



Ohio | Latino Affairs Commission

Agenda Latina

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Supporting the work of social impact organizations and their leaders



Purpose

To explore building sustainability through the principles and practices of effective governance and funding.



Agenda

- ✓ Sustainable Social Ventures
- ✓ Effective Governance
- ✓ The Importance of Culture
- ✓ Building Sustainable Funding
- ✓ Wrap Up



Logistics and Ground Rules

- Contribute
 - ✓ Share experience, expertise, questions
- Honor confidentiality
- Honor timeframes
- Share what you learn with your organization
 - ✓ Use workbook as resource and working document
- Cell phones off
- D.W.Y.G.D.
- Evaluation Form




Introductions

- Name & role
- Organization's name and mission
- One thing you'd like to learn about today

~1 minute each



Sustainable Social Ventures

- What do we mean by sustainability?
- What's happening out there?



Building An Effective, Sustainable, Impactful Organization

“To make the greatest impact on society requires first and foremost a great organization, not just a great program.”

– Jim Collins, *Good to Great and the Social Sectors*



Attributes of Effective Nonprofits

- Clear and compelling vision and mission
- Passionate, engaged Board of Directors
- Effective communications and marketing
- Strategic approach to fund development
- Motivated, professional staff



Clear and Compelling Vision

- ✓ Brief, well-defined vision and/or mission
- ✓ Statement of core values
- ✓ Community assessment and feedback processes
- ✓ Focused approach that is not redundant with other organizations' programs
- ✓ Defined measures of success



Passionate and Engaged Board of Directors

- ✓ Strategic approach to board recruitment & succession
- ✓ Board members are articulate advocates for the organization
- ✓ Clearly defined and consistently practiced roles & responsibilities
- ✓ Clear expectations and accountability for board members
- ✓ Written policies and procedures



Effective Communications & Marketing

- ✓ Strategic marketing plan
- ✓ Clear, jargon-free messaging, with great stories to demonstrate impact
- ✓ Proactive communications to constituents and the communities served
- ✓ Network of key influencers
- ✓ Strong, content-rich website, social media



Strategic Approaches for Funding

- ✓ Strategic funding plan
- ✓ Demonstrated support and participation by the board
- ✓ Balanced portfolio of funding sources
- ✓ Donor/funder relationship management programs
- ✓ Capital for operations, reserves, and innovation

Motivated, Professional Staff

- ✓ Clearly defined roles and expectations
- ✓ Skills and experience commensurate with needs
- ✓ Appropriate compensation
- ✓ Respectful, supportive work environment with regular, constructive feedback
- ✓ Adequate resources available

Importance of Good Leadership

The quality of leadership is one of the most important factors in predicting the success and sustainability of nonprofit organizations

Nonprofit Governance

What is a 501(c)3 organization?

How does it differ from a for-profit corporation?

Basic Fiduciary Responsibilities

- ✓ Duty of Care
- ✓ Duty of Loyalty
- ✓ Duty of Obedience

Board Types

Fiduciary Board

- ✓ Legal baseline
- ✓ SOX impact on nonprofits

Process Board

- ✓ Decides general direction
- ✓ Determines how the organization should be managed

- ✓ Focuses on transactions

Results-Oriented (Generative) Board

- ✓ Holds the vision
- ✓ Addresses fundamental values
- ✓ Forces an external focus and drives outcomes
- ✓ Separates large issues from small ones
- ✓ Forward thinking

Board Types

What is your Board?

Fiduciary Board?

Process Board?

Results-oriented Board?

What should it be?

