

Building Sustainability for Nonprofit Organizations

Building Organizational Effectiveness



Take The Next Step

Table of Contents

Welcome	1
Learning Objectives.....	2
Purpose & Agenda:.....	3
The 5 Elements of Sustainability	4
Traits of Effective Boards.....	6
Board Effectiveness Assessment	9#
Organizational Sustainability Assessment	12#
Effective Governance	15
Governance in Your Organization.....	16#
Characteristics of Effective Board-Staff Partnerships	18#
Guiding Governance.....	20#
How Your Board Can Govern More and Manage Less.....	23#
Sample Board Effectiveness Assessment	24#
Evaluating the ED	27#
Resource Materials.....	29#
Board Development Tool & Resources	30
Article: Board Recruiting	31#
Article: Board Orientation.....	33#
Article: Board Succession.....	34#
Tool: Guidelines for Recruiting Board Members	37#
Tool: Sample Board Member Application	39#
Tool: Sample Board Member Agreement	40#
Tool: Sample Board Member Job Description	42#
Tool: Board Profile Assessment.....	43#
Tool: Checklist for Successful Board Orientation.....	51#
Tool: Board/Staff Responsibility Worksheet.....	52#
Managing Effective Board Meetings.....	53
Tool: Board Meeting Effectiveness	58#

FUNDRAISING

10 Important Things to Know about Fundraising 59#
Tool: Six Fundamentals of Effective Fundraising Letters..... 65#
Prospect Research 67#
The Fine Art of Asking for the Gift..... 71#
Asking for Money: The Close..... 76#
Tool: Budget Gap Analysis 81#
Tool: Strategic Fund Development 82#
Recommended Reading List..... 83#
About NewLevel Group..... 85
Footnotes..... 86

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Welcome

Building Nonprofit Organizations That Will Last

Increasingly, funders and supporters are requiring nonprofits to demonstrate the sustainability of their efforts. But what does that mean and how is it accomplished? Identifying the elements and processes that make an organization strong and charting a clear course for implementation are the first steps.

This workshop focuses on the principles of effective nonprofit governance and finance, along with practical, easy-to-implement advice and tools for developing and building the strength of the board with governance and fundraising.

Building Organizational Effectiveness

Ohio Latino Affairs Commission

Agenda Latina

December, 2014



Learning Objectives

- Learn the critical elements of organizational sustainability
- Determine where your organization is on the road to sustainability by completing an organizational effectiveness assessment
- Identify practices high-functioning boards employ and explore areas your organization can strengthen
- Through interactive peer discussion, discover how other organizations are planning for their futures
- Find answers to your questions about exceptional board practices and gain practical information and tools you can put into immediate action
- Acquire tools for building board support and participation in fundraising
- Discover how to dispel common fears about fundraising
- Understand principles of effective fundraising
- Understand the importance of building relationships with donors and supporters



Purpose & Agenda:

Meeting Purpose

For Board members and staff of nonprofit organizations to understand and clarify their respective roles and responsibilities, create a foundation for focused leadership development, and learn how to create systems and cultures that increase the effectiveness of their board and staff, while building the sustainability of their organizations.

Agenda

Welcome and Getting Started:

- Objectives, Agenda, Ground Rules
- Introductions
- What makes an organization effective and sustainable?

Passionate, Engaged Board

- Effective Governance
 - Fiduciary responsibilities
 - Shared Governance Model
 - Board Effectiveness Assessment
 - Govern More and Manage Less
 - Board-Staff Partnerships
- Board Development
 - Recruiting, Orientation, Succession
- Effective Meetings

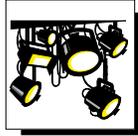
Strategic Approach to Change

- Strategic Thinking
- Planning Steps

Proactive Fundraising and Financial Management

Wrap up

- Next Steps
- Evaluation



The 5 Elements of Sustainability

“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*

While there is no one formula for building a high-performance social sector organization, there are elements and processes that effective nonprofit organizations have in common. The following is a checklist of some of those fundamental components.

Clear and Compelling Vision

Brief, well-defined vision and/or mission statement

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 and succession

Board members are articulate advocates for the organization

Clearly defined and consistently practiced roles and responsibilities

Clear expectations and accountability for board members

Written policies and procedures

Motivated, Professional Staff

Clearly defined roles and expectations

Skills and experience commensurate with needs

Appropriate compensation

Respectful, supportive work environment

Regular, constructive feedback

Adequate resources available

Effective Communications and Marketing

Strategic marketing plan

Clear, jargon-free messaging with great stories to demonstrate mission success

Proactive communications to constituents and the community

Network of key influencers

Strong, content-rich website

Strategic Approach to Fund Development

Strategic funding plan

Demonstrated support and participation by the board

Balanced portfolio of funding sources

Constituent relationship management program in place

Endowments and reserve funds



Traits of Effective Boards

TRUST

Members of boards with an absence of trust...

