has more than 20 years' experience and a track record of transformational leadership in both the nonprofit and public sectors. Prior to joining Points of Light, Natalye served as chief transformation officer at Girl Scouts of the USA as well as CEO of the Girl Scouts of Eastern Pennsylvania and has extensive experience in the education sector. A philanthropist and an engaged and committed civic leader, Natalye supports the arts and education causes and serves on numerous nonprofit boards.*

Michelle Nunn *is president and CEO of CARE USA, a leading humanitarian organization that fights global poverty and provides lifesaving assistance in emergencies. Michelle co-founded the volunteer-mobilization organization Hands On Atlanta, growing its*

volunteer engagement model from a single entity to a national network of more than 50 affiliates. In 2007, she helped initiate the network's merger with Points of Light, and served as CEO until 2013.

Volunteer Management Resource Review

Points of Light (www.pointsoflight.org)

The world's largest organization dedicated to volunteer service, mobilizing millions of people to take action that is changing the world. Through affiliates in 250 cities and partnerships with thousands of nonprofits and corporations, Points of Light engages five million volunteers in 20 million hours of service each year.

Points of Light's Service Enterprise Initiative (https://www.pointsoflight.org/serviceenterprise)

A national change-management and capacity-building program that transforms the way nonprofits engage and manage volunteers to better meet their missions.

Corporation for National and Community Service (https://www.nationalservice.gov/resources)

A federal agency that engages more than five million Americans in service through national programs like AmeriCorps and Senior Corps. For information about seniors, read their report, "Keeping Baby Boomers Volunteering: A Research Brief on Volunteer Retention and Turnover."

Energize, Inc. (https://www.energizeinc.com/a-z)

Leading website for all-things volunteer, offering articles, templates, resources, and courses, all in one place.

VolunteerMatch Learning Center (learn.volunteermatch.org)

Offers volunteer engagement tips, industry insights, and management best practices.

Great Volunteer Management System
(https://www.newyorkcares.org/node/2532821)

A volunteer management system guide from New York Cares and NYC Service provides a range of topics and best practices to support the design of a framework for volunteer programs.

Council for Certification in Volunteer Administration (http://cvacert.org/)

Provides professional certification to equip nonprofit leaders to more effectively engage volunteers.

CLOSING THOUGHTS

I am of the opinion that my life belongs to the whole community,
and as long as I live it is my privilege to do for it what I can.
I want to be thoroughly used up when I die,
for the harder I work, the more I live.
I rejoice in life for its own sake.
Life is no "brief candle" to me.
It is a sort of splendid torch which I have gotten hold of for a moment,
and I want to make it burn as brightly as possible
before passing it on to future generations.

—*George Bernard Shaw*

Our hope is that in the process of reading this book – even if your approach was piecemeal and focused only on a few useful chapters – you gained access to a toolkit of useful strategies, techniques, and resources, and the renewed inspiration that will help you achieve your vision. May this guide aid you in your valiant effort to make the world a better place in whatever way you feel called to serve.

As you move forward, may you strike gold. May you remember the importance of collaboration, of dreaming big, and of striking at the root of the problem you're tackling. May you dream your dreams with open eyes and plan more and react less. May you remember that you are not a drinker, but a pourer, and that people and organizations with resources should feel honored to support your work to advance *their* dreams for a better world, and if it's not a fit, then that needs to be okay, too. And most of all, may you know that *you're not alone*. Ever.

We who work in the social sector have seized the opportunity to serve. ***We are a counterbalance in society, modeling a different value system where success is defined as***

impact, instead of profit. Our role in the community is to solve the problems that would otherwise go unaddressed, to bring about the world we all know is possible.

Remember to ***always put the cause first and proactively seek out opportunities to support the work of other valuable organizations***. For we truly are all in this together. Take inventory of the gifts you've been given and of the resources available to you, as both will prove integral to your ability to maximize impact. And get outside yourself – flip silos, as Kay Sprinkel Grace says, on their side, and turn them into pipelines. ***When you come across other groups working on similar issues, ask: "How can I help?"*** Share, support, and encourage – it will come back to you ten-fold, as it has to us.

At the same time, remember to take care of yourself. Heed your inner voice and seek a work-life balance, since ***you are too talented and too important to be unhappy***, and the sector – the Movement – needs you at full capacity for many years to come. As you seek to engage volunteers, board members, donors, and others in your efforts, don't forget that we need *you* engaged, too.

We hope that in the time you spent with us and the 55 contributors who helped make this book possible, you have gained a strong sense of some tangible ways that you can step into your leadership potential, and that you now have the tools to more efficiently and effectively go about your day-to-day work of changing the world. As mentioned earlier, there are plenty of people peddling maps out there, but our focus here was on providing picks and shovels, and hopefully even a few nuggets. Now ***it is up to you to decide how to best utilize these resources and insights***.

So, before we hand it over to Lynne Twist for some final words, let us once again say thank you. Thank you for heeding the call to do this work, as opposed to performing just another job. Thank you – not only on behalf of us, or of the many contributors and partners that brought this handbook to life – but thank you on behalf of the thousands of people and animals you serve. It is truly our honor to serve you as you serve the greater good.

In closing, we'd like to share part of "A Return to Love", an inspiring poem by activist, author, and founder of The Peace Alliance, Marianne Williamson:

> *Our deepest fear is not that we are inadequate. Our deepest fear is that we are powerful beyond measure.*

It is our light, not our darkness, that most frightens us.

We ask ourselves, Who am I to be brilliant, gorgeous, talented, fabulous?

Actually, who are you not *to be?*

Your playing small doesn't serve the world.

There's nothing enlightened about shrinking so that other people won't feel insecure around you.

We are all meant to shine, as children do.

We were born to make manifest the glory . . . that is within us.

It's not just in some of us; it's in everyone.

And as we let our own light shine, we unconsciously give other people permission to do the same.

As we're liberated from our own fear, our presence automatically liberates others.[1]

AFTERWORD: WE ALL HAVE THE CAPACITY TO BE SOCIAL PROPHETS

By Lynne Twist, Founder and President, Soul of Money Institute, and Cofounder, The Pachamama Alliance*

We are all familiar with using the terms "nonprofit" and "not-for-profit" to describe our sector, but I believe these terms are misleading. Why are we defining ourselves by what we are *not* rather than what we are? Why are we using terms that place us on the sidelines rather than the mainstream? ***Most major transformations in human history have come from what we are calling the "non" or "not" sector***. This is where Gandhi worked, where Martin Luther King Jr. worked, where Mother Teresa worked. It's where Nelson Mandela ran the ANC and where suffragettes fought for half of humanity – women – to have a voice.

This sector, where real and truly transformational projects take place, is at the center of the action and is full of people working from commitment and vision. I believe that ***this sector, our sector, is better defined as the "social profit" sector***. We are creating a *social profit* not just for ourselves, but for all life.

More important than the sector itself is the people who make it real – the visionary, committed people working in this transformational sector. I believe that these people are *social prophets*, spelled p-r-o-p-h-e-t. ***Social prophets are people who stand for a new future and live and work in a way that brings that future forward***. Social prophets are people who are called to this work, who take a stand. Social prophets don't take a position, because with any position there is always an opposition. ***When you take a stand, you honor, validate, hear, see, and respect all positions***. A stand is not a point of view, but a vision. A stand allows you to occupy a place in the universe that sees all views. ***A great social prophet is a visionary with a stand***.

Social prophets aim to do more than merely right a wrong or fix something. Their work goes much deeper than that. It involves making a *transformational* change.

It involves rising up and expressing something that's morally powerful to the world. As a social prophet, you are motivated by your heart, mind, and soul, and these lead you to your best self, your best work, and what's really yours to do. You bring the wholeness of who you are to the work that you've chosen to do and that's chosen you – your physical health, your relationships, the ethics of your life and your family, your heart, your soul. ***To be satisfied, fulfilled, and to make a real difference with your life, you have to bring everything to it***, meaning that nothing is left on the table and nothing is left behind. I believe that is what people ultimately want, although they may not know it. And when they follow through and experience the fulfillment of taking a stand and wholly giving themselves to it, it lights them up like a candle. That, I believe, is what life is actually about.

Social prophets have integrity. This means keeping your word and giving your word only when you know you can keep it. ***Working from a place of integrity, truth, passion, and authenticity will keep you healthy, inspired, and engaged***. Exercising this keeps your integrity intact. There will be times where we are exhausted and sick and take on more than we can possibly deliver. There will be times where we realize that we have taken the wrong path. But getting ourselves back on the right path is an act of integrity. Our integrity is more powerful than all of our doubts, fears, mistakes, and failures combined. For me, ***integrity is never, ever giving up when I know that what I'm committed to is true and morally and ethically right***.

Social prophets are inspired to create possibilities. I try to stay in a permanent state of inspiration and consider it my duty, my responsibility, to be inspired. I am not seeking to have someone or something in particular inspire me, but rather to stand and bask in being inspired. Place yourself in a state of being where no matter what you look at you can see *possibility* and can create possibility for others – no matter how hopeless, daunting, resigned, or completely intractable a situation may be. ***Social prophets create conversations and interactions that generate possibilities for them and everyone else***. This ability comes from being inspired.

Great social prophets of history are a wealth of inspiration and knowledge. Working with Mother Teresa taught me that you should never shy away from suffering. She was so completely engaged with the people she was serving, and she never shied away from their suffering, but instead went toward it. ***We can't resolve the pain and suffering in the world unless we're willing to embrace rather than resist it; unless we're willing to know it***. When faced with horrendous, sometimes indescribable situations,

I often recall her saying, "The unadulterated love of one person can nullify the hatred of millions." Because of the lessons I've learned from social prophets like Mother Teresa, I can embrace and know that the most inhuman acts are a function of a tortured, troubled human being who has lost her way. And this capacity – to embrace rather than reject, to own rather than deny, to include rather than separate myself – has come from working with social prophets like Mother Teresa and His Holiness the Dalai Lama, and from having the opportunity to know Archbishop Desmond Tutu and other great people whose courage and capacity to love goes well beyond anything I ever knew was possible. Their actions are embodiments of what Gandhi, Martin Luther King Jr., and other social prophets actually taught. We must never forget the importance of these lessons.