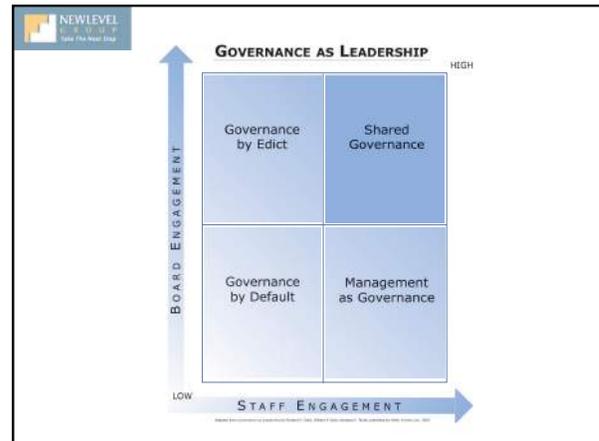
Board/Staff Roles

Board:

- Determines direction
- Sets policy

Staff:

- Executes policy
- Designs programs



Thinking about Good Governance

- ✓ Who decides what the organization will pay attention to?
- ✓ Who tends to frame the problems?
- ✓ Who decides what a given problem or opportunity means for the organization?
- ✓ Who has the most influence over what gets onto the organization's agenda or list of priorities?

Board members wear multiple hats!

Passionate and Engaged Board of Directors

Clarify Expectations by Confirming Roles and Responsibilities (pg. 52)

Roles & Responsibilities

Task	Board	Executive
1. Determine the organization's goals	X	
2. Funding for the organization	X	
3. Hire the executive director	X	
4. Establish the organization's policies	X	
5. Execute policy		X
6. Recommend organization policy		X
7. Administer all aspects of organization operations		X
8. Hire and supervise support staff		X
9. Approve annual budget	X	
10. Plan and implement programs		X
11. Responsible for compliance w/ all legal requirements	X	
12. Recruit new board members	X	

Roles & Responsibilities

Task	Board	Executive
13. Orient, train, and develop board members	X	
14. Draft the annual budget		X
15. Establish staff benefit policies	X	
16. Manage staff benefit policies		X
17. Prepare background materials for board consideration		X
18. Select board members for various committees	X	
19. Serve as professional resource to the board		X
20. Provide community relations contacts with community	X	
21. Prepare reports for the board		X
22. Evaluate organization's results	X	
23. Keep board informed of the organization's operations		X
24. Assess operational problems		X

Strategic Planning ... Strategic Thinking

What's the difference?

Strategic Thinking

- ✓ Creating and holding the image of your shared vision for an ideal future
- ✓ Drawing on and being shaped by the organization's core values
- ✓ Continuously scanning the environment for opportunities and threats
- ✓ Seeing patterns and relationships in events and circumstances
- ✓ Recognizing the interconnections and interdependencies before making decisions and taking action
- ✓ Making decisions and taking actions for the long term that are shaped by the vision, core values, and awareness of the environment and interdependencies

Keeping a Strategic Focus



Planning for Success



"Culture eats strategy for lunch"

- Peter Drucker

Building Strong Cultures

- What is culture?
- How do you create a culture in which board, staff, and volunteers contribute to their fullest and want to stay?

Building Strong Cultures

Culture is:

- a set of beliefs, values, and norms
- a pattern of shared basic assumptions
- the unique character of an organization that provides the context for action
- a group of people who have been trained, or who simply have learned by those around them, how to act in any given situation

It All Starts with Why

Vision is ***aspirational***

- Guides decisions
- Determines focus
- Has external view



Mission is ***inspirational***

- Describes what you do to reach your vision
- Unifying point for all activities
- Supports motivation
- Ask: what are we here to do?



Vision Examples

Feed the Children

delivers food, medicine, clothing, and other necessities to individuals, children and families who lack these essentials due to famine, war, poverty, or natural disaster.

vs.

Children's Hunger Relief Fund

saving the world one child at a time.

Core Values

- Provide a guide to decisions
- Show what we hold near and dear
- Are an integrity check
- Require no external justification
- Have intrinsic value and importance to those inside the organization
- Core values *do not change* in response to external changes

What are your values?

see handout on page 13 for testing core values

Vision/Mission/Values Discussion

- How compelling are your current statements?
 - What are the essential elements of your organization's vision and mission?
 - What elements, if any, are missing?
 - What needs to be revised or clarified?
- If you meet someone in the elevator, how do you describe the work your NPO does?

see handout on page 12



Effective Teams

Complete the assessment on pages 21-22
Score answers on 23

- What are areas of strength on your team?
- Where can you make improvements?