- Conceal their weaknesses and mistakes from one another
- Hesitate to ask for help or provide constructive feedback
- Hesitate to offer help outside their own areas of responsibility
- Jump to conclusions about the intentions and aptitudes of others without attempting to clarify them
- Fail to recognize and tap into one another's skills and experiences
- Waste time and energy managing their behaviors for effect
- Hold grudges
- Dread meetings and find reasons to avoid spending time together

Members of trusting boards...

- Admit weaknesses and mistakes
- Ask for help
- Accept questions and input about their areas of responsibility
- Give one another the benefit of the doubt before arriving at a negative conclusion
- Take risks in offering feedback and assistance
- Appreciate and tap into one another's skills and experiences
- Focus time and energy on important issues, not politics
- Offer and accept apologies without hesitation
- Look forward to meetings and other opportunities to work as a group

CONSTRUCTIVE CONFLICT

Boards that fear conflict...

- Have boring meetings
- Create environments where back-channel politics and personal attacks thrive
- Ignore controversial topics that are critical to board success
- Fail to tap into all the opinions and perspectives of board members
- Waste time and energy with posturing and interpersonal risk management

Boards that engage in conflict...

- Have lively, interesting meetings
- Extract and exploit the ideas of all board members
- Solve real problems quickly
- Minimize politics
- Put critical topics on the table for discussion

COMMITMENT

A board that fails to commit...

- Creates ambiguity among the board members about direction and priorities
- Watches windows of opportunity close due to excessive analysis and unnecessary delay
- Breeds lack of confidence and fear of failure
- Revisits discussions and decisions again and again
- Encourages second-guessing among board members

A board that commits...

- Creates clarity around direction and priorities
- Aligns the entire board around common objectives
- Develops an ability to learn from mistakes
- Takes advantage of opportunities before competitors do
- Moves forward without hesitation
- Changes direction without hesitation or guilt

ACCOUNTABILITY

A board that avoids accountability...

- Creates resentment among board members who have different standards of performance
- Encourages mediocrity
- Misses deadlines and key deliverables
- Places an undue burden on the board leader as the sole source of discipline

A board that holds one another accountable...

- Ensures that poor performers feel pressure to improve
- Identifies potential problems quickly by questioning one another's approaches without hesitation
- Establishes respect among board members who are held to the same high standards
- Avoids excessive bureaucracy around performance management and corrective action

ATTENTION TO RESULTS

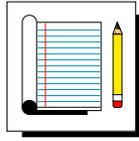
A board that is not focused on results...

- Stagnates/fails to grow
- Rarely defeats competitors
- Loses achievement-oriented employees
- Encourages board members to focus on their own careers and individual goals
- Is easily distracted

A board that focuses on collective results...

- Retains achievement-oriented members
- Minimizes individualistic behavior
- Enjoys success and suffers failure acutely
- Benefits from individuals who subjugate their own goals/interests for the good of the board
- Avoids distraction

¹ Adapted from Patrick Lencioni, *The Five Dysfunctions of a Team*



Board Effectiveness Assessment

Use the scale below to indicate how each statement applies to your board.

3 = Usually 2 = Sometimes 1 = Rarely

It is important to evaluate the statements honestly and without over-thinking your answers.

- 1. Board members are passionate and unguarded in their discussion of issues.
- 2. Board members call out one another's unproductive behaviors when they occur.
- 3. Board members know what their peers are working on and how they contribute to the good of the organization.
- 4. Board members quickly and genuinely apologize to one another when they say or do something inappropriate or possibly damaging to the board.
- 5. Board members willingly make sacrifices (such as budget, turf, staff resources) in their committees or areas of expertise for the good of the organization.
- 6. Board members openly admit their weaknesses and mistakes.
- 7. Board meetings are compelling, and not boring.
- 8. Board members leave meetings confident that their peers are completely committed to the decisions that were agreed on, even if there was initial disagreement.
- 9. Board members express disappointment at the failure to achieve board goals.
- 10. During board meetings, the most important-and difficult-issues are put on the table to be resolved.