To be a social prophet, you must ***abandon the idea of scarcity***. In today's world, and particularly in our sector, we are constantly confronted with the idea of scarcity. This idea of never having enough, which has become a frame of mind for many, is the enemy of our sector. We cry, "There aren't enough funds, there aren't enough volunteers, there isn't enough time . . . "

When we shift our perspective to sufficiency versus scarcity, we gain the strength, the power, and the wherewithal to marshal the resources that are all around us to get the job done. ***If you let go of trying to get more of what you don't really need, it frees up oceans of energy to make a difference with what you already have***. When you pay attention to what you already have, when you nourish and nurture it, when you make a difference with it, what you have expands before your very eyes. If Mahatma Gandhi had complained about not having enough money and not having enough volunteers, India wouldn't ever have become independent.

I believe there are solutions for absolutely every problem we have on this planet. In his book, Our Choice: A Plan to Solve the Climate Crisis, Al Gore says that we are swimming in solutions to the climate crisis. We have enough solutions to solve three climate crises, and yet we only have one. I know from working on hunger issues that we have enough to feed everyone on this planet three times over. So, I advocate methodologies like appreciative inquiry and what's called positive deviance, which is working with what you have and growing it, rather than swimming in what you don't have and worrying or fretting about that. Another way of saying this is "***what you appreciate, appreciates***." In our sector, we have the most committed people, the most passionate, visionary leadership. We have contributors and donors and investors

who are passionate about these visions. I've never met someone who doesn't want to make a difference with their life when given a pathway or an invitation to do so.

If you feel it is your calling to become a social prophet, but aren't quite sure where to apply your service, I invite you to consider the possibility that you are on this planet at this critical time in human history, and that your presence here at this time is *not* an accident. I invite you to drop all of your "shoulds": "I should be making money," "I should get married," "I should have three kids," "I should have a certain faith."

Drop all of the "shoulds" and ***listen to the call of the universe for your service***; it's always there. Look inside and ask yourself, "*What makes my heart sing?*" When you look at your life, at the people and things that inspire you, what do you see, and what are you drawn to? We all have things we are drawn to – whether justice, beauty, love, or something else. And if you look at your life, there's always a pattern where there's something larger than the content – the context, which has called you to your best self as a child, as a teenager, and as a young person. ***If you open yourself to listen to the universe, you will be presented with opportunities to serve that are uniquely suited to you***, opportunities that will fulfill your soul and make your heart sing. Successful social prophets are listening to a call that is deeper than their own wants and desires.

The job requirements for a social prophet include taking a stand, having a vision and integrity, giving your whole self to the job, and never, never, never giving up. If you are standing powerfully in the mission, you are an attractor – a field of energy. If you know that you are unstoppable, you can stand in a place where you can see what no one else can, a place where obstacles, doubts, and fears are transformed into lessons to be learned, rather than becoming stopping blocks. Your stand will give you vision and authority. ***You don't get authority or power from your position, but from the stand you take to get the job done, to fulfill the mission***. And that is a power that is unlimited – it is the power of love, rather than the love of power. That is where all of us need to stand in order to get the world to be the kind of world we dream of. ***Together, we are a genius.***

When we collaborate, when we cooperate, when we know that each person has their unique contribution, and when we give people the space and the grace to express the best of themselves, every single human being can shine. We all have the capacity to be social prophets.

Lynne Twist *is a global activist, speaker, and award-winning author of* The Soul of Money*, and has dedicated her life to global initiatives that create a sustainable future for all, including protecting the world's rainforests and empowering indigenous people. Lynne is the president of the Soul of Money Institute, based in San Francisco, CA* (www.soulofmoney.org)*. She is also the cofounder of The Pachamama Alliance (*www.pachamama.org*) with her husband, Bill Twist. Lynne has been responsible for raising hundreds of millions of dollars and has trained thousands of fundraisers.*

BOOK PARTNERS

This book would not have been possible without the support of a small but critical group of partners. They provided the financial support that enabled this project, but also crucial outreach to ensure that emerging and established leaders in the social sector know about the updated edition and the book in general. All of them are passionately committed to building the capacity of nonprofits and leadership, and they represent some of the most helpful support resources available, so we encourage you to take the time to explore how your cause can benefit from their offerings.

Underwriters:

Salesforce.org (www.Salesforce.org)

Wherever your nonprofit is going, and however you are growing, Salesforce.org believes you should have the tools to make a better world possible. With a discount and donation-based pricing structure, their leading CRM platform is accessible to nonprofit and education organizations of all sizes. With dedicated events and a vibrant online community, Salesforce.org goes beyond the technology to support changemakers on their path to impact.

Nonprofit Insurance Alliance (www.insurancefornonprofits.org)

Nonprofits Insurance Alliance is a 501(c)(3) nonprofit insurance cooperative governed by nonprofits themselves. More than 30 years old, they provide property and casualty insurance and extensive free training and risk management resources for tens of thousands of other nonprofits across the country. Ask your insurance broker to get a quote or contact them for an insurance broker referral.

Blue Avocado (blueavocado.org)

Blue Avocado is an online magazine fueled by a bimonthly newsletter providing practical, tactical tips and tools and food for thought for nonprofit leaders. A wide range of practitioners, funders, and experts share concrete insights and helpful tools around all aspects of nonprofit management, including fundraising, boards, finance, HR, risk management, and more – all with a bit of style and humor.

Core Book Partner:

The Nonprofit Leadership Alliance (www.nonprofitleadershipalliance.org)

The Nonprofit Leadership Alliance (formerly American Humanics) addresses workforce development in the nonprofit sector by offering the Certified Nonprofit Professional (CNP) credential in nonprofit management at nearly 40 different colleges nationwide, as well as online learning opportunities through their Leaderosity platform (www.leaderosity.org).

Outreach Partners:

Center for Non-Profits (www.njnonprofits.org)

Since 1982, the Center for Non-Profits has been New Jersey's champion and "go-to" resource for and about the nonprofit community. They provide nonprofits with expert guidance on management and compliance issues, professional educational opportunities through trainings and webinars, and inspiration and dialogue through the state's largest annual nonprofit conference, while advocating for a strong nonprofit community to leaders in government, business, philanthropy, and nonprofits.

Grant Professionals Association (www.grantprofessionals.org)

The Grant Professionals Association (GPA) is the professional membership organization for individuals who work with grant funding in their organization. GPA members are responsible for research, proposal development and submission, stewardship of grant funds, reporting of grant funding impact, and final closeout reporting for grants. GPA provides its members with the resources and tools to act ethically, efficiently, and effectively to support the funding needs of organizations.

GrantStation (grantstation.com)

GrantStation is a premier provider of the tools and information nonprofit organizations need to win grant awards. Find new funders in searchable databases, build strong grant-seeking programs with strategic planning tools, and learn to write powerful proposals with step-by-step tutorials.

Stanford Social Innovation Review (ssir.org)

Stanford Social Innovation Review is written by and for social change leaders from around the world and from all sectors of society – nonprofits, foundations, businesses, government, and engaged citizens. SSIR's mission is to advance, educate, and inspire the field of social innovation by seeking out, cultivating, and disseminating the best in research- and practice-based knowledge. With print and online articles, webinars, conferences, podcasts, and more, SSIR bridges research, theory, and practice on a wide range of topics, including human rights, impact investing, and nonprofit business models.

ABOUT THE EDITORS

Darian Rodriguez Heyman *is an accomplished social entrepreneur, fundraiser, keynote speaker and facilitator, conference producer, executive coach, and best-selling nonprofit author. His life's work of "helping people help" started during his five-year tenure as Executive Director of Craigslist Foundation, after which he produced two best-selling books: this one and* Nonprofit Fundraising 101*. In addition to his active consulting, facilitation, and public speaking work, Heyman currently serves as the part-time Executive Director of Numi Foundation, Co-Producer of the GenderSmart Investing Summit, and Editor-in-Chief of Blue Avocado, a popular, free online magazine for nonprofits. Previously he served as a Commissioner of the San Francisco Department of the Environment under then-Mayor Gavin Newsom, where he helped pass the largest solar rebate program in the country. Heyman has delivered plenaries to thousands around the world, alongside the likes of Justice Sandra Day O'Connor, Apple Founder Steve Wozniak, and presidential candidate Ralph Nader. He is passionate about supporting young leaders, integrating interactivity into large-scale social impact events, helping noble efforts connect vision to action, and making change irresistible. He can be reached at* darian@darianheyman.com.

Laila Brenner *is a writer and veteran fundraiser who has raised millions of dollars for a variety of national organizations including Habitat for Humanity, The Trust for Public Land, Craigslist Foundation, KCETLink, and most recently, Code for America. Laila has her Masters in Nonprofit Administration from the University of San Francisco and is founder of LB Writing Services. She has worked to promote a variety of causes in the sector including education and literacy, access to technology, affordable housing, environmental conservation, community building, performing arts, women's rights, media reform, and better government. She is also co-author of* Nonprofit Fundraising 101 *and a mother of two tiny people.*

END NOTES

Chapter 1

1. For a deeper understanding of the classification of Nonprofit Sector Institutions (NPIs) in relation to Third Sector Enterprises (TSEs) within the revised UN System of National Accounts (SNA 2008) see: United Nations Department of Economic and Social Affairs – Statistics Division (2018). Satellite Account on Non-profit and Related Institutions and Volunteer Work. *UN-DESA, Series F, no.91, Rev. 1*. Available at https://unstats.un.org/unsd/nationalaccount/docs/UN_TSE_HB_FNL_web.pdf

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3. Names and other details in this case have been changed.
4. In the vast majority of the 200 mergers that we have facilitated, there is little evidence of significant cost savings from the act of merging itself. Annual audits can be rolled into one, insurance programs can be combined, and of course administrative staffs, executive directors, finance staff, and so on can be consolidated. These savings, however, are likely to be offset by the need for greater management capacity to run a larger and more complex organization.