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Strategic Considerations

Financial Sustainability

Social ventures are not the same as for-profits:
-Inefficiencies inherent in the structure

- What is your key "business" driver?
- What is the right mix of revenue sources?
- How should your organization be capitalized?
- How do you present financial information?

Financial Management

External – Funders / Public:

Program Expense ratio

Benchmarks:	NPO Median	Fed. Gov't	A.I.P.
	80%	75%	60% = C

External – IRS:

New 990 Reporting Focus

- Transparency
- Board oversight
- Impact for public benefit
- Conflicts of interest

Financial Management

Internal – Analysis:

- Costs and Allocations
- Cash Flow
- Funding Priorities
- Generating Net Operating Surpluses

Internal – Capitalization:

- Operating Funds
- Reserve Funds
- Capital Improvements
- Innovation

Challenges of Fundraising Today

- Gov' t programs ↓ Gov' t Funding ↓
- # of NPs ↑ a 50% increase in 9 years (1.6 mil)
- How many NPOs can a community support?
- Public confidence in nonprofits at an all-time low
- No such thing as public schools anymore



Nonprofit Challenges

U.S. Nonprofit Sector Statistics

\$2.7 Trillion in assets controlled, **\$1.5 Trillion spent**

- would be 11th largest economy (just after India)
- > GDP of 94% of world's nations combined

According to *Giving USA, in 2013*:

- Americans donated more than **\$335 billion** to charitable causes
 - a **4.4% increase** over the prior year
- **72%** of total giving (\$241 billion) comes **from individuals**
- **Foundation** grantmaking up (5.7%) to **\$50 billion**
- Giving by **Bequest** increased 8.7% to **\$27 billion**
- **Corporate** giving declined by 2% to **\$17 billion**



2013 Giving by Sector

▪ Religion	31%	(\$104b)
▪ Education	16%	(\$54b)
▪ Human Services	12%	(\$40b)
▪ Operating Foundations	11%	(\$37b)
▪ Health	10%	(\$34b)
▪ Public society	7%	(\$23b)
▪ Arts/Culture/Humanities	5%	(\$17b)
▪ International	4%	(\$13b)
▪ Environment/Animals	3%	(\$10b)



2013 Funding Trends

- Gifts from individuals rose by 4.2%
- Per capita giving reached \$1,016; and the average U.S. Household donated \$2,974
- Gifts to education were up 9% – driven by strong growth in giving to k-12 and higher education
- Giving to health organizations rose by nearly 9%
- Giving to human services up 2.5%
- Environment and animal donations were up 4.6%

Individuals, especially those who are wealthier, are becoming more confident about giving to the causes they care about as their financial situations continue to improve.

For more information: givingusa.org



Board Role in Fundraising

Fiduciary (Duty of Care)

- Demonstrated commitment
- Staff can't do it all
- Time ≠ Money
- Cultural handicaps & fear factor

Understand choices for soliciting private donor funds:

- Events
- Personal asks
- Annual and special campaign asks



Board Role in Fundraising

“The purpose of fundraising is not to raise money, but to raise donors.

You don't want gifts, you want givers.”

- Kim Klein



Board Role in Fundraising

Cultivation

- Building relationships (“friend-raising”)
- Romancing donors
- Thank yous
- Reporting “nos”
- Follow-up (letters, notes, frequency)

Staff Role in Fundraising

- do research
- support board efforts w/program knowledge
- write grant proposals
- prepare correspondence
- keep files, records, mail lists

Fundraising

- What is an "A" grade in fundraising?
- 4:1 rule - What is it and what does it mean?
- "No" is not a personal rejection
- Asking for time vs. money
- Definition of grassroots fundraising



Fundraising

- What reason do 7 out of 10 people cite for why they give?
- What charity collects more \$\$ than all others?
- You don't have to ask everyone
- You don't have to ask all the time
- Give people a chance to sit on the bench
- Know your strengths
- Everyone can contribute in a meaningful way

Looking for More?

Additional Tools and Resources

Start on pg. 39



Next Steps

- What's one thing you can do right away to apply what was learned?
- How will you communicate what you learned to other board and staff members not present?
- Complete evaluation form



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