- ___ 11. Board members are genuinely concerned about the prospect of letting down their peers.
- ___ 12. Board members care about one another's personal lives and are comfortable inquiring about them.
- ___ 13. Board members end discussions with clear and specific resolutions and calls to action.
- ___ 14. Board members challenge one another about their plans and approaches.
- ___ 15. Board members are slow to seek credit for their own contributions, but quick to point out those of others.

Board Effectiveness Assessment - Scoring

Combine your scores for the preceding statements as indicated below.

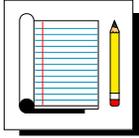
Function 1:	Function 2:	Function 3:	Function 4:	Function 5:
Trust	Constructive Conflict	Commitment	Accountability	Results
Statement 4: _____	Statement 1: _____	Statement 3: _____	Statement 2: _____	Statement 5: _____
Statement 6: _____	Statement 7: _____	Statement 8: _____	Statement 11: _____	Statement 9: _____
Statement 12: _____	Statement 10: _____	Statement 13: _____	Statement 14: _____	Statement 15: _____
<hr/>				
Total: _____	Total: _____	Total: _____	Total: _____	Total: _____

A score of 8 or 9 is a probable indication that the function is not a problem for your board

A score of 6 or 7 indicates that the function could be a problem

A score of 3 to 5 is probably an indication that there is dysfunction that needs to be addressed

Regardless of your scores, it is important to keep in mind that every board needs constant work, because without it, even the best ones deviate toward dysfunction.



Organizational Sustainability Assessment

Use the scale below to indicate how each statement applies to your organization.

3 = yes, we have this 2 = we're working on it 1 = no, we don't have this

I - Clear and Compelling Vision

SCORE

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

SUBTOTAL _____

II - Passionate and Engaged Board of Directors

6	Passionate, engaged board members	
7	Strategic approach to board recruitment and succession	
8	Board and staff are articulate advocates for the organization	
9	Clearly defined and consistently practiced roles and responsibilities	
10	Clear expectations and accountability for board and staff	
11	Written policies and procedures	
12	Professional approach to staff and staff development	

SUBTOTAL _____

III - Strategic Approach to Fund Development

13	Strategic fundraising plan	
14	Demonstrated support and participation by the board	
15	Balanced portfolio of funding sources	
16	Constituent relationship management program in place	
17	Endowments and reserve funds	

SUBTOTAL _____

IV - Effective Communications and Marketing

18	Strategic marketing plan	
19	Clear, jargon-free messaging	
20	Proactive communications to constituents and the community	
21	Network of key influencers	
22	Strong, content-rich website	
23	Great stories to demonstrate mission success	

SUBTOTAL _____

V - Motivated, Professional Staff

24	Clearly defined roles and expectations	
25	Skills and experience commensurate with needs	
26	Appropriate compensation	
27	Respectful, supportive work environment	
28	Regular, constructive feedback	
29	Adequate resources available	

SUBTOTAL

Record your Sub-Totals here:

- I: Clear and Compelling Vision** _____
- II: Passionate, Engaged Board of Directors** _____
- III: Strategic Approach to Fund Development** _____
- IV: Effective Communications and Marketing** _____
- V: Motivated, Professional Staff** _____

For any Section Score that is between 5 – 7, roll-up your sleeves and keep listening.

For any Section Score that is between 8 – 11, there is still room for improvement.

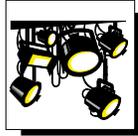
For any Section Score that is between 12 – 15, congratulations! You are well on your way to sustainability.

Notes/Observations from completed Assessment:

- What “ah-ha!” did you have, from completing this assessment?

- Which of the five elements are ‘best practices’ in your organization?

- Which elements do you need to explore further?



Effective Governance

HIGH

B
O
A
R
D

E
N
G
A
G
E
M
E
N
T

Governance by Fiat

Shared Governance

Governance by Default

Leadership as
Governance

LOW

STAFF ENGAGEMENT



Governance in Your Organization¹

Take a few moments to think about generative thinking in your organization.