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NAME INDEX

A

Adler, Carlye, 389
Ahern, Tom, 462
Alexander, Bryan, 448
Allison, Mike, 77, 87
Amidei, Nancy, 194
Andresen, Katya, 343–358
Anning, Douglas A., 178
Apte, Jay, 389
Arons, David, 194
Aubry, Rick, 391–403
Avner, Marcia, 181–193, 194, 195
Axelrod, Terry, 482

B

Bagley, Gary, 559–571
Baldwin, Greg, 541–556
Bass, Gary, 195
Bedbury, Scott, 421
Beinhacker, Samantha L., 403
Bell, Jeanne, 75–86
Benioff, Marc, 389
Bonk, Kathy, 73
Bornstein, David, 403
Botero, Cristina, 104
Bravo, Britt, 448
Brenner, Laila, 306, 589
Bromer, Kevin, 275–286
Brown, Ann-Murray, 272
Brown, Brene, 73
Burk, Penelope, 306, 459
Burke, Penelope, 322
Butler, Lawrence, 87

C

Campbell, Julia, 360
Carlson, Carie Lewis, 435–447, 448
Chahine, Teresa, 404
Chait, Richard P., 523
Chaplowe, Scott, 274
Chen, Lisa, 497
Chen, Nancy, 181–194
Clemens, Rachel, 243–259
Collins, Jim, 38, 72
Cooper, Katherine, 104
Cousins, Brad, 274
Crass, Chris, 54
Cryer, Shelly, 27–41

D

Davis, Pamela, 107–118
Dees, J. Gregory, 322, 404
de Tocqueville, Alexis, 7, 542
Dhillon, Lovely A., 261–271, 273
Dixon, Chris, 54
Durham, Sarah, 421

E

Economy, Peter, 322, 404
Elkington, John, 403
Emerson, Jed, 322, 398, 404

F

Feeney, M., 196
Feldman, Derrick, 423–433
Fenichell, Stephen, 421
Fenton, David, 439, 485–496
Fetterman, David M., 273
Flower, Noah Rimland, 76
Fox, Jeannie, 181–193, 194
Freeman, Lori, 275–286
Frierson, Henry, 273

G

Gammal, Denise L., 105
Gardner, Howard, 72
Garry, Joan, 59–72, 73
Gladwell, Malcolm, 497
Glavin, Robert, 5–24
Godin, Seth, 260
Goodman, Andy, 448
Gore, Al, 581
Gottlieb, Hildy, 53
Grace, Kay, 68
Grace, Kay Sprinkel, 309–322, 323, 349, 526, 529, 576
Graham, Dean, 287
Grant, Heather McLeod, 54
Gravelle, Jane G., 24
Greco, David, 197–222
Griggs, Henry, 73
Gross, Virginia C., 165–178

H

Haider, Donald, 104
Hansen-Turton, Tine, 24
Harrington, Bob, 89–102
Hartigan, Pamela, 403
Haydon, John, 375, 449, 462
Heard, Emily, 503–521
Heath, Chip, 73, 421, 458
Heath, Dan, 73, 421, 458
Heen, Sheila, 73
Hendler, Kimberly, 27–41
Herman, Robert D., 25
Hessekiel, David, 389
Heyman, D., 306
Higman, Rebecca Ruby, 343–358
Hochstadt, Zach, 407–420, 421
Holmgren, Marika, 465–482
Hood, Stafford, 273
Hopkins, Bruce R., 165–178, 179
Hopson, Rodney, 273
Hunter, Daniel, 54
Hutchinson, Kylie, 274
Huyse, Kami, 389

J

Jonker, Kim Starkey, 24
Joyaux, Simone P., 306

K

Kanter, Beth, 389, 435–448
Kapin, Allyson, 241
Kaye, Jude, 77, 87
Kickul, Jill, 404
Kim, Helen, 160
Knight, Rebecca, 160
Kotler, Philip, 389
Krug, Steve, 259
Kruschwitz, Nina, 53
Kunreuther, Frances, 160

L

Laidler-Kylander, Nathalie, 422
Lakoff, George, 487, 497
La Piana, David, 75, 87, 89–102, 103
Laskin, Emma, 72
Laur, Joe, 53
Lee, Nancy R., 389
Lehman, Ann, 539
Lehman, Anne, 525–537, 538
LeRoux, K., 196
Leroux Miller, Kivi, 360, 422, 451–462

Levine, Alan, 448
Levy, Mitchell, 389
Loomer, Jon, 449
Lyons, Thomas S., 404

M

MacDonald, Joanna, 389
Mahmoud, Omar, 307
Maktoufi, Reyhaneh, 104
Mansfield, Heather, 360
Martin, Roger, 82
Masaoka, Jan, 87
Massarsky, Cyntha W., 403
McLaughlin, Thomas A., 103
McManus, Andrea, 293–305
Meehan, William F., 24
Mehta, Nayantara, 181–193
Mertens, Donna, 272
Milway, Katie Smith, 104

N

Noble, Nicci, 361–374
Nunn, Michelle, 559–572

O

O'Donovan, Dana, 76
O'Neal-McElrath, T., 325–339, 341
O'Neill, Michael, 24
Orozco, Maria, 104
Oster, Sharon M., 403

P

Palmer, Kishshana, 343–358, 359
Paquin, Natalye, 559–571
Patton, Bruce, 73
Patton, Michael Quinn, 272
Perry, Gail, 306
Powell, Walter W., 25
Preskill, Hallie, 273

R

Ralser, Tom, 323
Renz, David O., 25, 195
Rhea, Mollye, 377–387
Rice, Paul, 45–52
Rodriguez, Robby, 160
Rodriguez-Campos, Liliana, 273
Rodriguez Heyman, Darian, 325–340, 503–521, 589
Ross, Bernard, 307, 539

S

Salamon, Lester, 20
Salamon, M. Lester, 25
Scarano, Cassie, 121–137
Schenkelberg, Thomas J., 178
Schley, Sara, 53
Seiler, Timoth, 369
Senge, Peter, 53
Shanklin, Taylor, 343–359
Shaw, George Bernard, 575
Sherlock, Molly F., 24
Smith, Bryan, 53
Sokolowski, S. Wojciech, 25
Sokolowski, W., 25
Steinberg, Richard, 25
Stenzel, Julia Shepard, 422
Stone, Douglas, 73
Sullivan, Sean, 361–374

T

Tackett, Wendy, 274
Tavanti, Marco, 5–24
Thoreau, Henry David, 56
Torres, Nicholas D., 24
Twist, Lynne, 289, 483, 576, 579–583
Tynes, Emily, 73

V

Vaca, Sara, 273
VanHuss, Katrina, 374

Van Wormer, Steve, 389
Vogel, Britt, 463

W

Walker, Vernetta, 503–521
Ward, Amy Sample, 229–240, 241
Warwick, Mal, 323
Waters, Joe, 389
Watson, Michael, 141–159
Weinberg, James, 121–137
Weiner, George, 243–259, 260
Weiner, Robert, 287, 375
Welytok, Jill Gilbert, 179
Wendroff, Alan, 322
Westen, Drew, 497
Williamson, Marianne, 576–577
Wilson, Amy T., 272
Winton, Jennie, 407–421
Witter, Lisa, 497
Wroblewski, Luke, 260

Y

Yunus, Muhammad, 404

Z

Zimmerman, Bob, 525–537, 538, 539
Zimmerman, Steve, 75–86, 87
Zukoski, Ann P., 273

SUBJECT INDEX

Page references followed by *fig* indicate an illustrated figure; followed by *t* indicate a table.

A

Accident insurance, 112
Accounting changes, recent, 201–208
Accounting methods, 199–200
Accrual basis accounting method, 200
Acknowledgement of gifts, 313, 314
Acquisition, 315
Activism: Millennials and, 426. *See also* Millennial engagement
Admin Cost Ratio, 220
Advertising: diversity and, 144; email and, 366; to make news, 490–491
Advocacy: case study, 191–192; collaboration and, 186; do's and don'ts, 193; legal considerations and, 193; lobbying compared to, 187–188; media and, 183*fig*; nonpartisan, 182; planning for, 190–191; reason for engaging in, 181–182; resistance, overcoming, 190–191; resource review, 194–196; skills, competencies and, 182–185
Affordable housing nonprofits, case study, 99–100
Aging population, 156*fig*
Alar, public relations and, 491–493
Alliances: building, 47; cause alliances, 378–379; coalitions as, 186; collaborative map and, 91
ALS Ice Bucket Challenge, 350
AL!VE (Association of Leaders in Volunteer Engagement), 556
American Civil Liberties Union and Foundation (ACLU), 7
American Medical Association (AMA), 490–491
American Red Cross, 15, 312, 411
Americans with Disabilities Act, 155
Amnesty International, 7
"Angel" customer, 400
Appeals, follow-up and, 314
Apple, brand and, 409
Arnold, Rebecca, 456
Arrowhead Ranch, 456
Artificial intelligence (AI), 281–282
Ask, making the: discomfort in asking, 542; getting people to ask, 315–317, 529; "peer" ask, 361, 506, 534
Assessment, volunteer engagement and, 545–546
Assessment form, hiring and, 126e
Assessment process, partnerships and, 93–96, 101
Assets: fixed, 215–216; growing your, 256–257; Millennials and, 425–426. *See also* Liquid Unrestricted Net Assets (LUNA)
Association of Fundraising Professionals (AFP), 38, 294
ASU 2016-14, 201
Attributes, success and, 67–69
Audience: listening to, blogging and, 443; marketing and, 405; newsletter and, 452
Audited financial statements, 198–199
Authenticity, 68
Authority bias, 132
Auto insurance, business, 112
Auto liability, non-owned/hired, 112

B

Baby Boomers: diversity and, 148; generational diversity and, 154, 155, 423; retirement and, 31, 60, 142; volunteerism and, 500
Balance Sheet: Average Monthly Expenses, 212; "Cash and Equivalents," 212; core competencies and, 209–211; financial statements and, 200; "Months of Cash," 211; net assets on, 214*t*; strategic issues and, 215–216

Bandwagon effect, 132
Barton, Clara, 15
B corporation ("benevolent" corporation), 21
Ben & Jerry's Ice Cream, 400
Best Friends Animal Society case study, 562–563
Bias, interview process and, 131–132
Bill and Melinda Gates Foundation, 7, 172
Blogs: audience and, 443; multiple author blogging, 442; online presence and, 363, 436; ways to use, 441–442
Board assessments, 518, 520
Board Chair, partnership with, 61, 62–63
Board charter, 506, 519
Board fundraising: asking for donations, 529; "capacity" gifts and, 527; case study, 534–535; culture and expectations, 526; direct mail and, 533; do's and don'ts, 536; events and, 533; governance responsibility and, 298; grants and, 530–532; major donor campaigns, 533–534; online solicitations, 533; oversight of fundraising, 538; principles of, 529–530; recruitment consideration and, 528; resource review, 538–539; skills, competencies and, 525–534; social networking solicitations, 533; solicitation within network, 527–528; telephone solicitations, 533
Board governance: asking board for help, 501; board assessments and, 518, 520; board meetings, 515–516; board officers, 507–508; board size, 507; committees, 508–509; consent agendas, 515–516, 520; diversity and, 147–148, 511; do's and don'ts, 520; effectiveness and, 504; essentials of, 519–520; excess benefit transactions, 174; executive directors and, 517; inclusive board case study, 513–514; independent directors, 176; key duties, 505; legal compliance and, 175–176; mission and, 503; orientation and, 506, 514; recruitment and, 509, 512–513; resource review, 522–523; risk management and, 115; roles and responsibilities, 504–506; skills, competencies and, 504–516; staff and, 517–518; strategic planning and, 79, 79–80; term limits, 514–515; training for fundraising, 318–320; "working boards," 504; working with board, 516–520. *See also* Board Chair; Conflict-of-interest policy; D&O (Directors & Officers) insurance
Board matrix, 66, 501, 510–511, 511*t*, 513
Board member agreement, 501, 506, 519
Board of directors. *See* Board governance
Bolder Advocacy (www.bolderadvocacy.org), 189
Bona Fide Occupational Qualifications (BFOQ), 127
"Borrowing from your vendors," 215
"Bottom line," 202*t*, 205
Brand/branding: benefits of, 410–412; brainstorming activity, 413; brand positioning, 417–419; described, 408–410; do's and don'ts, 419; elements of, 414–417, 416*t*; human capital and, 123; keys to success and, 402; preparing organization for, 412–414; reputation and, 409, 420; resource review, 421–422; volunteer programs and, 552
"BrandEquation," 414–417
"Bucketing" rule, 170
Budgets: event planning and, 471–472; "miscellaneous costs," 395; technology planning and, 231, 239; tips and tricks, 219–221; web design, 245
Buffett, Warren, 310
Building Social Business: The New Kind of Capitalism That Serves Humanity's Most Pressing Needs (Yunus), 404
Bureaucracy, 49
Burnout, career, 39
Business activities, unrelated, 169–170
Business auto insurance, 112
Business-building benefits, 379
Business intelligence (BI), 281–282
Business model, 197
Business Owners Policy (BOP), 115
Business plan, 395–396
"Buy-in," new strategies and, 80

C

Calendar: consent, 502; editorial, 459–460
California Domestic Worker Bill of Rights case study, 191–192
Calls to action, 352
Candidate assessment form, 126e
CAN-SPAM Act, e-mail and, 366
Capacity, long-term, 312
"Capacity" gifts, 506, 526, 527

Career: building a sustainable, 38–39; burnout, 39; diversity of opportunities, 27–28; knowing who you are, 29–30; leadership development and, 28–29; personal and professional development, 35–37; skills, competencies and, 29–30. *See also* Executive Director (ED)
Career-building resources, 42–43
Career paths, 34–35
Career Services office, 145
Carnegie, Andrew, 16
Carnegie Corporation, 16
"Carryover," 220
Cash, access to, 212, 401
Cash basis accounting method, 199–200
Cash flow, 200, 212, 216, 219
"Casualty" insurance, 111
Cause(s): Millennials and, 430, 431; online peer-to-peer fundraising, 364; passion for, 62, 576; public and, 2; volunteer recruitment and, 543
Cause alliances, 378–379
Cause marketing: cause alliances and, 378–379; corporate partner decision makers and, 381–382, 383*fig*–384*fig*; defined, 378; do's and don'ts, 386; planning factors, critical, 385–386; resource review, 388–389; skills, competencies and, 378–386; trends and, 379–380
Center on Philanthropy, 365
Change, Millennials and, 424
Changemakers, Millennials as, 425
Change or Growth Capital, 217, 217*fig*
Charitable giving: statistics, 293. *See also* Donors; Fundraising
Charities, 21
Christianity, 419
The Chronicle of Philanthropy, 21, 42, 306, 323, 340, 388, 522, 538
Churn in donor base, 314
Civil Rights Act (1964), 141
Civil society, 6, 7
Civil War, 15
Claims and coverage, insurance, 109–110*t*, 116–117
Clapp, Phil, 489
Classifications of Revenue, 204
Cleveland Foundation, 17
Clinton, Bill, 2
Coach, working with, 37
Coalitions, advocacy and, 186
Code for America, 291
Code of ethics, 177
Cohen, Ben, 400
Cold calls, 328
Collaboration: advocacy and, 186; collaborative map and, 91; internal and external, 50–51; moral obligation and, 2; partnership planning and, 385; skills, competencies and, 91–96. *See also* Alliances; Partnerships
Collaborative map: options and, 91–92; partnership forms, 90*fig*
Commongood Careers, 43, 137
Communication: board members and, 500–501; branding effort and, 413; clarity and brevity in, 494; community listening, 79; CRM and, 278–279, 280; generational differences and, 154; individual giving and, 314; internal, social enterprise, 396; lobbying and, 190; movement building and, 51; online fundraising and, 358; simplification and, 488–489; skills, 37; success and, 406; transparency and, 80; volunteers and, 500–501. *See also* Blogs; Email; Messaging; Newsletter strategy; Public relations; Social media; Storytelling; Word-of-mouth
Communication plan, 80
Communications strategy, 437
Communication technologies. *See* Social networking situations; Web design
The Communicators Network (CN), 497
Community: donor's gifts and, 290, 316; event support by, 470; funding sources in, 326; meeting needs in, 321; serving your, 146–147, 146*t*; understanding needs of, 79; volunteer recruitment and, 543
Community-based organizations (CBOs), 7
Community-building efforts, 8
The Community Chest, 16–17
Community-facing crisis, 66–67
Community goodwill, 79
Community listening, 79
Compass Working Capital CRM case study, 282–284
Compensation, staff, 134–136, 136*t*
Competencies. *See* Skills and competencies
Competency model: building a, 123–125; hiring process and, 123–125, 124*t*
Competitive advantage: partnerships and, 94; real, 399–400; social problem and, 393

"Competitive settings," 400
Competitive threats, 410–411
Competitors, moral obligation and, 2
Complementary services, 78
Confidence, 38
Confirmation bias, 132
Conflict-of-interest policy, 177, 519
Connections: networking and, 33. *See also* Relationships
Consensus-based cultures, 80
Consent agenda, 83, 515–516, 520
Consent calendar, 502
Constituent Relationship Management (CRM): artificial intelligence and, 282; benefits of, 277–278; business intelligence and, 281–282; case study, 282–284; communication and, 278–279, 280; contacts and, 278–279; described, 275–276; do's and don'ts, 284–285; outreach and, 279–280; purposes of, 276–277; reporting and, 282; resource review, 286–288; skills, competencies and, 278–279; user adoption, 280–281
Consultant. *See* Planning consultant
Contact management. *See* Constituent Relationship Management (CRM)
Content, development of, 355
Content management system (CMS), 245, 250–251, 348
Contributed income, 20–21
Conviction, 68
Convio, 359, 375
Cooperation, aptitude for, 542
Corporate giving, 311
Corporate grants, 531–532
Corporate structures, 21
Corporation for National and Community Service, 543, 556, 557, 572
Corporations/companies: cause alliances and, 381; decision makers, considerations, 381–382, 383*fig*–384*fig*
Costs: full, understanding, 216–217. *See also* Budgets; Financial management; Revenues
Council for Certification in Volunteer Administration (CCVA), 556, 573
Courtesy bias, 132
Craigslist Foundation, 291
Crisis: public relations and, 495; stressing strength instead, 529
Crisis giving, 312
Crisis management, 66–67
Cross-sector partnerships, 22
Crowdfunding tools, 348
Cultural and racial composition. *See* Diversity
Cultural integration, case study, 99–100
Culture: board fundraising and, 526; consensus-based, 80; financial success and, 197; mergers and, 95, 98; storytelling and, 63–64
Curious Theatre, brand equation and, 414–417
Current Ratio, 221
Curtain rule, events and, 477–478