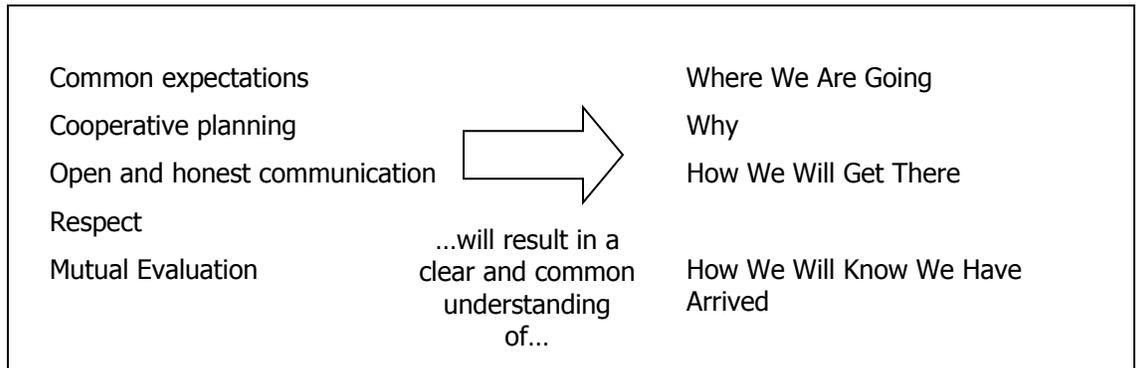
- Who decides what the organization will pay attention to?
- Who tends to frame the problems?
- Who decides what a given problem or opportunity means for the organization?
- Who has the most influence over what gets on to the organization's agenda or list of priorities?

With this in mind, select the quadrant that best decides the generative thinking scenario in your organization:

Quadrant: _____



Characteristics of Effective Board-Staff Partnerships²



Factors Conducive to an Effective Board-Staff Partnership

Organizational health depends on an effective and flexible partnership between the board and the Executive Director (ED). It...

- Requires clarity and agreement about roles and responsibilities
- Requires regular and open communication between the board chair and the ED, as well as an agreement about how to work together
- Requires a willingness on everyone's part to clarify their own and each other's assumptions
- Benefits from regular and systematic feedback and assessment
- May need to be redefined as the organization develops in size and complexity

The Board

Authorized by the government and the organization's supporters, the board governs the life of the organization.

- Establish mission and direction, ensures the necessary resources, and develops guiding principles
- Retains ultimate responsibility and power
- Is accountable to the public trust and to the organizations constituencies

The Executive Director

Authorized by the board, the ED manages the daily affairs of the organization.

- Supports the board with strategic information, ideas, and connections
- Manages the affairs of the organization by ensuring appropriate planning, coordination, and implementation of the program established by the board to support the mission
- Retains immediate operational responsibility and power



Guiding Governance³

Purpose: For board members to consider the following questions, in order to discover what it means to be a governing board, and a board member.

Mission

- 1. How long has it been since our board reviewed and refreshed the mission of the organization and balanced it against day-to-day realities?
- 2. Who else should we include in discussions of mission and vision?
- 3. How do individual board members prepare themselves for their work on mission and vision?
- 4. How do we as board members maintain our connection and commitment to the mission?
- 5. Can everyone on our board clearly state our organization's mission?
- 6. What are the core values of the organization?
- 7. How are these values expressed in how we function?
- 8. Do the outcomes of each of our programs contribute to the achievement of our mission? If not, what needs to be done?

Oversight

- 1. Is our organization committed to planning as an essential part of effective leadership and management?
- 2. Do we use our plans to evaluate progress and outcomes?
- 3. Does our organization have an up-to-date code of ethics and conflict of interest policy?

- 4. How do we distinguish between board responsibilities and those of the Executive Director or staff? What are the areas in which our responsibilities overlap?
- 5. What indicators and processes do we use to find out whether our board is doing its job?
- 6. Do we regularly evaluate the Executive Director's performance? Our own performance as a board and as individual board members? What evaluation processes do we use?
- 7. Do board members have a clear written statement of their duties and responsibilities? Does the Executive Director have a clear job description?
- 8. Is the board aware of the Executive Director's salary and how it's determined? If not, why not?
- 9. Does the board regularly review the organization's Form 990, the public document?

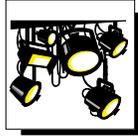
Resources

- 1. How do we educate board members about the organization's fundraising strategy?
- 2. Does every board member make an annual contribution to the organization?
- 3. To what extent do board members actively ask others to provide financial support?
- 4. Are there obvious areas of strength and weakness in our board's fundraising performance?
- 5. Do we have adequate financial expertise among board members?
- 6. Does the board receive regular, complete financial reports? Are the reports clear and easy to understand?
- 7. What questions do we bring to our review of financial documents?

- 8. What internal controls are in place to guard against potential fraud and abuse?
- 9. Are our investment policies consistent with our values, financial situation, and long-term goals?

Outreach

- 1. Do your community stakeholders know and understand our mission?
- 2. How does the board support our outreach activities? How can this be expanded?
- 3. To what extent is our organization well known to business, government, education, and media leaders? Do we actively pursue and develop those relationships?
- 4. How could more effective outreach enhance our fundraising capabilities?
- 5. How do the board, its members, and the staff work together in the area of community outreach? How can we strengthen this partnership?