D

D&I movement, 141
D&O (Directors & Officers) insurance, 108, 111, 519
Danaher, Kevin, 2
Dance company case study, 534–535
Dashboards, 83–85, 84*t*
"The Death of Environmentalism," (Shellenberger and Nordhaus)
Debt, 216, 217, 217*fig*
Decision-making: dashboards and, 83; stakeholders and, 63, 64*fig*; strategic plans and, 77
Deferred Action for Childhood Arrivals (DACA), 356–357
DeGeneres, Ellen, 67–68
"Democratic" cultures, 80
Digital fundraising. *See* Online fundraising
"Digital natives," 154
Digital presence, 345
Digital tools, 435–449
Direct mail, 312, 313, 344, 533; personal notes on, 533
Director of Development, Interview questions, 130–131
Disabilities: aging population and, 156*fig*; diversity and, 155
Disclosure requirements, 175–177
"Disqualified persons," 173, 174
Diversification, fundraising and, 290
Diversity: action plan/call to action, 150; analysis matrix, 143*t*; board, staff and, 65; board and, 147–148, 511, 513; definitions and, 142, 153–155;

disabilities and, 155; do's and don'ts, 158; education and, 152–153; Girl Scouts case study, 156–157; insights, from experience, 148–150; integration of, 142–148; leadership and, 50, 152; LIFT case study, 157; making case for, 149–150; networking and, 144–145; within populations, 148; relevance and, 158; resource review, 159–161; skills, competencies and, 142; as source of strength, 148–149; success, guide to, 150–152; volunteers and, 145–146; your community and, 146–147, 146*t*. *See also* Ethnicity; Generational diversity; Inclusion
Diversity Inc. Magazine, 160
Diversity plan, 150–152
DNA of nonprofit, 60
Doctors without Borders, 7
Document retention and destruction policy, 177
Dole, Bob, 489
Do More Than Give campaign (Salvation Army), 370, 371
Donate button, 351–352
Donate Life America website design case study, 257–258
Donation form, online, 353–354
Donations: CRM and, 280. *See also* In-kind support
Donor base, diversified, 299
Donor-Centered Fundraising (Burk), 322, 459
"Donor-centric" behavior, 297–298
"Donor champions," 321
Donor Engagement Study, 362
Donor follow-up, 314
Donor management database, 317
Donor restrictions, 203, 204
Donors: converting into fundraisers, 367–368; hourglass structure and, 314, 315; loss of first-time, 314; major donor campaigns, 533–534; Millennials as, 427–428, 427*fig*; perspective of, 529; pyramid structure and, 314, 367; unrestricted revenue, 204. *See also* Charitable giving; Fundraising; Relationships; Individual donors
Donor stewardship relationships, 319–320
Don't Think of an Elephant (Lakoff), 487, 497
Draper Richards, 402
Duty, fiduciary, 111
Duty of care, 505
Duty of loyalty, 505
Duty of obedience, 505

E

Earned income, 20–21
Earned income strategies, 392, 393
"Earned media," 490
Economic pressures, 20
Editorial calendars, 459–460
Education: career and, 31; diversity and, 152–153
Educational institutions, 15
80% solution to fundraising. *See* Individual donors
80/20 rule, 297, 533–534
Elderly population, 156*fig*
Electoral activity, nonpartisan, 189–190
Elevator speech, 64, 317, 416–417
Email: CAN-SPAM Act, 366; "from" field, 453, 461; golden rules of, 365–367; grant seeking and, 328; leads, 256–257; marketing platform, 347–348; newsletter do's and don'ts, 460–461; notices, 313, 314, 315; online fundraising and, 354–356; "opt-out" requests, 366–367; subject line, 355, 366, 453
Email newsletter service provider, 460
Emerging Practitioners in Philanthropy (ePIP)
Employee benefits liability, 112
Employee dishonesty insurance, 112
Employees. *See* Staff
Employment. *See* Hiring
Endowment, interest earned on, 203
Energize Inc., 556, 572
e-Newsletter. *See* Newsletter strategy
Engagement: ladder of, 500; ladder of, Storytelling 2.0, 440–441, 440*t*; Millennials and, 428, 429, 430–431. *See also* Volunteer engagement
Engaging Volunteers, 556
Enterprising Nonprofits: A Toolkit for Social Entrepreneurs (Dees, Emerson, and Economy), 404
Environment, external, 78–79
Environmental Protection Agency (EPA), 491–493
Equality California (EQCA) case study, 371–372
Equal Opportunity Statement, 129
Estate gifts, 309, 310, 314, 315
Ethnicity: Girl Scouts case study, 156–157; race and, 153, 153*fig*. *See also* Diversity

Event planning: board fundraising and, 533; budget for, 471–472; community partners and, 470; components of, 467; curtain rule and, 477–478; do's and don'ts, 481; event committees, 475–476; expectations management, 471; expenses and, 472–473; goals for, 467–468; golden rules of, 477–478; income structure and, 473–474; in-kind donations, 472–473; methodology for, 465; post-event evaluation, 479–480; pulling off event, 477–478; purposes served and, 466–467; questions regarding, 466; resource evaluation, 469–470; resource review, 482–483; risk management and, 474–475; rules for; skills, competencies and, 466–480; teamwork, 478; timeline and, 476, 476*t*; troubleshooting and, 478
Event promotion, social networks and, 370
Events, 533
Excess benefit transactions, 174
Executive Director (ED): attributes of successful, 67–69; board governance and, 504; branding effort and, 413; crisis management and, 66–67; diverse board and, 65; diversity and, 152; of GLAAD, 59–60, 62; leadership and, 60–61; partnership and, 61; research study on, 31–32; skills, competencies and, 61–67; social enterprise and, 399; stakeholders and, 63, 64*fig*; working with board, 517
Expense dynamics, 208–221
External environment, 78–79

F

Facebook, 363, 436, 443–444
Facilitator, strategic planning, 77
Failure: celebration of, 48; learning and, 337–338; small business failure rate, 394; stakeholders and, 63
Fair Accounting Standards Board (FASB), 201, 204
Fair Trade USA, 45–46
False consensus bias, 132
Fan bases, 364
FASB accounting standards, 201, 204
Fast Company Magazine, 404
Fearlessness, 69
Federal contracts, 400
Feedback: generational diversity and, 154; tech needs evaluation, 234; volunteers and, 564–565
Fidelity® Charitable Gift Fund, 544
Fidelity insurance policy, 112
Fiduciary duty, 111
Filing and disclosure requirements, 175–177
Financial goals, 395
Financial management: accounting changes, recent, 201–208; accounting methods, 199–200; Balance Sheet and, 209–211; basics of nonprofit finance, 199–200; budget tips & tricks, 219–221; communication of story, 218–219, 222; CRM and, 279–280; do's and don'ts, 221; expense dynamics, 208–221; financial statements, 200; full cost and, 216–217, 222; investment needs and, 222; mission and, 197, 198; resources review, 223–225; skills, competencies and, 37, 198–199, 201–202, 202*t*, 205–208, 207*t*, 209–211; Statement of Activities and, 201–202, 202*t*, 205–208, 207*t*; success and, 197. *See also* Revenues
Financials, attending to, 163
Financial statements, 200
Financial sustainability, 20
Fiscal sponsor, 2–3
501(c)(3)s: lobbying and, 187; organizational test and, 167–168; ownership of, 2; tax-exempt status, 199
501(h) expenditure test, 188–189
Fixed Assets, 215–216, 216, 217*fig*
Flynn, Francis, 542
Focus, 57
Follow-up: lack of, 315; larger gifts and, 319; recurring gifts and, 314
For Momentum Corporate Decision Makers Survey, 382, 383*fig*–384*fig*
For-profit organizations, 166
Forrester Research, 281
Foundation Center, 38
Foundations, gifts to nonprofits, 309
Franklin, Benjamin, 186
Freelance opportunities, 36
"Friend raising" online, 369
"Friends of" organization, 173
Full cost, understanding, 216–217, 222
Fund development, 294
Funders, strategic plans and, 77
Funding environment, 396–397
Fundraisers, donor conversion into, 367–368

Fundraising: best strategies, 299; board involved in, 518; case study, 302–303; cost of, 313; defined, 294; diversification and, 290; do's and don'ts, 304; fund development and, 294; glass half full/half empty debate, 289–290; goals and, 298; identifying what works, 300*t*–301*t*; key principles, 296–299; Movement and, 290; as noble calling, 304–305; philanthropy compared to, 299; pyramid model of, 314, 367; relationships and, 316; resource review, 305–307; skills, competencies and, 37, 295–301, 300*t*–301*t*; social business and, 397; strategy, integrated, 345; volunteer and board, 318–320; website, 350–351. *See also* Board fundraising; Millennial engagement; Online fundraising; Online peer-to-peer fundraising
Fundraising policy, 177
The Fund Raising School, 365
Fundraising toolkit, 317
Fundraising vehicles, 299
Funds, restrictions on use of, 203

G

GAAP accounting, 200
Gamer Generation, 154
Gates, Bill, 228, 310
Gates, Melinda, 310
General liability insurance, 111
Generating and Sustaining Nonprofit Earned Income: A Guide to Successful Enterprise Strategies (Oster, Massarsky, and Beinhacker), 396, 403
Generational diversity: differences between generations, 154–155; leadership and, 50; online fundraising and, 344
Generation X, 154
Generation Y. *See* Millennials
Generation Z, 154, 155, 381
Geographic advantage, 393
Gift(s): "capacity," 506, 526, 527; estate, 309, 310, 314, 315; "legacy," 310, 314. *See also* Recurring gifts
Gift acceptance policy, 177
Girl Scouts case study, 156–157
Girls Inc. case study, 356–357
The Giving Pledge, 310
Giving programs, digital opportunity, 312
Giving USA, 13, 293
GLAAD, 59–60, 62
Global concerns, trends and, 22
Global Fund for Women, 50
Global responsibilities, 7
Globals, 154
Goals: branding effort and, 413; event planning and, 467–468; financial, 395; fundraising, 298; grant seeking and, 330; grant writing and, 327; mission and, 75; results and, 49; S.M.A.R.T., 279; strategy process and, 75–76; technology planning and, 234–235; volunteer recruitment and, 542; website design and, 248–249
"Going viral," 350, 364, 368, 406, 439, 446, 490
Golden rules: email solicitation, 365–367; event planning and, 477–478
Goodwill, community, 79
Google Ad Grants, 256, 258
Google Analytics, 248–249, 255, 256, 348
Google Grants, 406
"The Gospel of Wealth" (Carnegie), 16
Governance: legal compliance and, 175–177. *See also* Board governance
Government agencies, 7
Grants: corporate, 531–532; Google Ad Grants, 256, 258; guidelines for, 330; income from, 173
Grant seeking: background statement, 332; basics of grant writing, 333; board fundraising and, 530–532; case study, what not to do, 337–338; costs, grant writing, 335–336; delivering on promises, 331–332; doing your homework, 330; do's and don'ts, 338; getting in the door, 327–328; LOI, 329, 333, 334; mission alignment and, 326–327; online applications, 334; outside grant writer, 334–335; pitches, key to successful, 328–330; program planning and, 332; relationships and, 325, 336, 339; resource review, 340–341; skills, competencies and, 326–333; stating your case, 330–331; writing of grant and, 316, 326, 334
Grassroots organizing: Internet and, 345; lobbying, advocacy and, 183*fig*
Great Society, 17
Great Volunteer Management System, 573
Greenpeace, 7
Greyston Bakery, 400
Grossman, Allen, 397

Group attribution bias, 132
"Groupthink," 511

H

"Halo" effect/"halo factor," 399, 402
Harvard Business Review, 82
Health insurance, worker's comp and, 113
Hiring: advertising positions, 144; attracting great people, 128–129; background checking and, 133–134; bad hires, 123–124; candidate assessment form, 126e; candidate pool, 129–130; compensation/offer, 134–136, 136*t*, 399; do's and don'ts, 136; grant writer, 316, 334–336; job descriptions and, 128–129; legal compliance and, 127–128, 164; process, effective, 123–137; process, planning, 125–126; references and, 133–134; screening candidates, 130–134; skills, competencies and, 121–122; strategy and, 122–123. See also Interviewing candidates; Staff
History: movement building, 50–51; nonprofits in US, 14–19; resource review, 24–25
HootSuite, 363
"House rich but cash poor," 218
How to Change the World: Social Entrepreneurs and the Power of New Ideas (Bornstein), 403
Human capital. See Hiring; Interviewing candidates; Staff; Volunteer(s)
Humor, 69
Huntington Beach Public Library case study, 553–554
Hurricane Maria, 407–408
Hurricanes Katrina and Rita, 370–371

I

Idealist.org, 557
Impact: donor's gifts and, 290; financial management and, 222; making the ask and, 316; marketing and, 406; measurement of, 21–22, 261–262; storytelling and, 320; success and, 575–576; volunteer contributions and, 501; website design and, 259
"Impact investing," 19
Improper sexual conduct insurance, 112
Improvement, data and, 262
Inclusion: inclusive board case study, 513–514; inclusive culture, 80. *See also* Diversity
Income: earned and contributed, 20–21; events and, 473–474; passive, 170
Income Statement, 200. *See also* Statement of Activities
Independent Sector, 571
Indirect Cost Ratio, 220
Individual donors: board fundraising and, 532; do's and don'ts, 320; gifts to nonprofits, 309, 310; raising funds from, 20; relationships and, 313; resource review, 322–323; skills, competencies and, 313–317; volunteer and board fundraising, 318–320; wealthy individuals, 320
Industry expertise, 401
"Information architecture" (IA), 249
Information technology. *See* Technology
Infrastructure: movement building and, 51; vision and, 56
In-kind support, 291, 381, 472–473
Inquiry, cycle of, 86
Institutions, Millennials and, 426–427
Insubstantial part test, 188
Insurance: agent, working with, 114; Business Owners Policy (BOP), 115; changing between forms of, 114; claims and coverage, 109–110*t*, 116–117; coverages and limits, 111–113, 116–117; do's and don'ts, 117; health, worker's comp and, 113; mission performance and, 107; policy, reading and reviewing, 115; property, 114; purchasing, 113–114. *See also* D&O (Directors & Officers) insurance
Intermediate sanctions, 174
Internet, "going viral," 350, 364, 368, 406, 439, 446, 490. *See also* Online fundraising; Social networking; Website design
Interviewing candidates: behaviorally-based interviewing, 133; bias and, 131–132; Director of Development, 130–131; follow-up interviews, 132; interview questions, 130–131, 133*t*; in-person interview, 131; phone screen, 130, 134
Introductions, 531
Introduction to Social Entrepreneurship (Chahine), 404
Investment: board fundraising and, 527–528; needs, understanding, 222; social, 310, 316
Investment policy, 177
IRS: lobbying and, 187, 188; tax exemption and, 167. *See also* 501(c)(3)s

IRS Form 990: board governance and, 520; filing requirements, 175; financial management and, 198–199; Part 1, 206
IRS Form 990-T, unrelated business income, 170
IRS form 5768, 188
IT. *See* Technology
IT Roadmap, 235

J

Javits-Wagner-O'Day Act, 400
Job descriptions, 128–129
Johns Hopkins Center for Civil Society Studies' Nonprofit Economic Data Project, 13
Jones, Van, 3
Joy, 68–69

K

Key performance indicators (KPI), 56, 248
King, Martin Luther, Jr., 57

L

Ladder of engagement: growing involvement and, 500; Storytelling 2.0, 440–441, 440*t*
Landmines, potential, 66–67
Language, diversity and, 148
Larger gifts, securing, 319–320
Law. *See* Legal considerations
Lawrence, T. E., 56
Lawsuits, 116
Leadership: change and, 164; deficit, 31, 33; development, diverse sector, 28–29; diversity and, 50, 152; financial management and, 219; shared or distributed, 60–61, 97–98; skills, universal, 37–38; tenacity and, 3; tracking volunteers and, 568–569; volunteer leaders, 565–566
Learning: failure and, 337–338; strategic, 271
"Legacy" gifts, 310, 314
Legal compliance, hiring and, 127–128
Legal considerations: advocacy and, 193; attending to, 163; basics, other tax-exempt, 172; do's and don'ts, 177; federal tax and corporate governance, 165–166; filing and disclosure requirements, 175–177; governance and, 175–177; intermediate sanctions, 174; joint ventures, 171–172; legislative actions, 169; lobbying and, 187; online fundraising and, 347; operational test, 168; organizational test, 167–168; policies and, 177; political campaign activities, 169; private benefit doctrine, 169; private foundations, 172–173; private inurement doctrine, 168; public charities, 172–173; resource review, 178–180; skills, competencies and, 167–177; sources of laws, 165; subsidiaries, 171; tax-exempt status, 167; unrelated business activities, 169–170
Legislative actions, 169
Letter of Intent (LOI), 329, 333, 334
LIFT case study, 157
Limited liability company (LLC), 171
Line of credit, 212, 216, 401
LinkedIn, 327–328, 363
Liquidity: "Months of Cash," 211; negative, 215
Liquid net assets calculation, 214
Liquid Unrestricted Net Assets (LUNA): calculation of, 214*t*, 215; described, 212–213, 215; liquidity measures and, 211; liquid net assets calculation, 214; net assets on balance sheet, 214*t*
Lobbying: advocacy compared to, 187–188; defined, 183; do's and don'ts, 193; limits on, 188–189; media and, 183*fig*; nonpartisan electoral activity, 189–190; resource review, 194–196; rules governing, 187; skills, competencies and, 182–185
Low-profit limited liability corporation (L3C), 21
Low touch, high value, 501–502, 515
Loyalty, 312, 315

M

M+R Benchmarks report, 345
Made to Stick: Why Some Ideas Survive and Others Die (Heath and Heath), 458
Major gift strategies: board fundraising and, 533–534. *See also* Individual donors
Management: low touch, high value, 501–502; needs, common set of, 1. *See also* Constituent Relationship Management (CRM); Financial management; Risk management; Volunteer management
Management services organization (MSO), 92

Market, social impact capital, 396
"Market failure," 8
Marketing: audience and, 405; email platform, 347–348; fundraising as, 298; impactful, 406; impact marketing funnel, 246–248, 247*fig*; success and, 406. *See also* Cause marketing; Millennial engagement; Storytelling
Measurement. *See* Metrics
Measurement, Evaluation, and Learning Plan ("MEL Plan"): audience, purpose and, 264–265; departments, plans and, 268–269; designing, 262; do's and don'ts, 270; impact and, 261–262; mechanics of measurement, 267–268; resource review, 271–275; skills, competencies and, 262–270; strategic learning and, 269–270; Theory of Change and, 262–264, 263*fig*; vision and, 271; what to measure, 265–267
Media strategy: advocacy and, 183*fig*, 186–187, 193; lobbying and, 183*fig*. *See also* Social media
Mercy Corps, 407–408
Mergers: case study, 99–100; strategic restructuring and, 92; time for negotiation of, 98
Messaging, 345, 346, 349–350
Messengers, influential, 490
Metrics: CRM and, 279–280; dashboards and, 83; diversity and, 151; fundraising strategies and, 313; impact and, 21–22, 261–262; strategic plan and, 76; tracking volunteers and, 568; website design and, 246–248, 247*fig*
Micro-content, 355
Millennial engagement: do's and don'ts, 432; resource review, 433–434; skills, competencies and, 424–431
Millennial Impact Survey, 429
Millennials: cause alliances and, 381; generational diversity and, 154; top 10 traits of, 424–431. *See also* Millennial engagement
Minority, whites becoming, 153*fig*
Mission: aligning investments with, 19; board and, 499, 503; branding and, 416; business needs and, 402; financial management and, 197, 198; fundraising and, 294; goal and, 75; grant seeking and, 326–327; insurance coverage and, 107; IRS and, 170; operational issues and, 163–164; partnerships and, 93; passion for, 62; and staying grounded, 49; strategy and, 392; technology planning and, 238; vision and, 76; volunteer engagement and, 561; volunteer recruitment and, 541
Mobile giving, 312, 345
Money: board fundraising and, 530; branding effort and, 414; volunteers and, 542. *See also* Revenues
"Months of Cash," 211
Motivation: giving and, 310; volunteers and, 543–544
Movement: building of, history lesson, 50–51; causes and, 1; D&I, 141; fundraising and, 290; growing cause into, 3; no "I" in, 48. *See also* Social movements

N

National Association for the Advancement of Colored People (NAACP), 7
National Council of Nonprofits, 14
National Taxonomy of Exempt Entities (NTEE), 11
Natural disasters, 349, 370–371, 407–408, 474
Natural Resources Defense Council (NRDC), 491–493
Needs, meeting: board fundraising and, 529; cause marketing and, 379–380; money and, 321
Negative liquidity, 215
Networking: board fundraising and, 527–528; diversity and, 144–145; do's and don'ts, 40; job candidate pool and, 129; Millennials and, 428; personal networks, 369; power of networks, 33. *See also* Relationships; Social media; Social networks
New Foundry Ventures, 402
New Frontiers of Philanthropy (Salamon), 20
News, negative, 411
Newsletter strategy: action, supporters and, 457–458; brevity, consistency and, 453–454; critical elements, 452; do's and don'ts, 460–461; editorial calendars and, 459–460; evolution of newsletters, 451–452; future, focus on, 455; integration, planning and, 459; resource review, 462–463; skills, competencies and, 452–460; storytelling and, 457, 458; subscriber focus, 455–457; volunteer recruitment and, 552
New York Cares, 568–569
New York Times, 491
Nixon, Richard M., 489
Nongovernmental organizations (NGOs), 7
Nonpartisan electoral activity, 189–190
The Nonprofit Career Guide: How to Land a Job That Makes a Difference (Cryer), 41

Nonprofit Finance Fund's 2018 State of the Nonprofit Sector report, 20
Nonprofit Fundraising 101 (Rodriguez Heyman and Brenner), 291
Nonprofit institutions (NPIs), 6
Nonprofit Leadership Alliance, 31–33
Nonprofit organizations: defined, 6–8, 166–167; defining characteristics of, 6; history, in U.S., 14–19; trends and, 19–22; in U.S., today, 8–14, 9*t*, 10*t*–11*t*, 12*t*
Nonprofit Quarterly (Bell), 86
Nonprofit sector: defined, 6–7; "market failure" and, 8; skills, universal, 37–38; social change and, 5; values served by, 7–8
The Nonprofit Strategy Revolution (La Piana), 75
North Country Housing Coalition, 99–100
Novel approaches, Millennials and, 430–431
NTEN, 229, 237, 240, 241, 286, 359

O

Observational selection bias, 132
Older adult population, 156*fig*
Onboarding volunteers, 563–564
Online fundraising: case study, 356–357; digital opportunity, 312; donation button, 351–352; donation form, 353–354; do's and don'ts, 357; email, 354–356; essentials of, 346–348; messaging, 345, 346, 349–350; most common giving level, 354; overselling and, 352; peer-to-peer tools, 348; reason it matters, 344–346; relationships and, 343–344; resource review, 359–360; skills, competencies and, 346–348. *See also* Online peer-to-peer fundraising
Online giving, 310
Online networking situations, 533
Online peer-to-peer fundraising: case studies, 370–372; donors into fundraisers, 367–368; do's and don'ts, 373; online presence, 363; organizational presence, 364; "raising friends," 369; raising money, 365; resource review, 374–375; skills, competencies and, 362–370; social networks, 361–362, 364–365, 370
Online Red Kettle, 368
Online situations, Millennials and, 431
Operating cash reserves, calculation of, 214*t*, 215
Operating expenses: described, 216, 217*fig*; unrestricted funds and, 203
Operational test, 168
The Opportunity Agenda (OA), 513–514
Organizational dashboards. *See* Dashboards
Organizational environment, 394–396
Organizational test, 167–168
Outsourcing, 125
Overhead Rate, 220

P

Pareto Principle, 297
Partnership planning, 385
Partnerships: being a better partner, 411; benefits of, 380–381; board chair and, 62–63; broadening reach of, 562; cause marketing and, 379–380; cost-benefit analysis, 385; cross-sector, 22; development of, 385; do's and don'ts, 101; effective, keys to, 62–63; forms of, 90*fig*; mission and, 93; readiness for, 92–96; roadblocks, common, 98; self-assessment and, 93–96, 101; shared leadership and, 60–61; social media and, 429; tips and suggestions, 97–98; trust and, 95, 97, 102; value in, 92. *See also* Alliances; Cause marketing; Collaboration; Mergers; Strategic restructuring
Passive income, 170
Peabody Fund, 15
"Peer" ask, 361, 506, 534
Peers: Millennials and, 429, 431; support group, 37. *See also* Online peer-to-peer fundraising
Peer-to-peer fundraising tools, 348
Permanently restricted funds, 203
Permanently restricted revenue, 205
Personal development, 35–37
Pew Charitable Trusts, 490
Phalen, Lane, 458
Philanthropy: foundations, 309, 311; fundraising and, 299; statistics and, 305. *See also* Donors; Individual donors
Phills, Jim, 392
Phone solicitations, 533
Pitches: corporate grants and, 531; elevator speeches, 64, 317, 416–417; grant seeking and, 328–330; Jedi Mind Trick, 329–330; positive focus and, 530; what, why, and how, 328–329

Planning: critical factors in, 385–386; newsletters and, 459; volunteer recruitment and, 553. *See also* Event planning; Strategic planning; Technology planning
Planning consultant, 77, 79, 232
Points of Light, 557, 562–563, 572
Points of Light's Service Enterprise Initiative, 572
Policies: legal considerations and, 177; technology planning and, 233–234. *See also* Insurance
Politics: campaign activities, 169; political agenda, 51; political savvy, 38
Porter, Michael, 393
Posthumous "legacy" giving, 310
The Power of Unreasonable People (Elkington and Hartigan), 403
Presence, 531
Press conferences, 494
Press releases, rules for writing, 493–494
Price, quality and, 499
Prison MATCH, 457
Private foundations, public charities and, 172–173
Private inurement doctrine, 168
Pro-bono support, 472–473, 569
Process, avoiding excessive, 49
Professional associations, 144
Professional development, 35–37
Professional will, 38
Profit & Loss (P&L), 200
Profits, need for, 199
Program area, 327
Program director, candidate assessment form, 126e
Program Expenses, 216, 217*fig*
Program officer, 327
Programs/programming: expansion of programs, 78; program planning, 332; tracking volunteers and, 568
Progressive Era, 16
Projection bias, 132
Property insurance, 112
Public charities: categories of, 173; lobbying and, 190; private foundations and, 172–173; service provider type, 173; supporting organization types, 173
Public crisis, 66–67
Publicity, negative news, 411
Public relations: advertising to make news, 490–491; crises and, 495; do's and don'ts, 495; frequently asked questions, 494–495; influential messengers and, 490; media strategy and, 186–187; opposition and, 491–493; press conferences, 494; press releases, 493–494; principles for, 486–493; repetition and, 487, 496; reporters and, 487–488; resource review, 497–498; simplification of issue, 488–489, 496; skills, competencies and, 486–494
Purcell, Joan, 457
Purpose, meaning and, 542

Q

Quality, price and, 499

R

Race, ethnicity and, 153
Ratios, 220–221
Reading, research and, 36
Reagan administration, 18
Rebuttable presumption of reasonableness, 174
Recognition, 155, 313, 566–567
Recruitment: board fundraising and, 528; strategic plans and, 77; supporting nonprofits and, 380. *See also* Volunteer recruitment
Recurring gifts: making the ask, 315–317; online fundraising and, 353–354; securing and stewarding, 313–315
REDF (www.redf.org), 402, 403
Relationships: building, 311, 312, 315; external input and, 78; fundraising and, 297–298, 316, 365; grant seeking and, 325, 336, 339; individual giving and, 313; larger gifts and, 319–320; millennial donors and, 428; online fundraising and, 343–344; recurring gifts and, 313; reporters and, 487–488. *See also* Networking
Religion, Girl Scouts case study, 156–157
Renewals, 315
Reporters, relationships with, 487–488
Reputation, 117, 393, 409, 414, 420, 563
Request for Proposal (RFP), web design, 245, 251–253
Research: leadership and, 31–32; reading and, 36
Reserves, 216, 217, 217*fig*
Responsibilities, assuming additional, 36
Restrictions on use of funds, 203, 331
Restructuring. *See* Strategic restructuring

Results, focusing on, 21–22
Retention: corporate employee, 380; volunteers and, 566–567
Return on investment (ROI): development approach and, 299; email leads and, 256; fundraising and, 296
Revenues: classification of, 204; debt and, 216; endowments and, 203; needs, understanding, 222; permanently restricted, 205; recording of, 200; temporarily restricted, 205
Revenue streams, reliability of, 208
Revisiting past, case study on, 302–303
Risk control services, 114
Risk control techniques, review of, 116–117
Risk management: accidents, monitoring, 116; board's role in, 115; do's and don'ts, 117; event planning and, 474–475; financial management and, 208, 219; prevention of risks, 108; resources, 118–119; review of risks, 116–117; skills, competencies and, 108–117; as state of mind, 118; suits, threats of suits and, 116. *See also* Insurance
Risk tolerance, 397–398
"Roadmap to Fundraising Success" (Seiler), 369
Rockefeller Foundation, 16
Rolling Stone, 430
Rosso, Hank, 365
RSS (Really Simple Syndication), 365
Rubicon Bakery, 399–400
Russell Sage Foundation, 16

S

Safe Tables Our Priority (STOP), 489
Safety, 51
Salaries, staff, 134–136, 136*t*
Salsa Labs, 347
Salvation Army, 15
Salvation Army case study, 370–371
Screening candidates: hiring and, 130–134; volunteer recruitment and, 551–552
Search engine optimization (SEO), 256, 258
SeaWeb, 490
Section 501(c)(3) entities. *See* 501(c)(3)s
Security, 51
Self-assessment: board governance and, 518; partnerships and, 93–96, 101
Self-image, branding and, 412
Service Employees International Union (SEIU), 164
Service provider public charity, 173
"Set aside" contracts, 400
"Silo-ing" rule, 170
Silos, 234, 298, 576
"60 Minutes," 492
Skills and competencies: advocacy, 182–185; career-building and, 29–30; diversity and, 142; do's and don'ts, 447; event planning, 466–480; financial management, 37, 198–199, 202*t*, 205–208, 207*t*, 209–211; fundraising and, 313–317; grant seeking, 326–333; hiring process and, 123–125, 124*t*; law/legal, 167–177; lobbying, 182–185; Millennial engagement, 424–431; newsletters and, 452–460; resource review, 448–449; social enterprise and, 394–401; social movements and, 46–49; strategic planning and, 78–83; strategic thinking and, 82; technology planning and, 229–239; universal nonprofit sector, 37–38; volunteer management and, 560; volunteer recruitment and, 543–544; web design, 244–255
Skills-based volunteerism, 500, 569–570
Small business failure rate, 394
S.M.A.R.T. goals, 279
Social capital, building, 327–328
"Social Capitalist of the Year Award" articles, 404
Social change: drivers of, 5; funding and, 293; legacy of, 8
Social enterprise: business plan and, 395–396; capital challenge of, 397; competitive advantage and, 393, 399–400; customers and, 393, 400–401; do's and don'ts, 401; funding environment, 396–397; fundraising and, 397; investor/"angel" customer and, 400–401; leadership skills and, 398–399; mission and, 392–393, 402; organizational environment, 394–396; resource review, 403–404; risk tolerance and, 397–398; salaries and, 399; securing capital and, 395; skills, competencies and, 394–401. *See also* Earned income strategies
Social Enterprise Alliance (www.SEalliance.org), 404
Social impact capital market, 396
Social investment, 310, 316
Social issues: Millennials and, 426; volunteer activities and, 571
"Socially responsible investing," 19

Social media: crisis giving and, 312; digital tools and, 435–449; doubling donations, 353; grant seeking and, 327–328; lobbying and, 190
Social movements: building alliances, 47; skills, competencies and, 46–49. *See also* Movement
Social networking: case studies, 370–372; online giving and, 348
Social networks: event promotion and, 370; leveraging, 364–365; situations regarding, 533. *See also* Online peer-to-peer fundraising
Social problems, addressing root causes, 16
Social service professional, insurance for, 112
Social Services Center. *See* Balance Sheet; Statement of Activities
Social sharing buttons, 368
Software. *See* Constituent Relationship Management (CRM)
Solicitations: online/social networking, 533; telephone, 533
Sponsor, fiscal, 2–3
Staff: compensation for, 134–136, 136*t*; demographics for, 143–145; diversity and, 157; as foundation contact points, 334; fundraising and, 298; as linchpin, 57; strategic planning and, 79–80; technology planning and, 230–233; training, 229; working with board, 517–518. *See also* Hiring: Interviewing candidates
Stakeholder: alliances with, 47; feedback and input from, 48; partnerships and, 93; strategy evaluation and, 78–79; website and, 248
Stanford Social Innovation Review, 403
Statement of Activities: Change in Net Assets, 202*t*, 205, 206; examining, 208; operating performance and, 201–202, 202*t*, 205–208; Total column, 206, 207*t*
Statement of Cash Flows, 200
Statement of Functional Expenses, 208
Status quo bias, 132
Stern, Andy, 164
Stewardship: larger gifts and, 319–320; Millennials and, 427–428, 427*fig*; recurring gifts and, 313
Storytelling: communications strategy and, 437; culture of, 63–64; digital tools and, 435–449; do's and don'ts, 447; financial donations and, 408; financial management and, 218–219; life-changing stories, 320; newsletters and, 457, 458; others telling your story, 446; resource review, 448–449; skills, competencies and, 436–446; unforgettable stories, 486; volunteer recruitment and, 545
Storytelling 2.0, 435–449
Strategic decisions, branding and, 412
Strategic learning, "MEL Plan" and, 269–270
Strategic partnerships. *See* Cause marketing
Strategic plan: adoption of, official, 77; communication plan and, 80; dashboards and, 83, 85; metrics and, 76. *See also* Strategy
"The Strategic Plan is Dead. Long Live Strategy" (O'Donovan and Flower), 76
Strategic planning: board/staff partnership in, 79–80; "buy-in" and, 80; do's and don'ts, 85; external input for, 78–79; fundraising and, 298; how it looks, 76; impact, defining, 80–81; investment/return and, 85; key metrics and, 76; learning/refining strategy, 82–83; making the numbers work, 81; process phases/duration, 77–78; questions to answer, 81–82; resource review, 86–88; skills, competencies and, 37, 78–83; strategy process and, 75–76; systems change and, 56; technology planning and, 238. *See also* Dashboards
Strategic restructuring: case study, 99–100; collaborative map and, 92
Strategic Restructuring Assessment Tool (SRAT), 96
Strategic thinking, 82–83
Strategy: best fundraising, 299; developing and revising, 82; human capital management, 122–123; mission and, 392; movement building and, 51. *See also* Media strategy
Subsidiaries, 171
Success: attributes and, 67–69; celebration of, 48; diversity and, 150–152; financial management and, 197; hiring process and, 125; impact and, 575–576; keys to, 402; visualizing, 41; visual representation of, 83–85
Success indicators, 83
Supporting organization types, 173
Support systems, 49
Sustainability, diverse board and, 65
*The Sustainability Mindset (*Bell and Jossey-Bass*)*, 86
Sustainable Development Goals, 7
Systems change, 56–57

T

TAILS Humane Society, 458
Talent: identification of, 38; recognition and, 155. *See also* Hiring
Task force, 79–80
Taxes: filing and disclosure requirements, 175–177; intermediate sanctions, 174. *See also* IRS
Tax-exempt status, maintenance of, 167
Team: building right, 48–49, event planning and, 478
Technology: leveraging, 227–228; mobile devices and tablets, 345; trends and, 22. *See also* Communication technologies; Web design
"Technology adoption," 230
Technology planning: budget and, 231, 239; do's and don'ts, 239; goals and, 234–235; needs evaluation, 234–235; processes and, 233–237; resource review, 240–241; skills, competencies and, 229–239; staff and, 229, 230–233; strategic planning and, 238; technology investment and, 237–239
Telephone solicitations, 533
Telling your story. *See* Storytelling
Temporarily restricted revenue, 205
Tenacity, 3
Text giving, 312
Theory of Change, 262–264, 263*fig*, 327
Third Sector Organizations, 6
Tides Foundation, 2
Toolkit, fundraising, 317
Touch points, 405
Traditionalists, 154, 155
Training: CRM and, 281; technology and, 231; volunteer and board fundraising, 318–320; website and, 255
Transparency, 21, 48, 80
Travel and reimbursement policy, 177
Trends: cause marketing and, 379–380; diversity and, 152–153; implications and, 19–22; strategic planning and, 79
Trust: cause alliances and, 380; reporters and, 487–488
Tutu, Desmond, 304–305
Tversky, Amos, 499
TweetDeck, 363
Twitter, 363

U

Umbrella policy, insurance, 112, 113
Unconscious bias, 131–132
Undercapitalization, 395
Understanding Social Entrepreneurship: The Relentless Pursuit of Mission in an Ever-Changing World (Kickul and Lyons), 404
UNESCO Institute for Statistics, 305
United Nations, 7
United Way, 16
Unrelated business activities, 169–170
"Unrelated business income tax" (UBIT), 170
Unrestricted funds, operating expenses and, 203
Urban Affordable Housing Group, 99–100
The Urban Institute, National Center for Charitable Statistics, 9*t*, 12*t*, 13, 18
URL (Uniform Resource Locator), 244
USAID, 7
US Census Bureau, 153, 156
US Christian Commission, 15
US Equal Employment Opportunity Commission, 127–128
US government programs, 16
US Sanitary Commission, 15
US Trust/Bank of America, 320

V

Value measurement, CRM and, 279–280
"Veggie hate crime bills," 493
"Venture philanthropy," 18
Vision: "donor champions" and, 321; infrastructure and, 56; mission and, 76; staff and, 57; strategy and, 271
Visionary approaches, Millennials and, 430–431
Volunteer(s): asking them for help, 501; diversity and, 145–146; low touch, high value contributions, 501–502; making the ask, 316; opportunities, pursuing, 36; roles fulfilled by, 499, 562; statistics on impact from, 560; training for fundraising, 318–320
Volunteer engagement: do's and don'ts, 570; mission and, 561; needs assessment and, 545–546; recognition and, 567; skills, competencies and, 560; tracking, 562–563

Volunteering in America, 557
Volunteerism: health benefits of, 544; skills-based, 500, 569–570
Volunteerism revolution, 500
Volunteer management: case study, 562–563; feedback from volunteers, 564–565; onboarding process, 563–564; quality experiences for, 564–565; recognition and retention, 566–567; resource review, 572–573; skills, competencies and, 560; tracking activity, 567–569; volunteer leaders and, 565–566
VolunteerMatch, 541, 544, 551, 553, 557
Volunteer recruitment: barriers to involvement, 544–545; case study, 553–554; changes in volunteering, 541; do's and don'ts, 555; getting noticed/first impressions, 549–551; market-centric approach, 545; motivations of volunteers, 543–544; needs assessment and, 545–546; opportunity design and, 546–548; outreach channels, 548–549; purpose and, 542; resource review, 556–557; screening candidates, 551–552; skills, competencies and, 545–553; statistics on volunteerism, 543; word-of-mouth, 552–553
VQ Volunteer Strategies, 557

W

Waldron, Rob, 399
Wealth, 297
"Wealth" (Carnegie), 16
Wealthy individuals, 320
Web presence, 345
Website design: A/B testing, 258; budget for, 245; case study, 257–258; checklist, 346–348; conceptualizing website, 248, 249*fig*; content and, 249, 258, 437–440; content management system (CMS), 250–251; design elements, 250; designer/developer selection, 253–254, 254*fig*; development/content migration, 254–255; digital impact chasm/digital logic model, 246, 246*fig*; donation processing, 347; do's and don'ts, 258; email leads and, 256–257; first round of designs, 254; functionality and, 250–251; goals and, 248–249; Google Analytics and, 248–249, 255, 256, 258, 348; growing your assets, 256–257; growth, training and, 255; impact and, 259; impact marketing funnel, 246–248, 247*fig*; metrics and, 246–248, 247*fig*; reason to have website, 246–248; resource review, 259–260; RFP for, 245, 251–253; search engine optimization (SEO), 256, 258; skills, competencies and, 244–255; stakeholder identification, 248; Storytelling 2.0 and, 437–440; strong and engaging, 346–347; terms to know, 244; testing/final sign-off, 255; vendor questions, 252–253
Website fundraising, 350–351
Whistle-blower policy, 177
Winfrey, Oprah, 493
Word-of-mouth: storytelling and, 457; volunteer recruitment and, 548, 549, 552–553
Worker's compensation coverage, 113
"Working boards," 504
Working Capital, 216, 217*fig*
Writing: press releases, 493–494. *See also* Blogs; Letter of Intent (LOI)

Y

YouTube, 436, 445–446

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