How Your Board Can Govern More and Manage Less

- Develop a strategic plan and adhere to it.
- Link the current agenda to the strategic agenda.
- Monitor the success of the organization's initiatives.
- Develop clear expectations and a plan of action for the board of Directors.
- Encourage the chief executive to think strategically.
- Prepare materials and structure meetings to direct the board's attention to matters of policy and strategy.
- Develop and use a consent agenda.
- Determine priorities and organize the agenda accordingly.
- Assess the performance of the board on a regular basis.
- Focus on policy objectives, organizational strategy, and the relationship between budgets and priorities.
- Assess the chief executive.



Sample Board Effectiveness Assessment

How Does Your Board Measure Up

Rate your board using the following scale:

- 0 – No, this doesn't exist on our board
- 1 – We're working on it
- 2 – Yes, we're in great shape on this item

Selection & Composition	Rating
<ul style="list-style-type: none"> • The board is composed of persons vitally interested in the work of the organization. 	
<ul style="list-style-type: none"> • The board is representative of its constituency with regard to race, class, gender, and sexual orientation. 	
<ul style="list-style-type: none"> • There is a balance of new and experienced board members to guarantee both continuity and new thinking. 	
<ul style="list-style-type: none"> • Board members have the combination of skills (e.g., fundraising, management, legal, fiscal, etc.) necessary to do their work. 	
<ul style="list-style-type: none"> • The number of consecutive terms a board member can serve is limited. (No life terms!) 	
<ul style="list-style-type: none"> • The organization has a pool of potential board members identified for the future. 	
<ul style="list-style-type: none"> • The organization develops future board members through the use of volunteers on committees. 	
<ul style="list-style-type: none"> • New board members are recruited and selected using a thorough review process. 	
Subtotal (out of a subtotal maximum of 16 points)	
Orientation & Training	Rating
<ul style="list-style-type: none"> • There is a statement of agreement outlining the responsibilities of board members that all board members sign. 	
<ul style="list-style-type: none"> • The board understands its legal liability. 	

<ul style="list-style-type: none"> • The organization provides an orientation for new board members. 	
<ul style="list-style-type: none"> • The organization supplies a board manual to all board members that includes, but is not limited to, descriptions of current programs, a list of board members, budget and funding information, bylaws, and personnel policies. 	
<ul style="list-style-type: none"> • The organization makes training opportunities available for board members to increase skills related to their board responsibilities. 	
Subtotal (out of a subtotal maximum of 10 points)	
Board Structure & Organization	Rating
<ul style="list-style-type: none"> • The board has a simple, concise set of bylaws that describes the duties of board members and officers, and the procedures by which the board conducts its business. 	
<ul style="list-style-type: none"> • The board has a mechanism (such as an executive committee) for handling matters that must be addressed between meetings. 	
<ul style="list-style-type: none"> • The board elects a chair (or co-chairs) to provide leadership and coordinate the on-going work of the board and its committees. 	
<ul style="list-style-type: none"> • Committee assignments are reviewed and evaluated periodically. 	
<ul style="list-style-type: none"> • Board and staff members are clear about their respective responsibilities. 	
<ul style="list-style-type: none"> • The board has active committees (e.g., fund-raising personnel, nominating, long-range planning) with specific responsibilities. 	
<ul style="list-style-type: none"> • Working relations between the board chair and the executive director are strong and productive. 	
<ul style="list-style-type: none"> • Relations between the staff and board are characterized by mutual respect and good rapport. 	
Subtotal (out of a Subtotal maximum of 16 points)	
The Board at Work	Rating
<ul style="list-style-type: none"> • There are regularly scheduled board meetings at least 4 times a year. 	
<ul style="list-style-type: none"> • Meetings begin and end on time per an agreed-upon schedule. 	
<ul style="list-style-type: none"> • There is adequate preparation and distribution of material, including agendas, study documents, etc., in advance of board meetings. 	
<ul style="list-style-type: none"> • Board meetings are characterized by open discussion, general participation, and active thinking. 	

<ul style="list-style-type: none"> • Board members deal primarily with policy formulation; program, financial, and long-range planning; financial review; and evaluating the work of the organization. 	
<ul style="list-style-type: none"> • Minutes of the board and committee meetings are written and circulated to the members. 	
<ul style="list-style-type: none"> • Committees are active and complete assigned tasks in a timely manner. 	
<ul style="list-style-type: none"> • The board is aware of matters of community, state, and nationwide concern within the organization's field of interest. 	
<ul style="list-style-type: none"> • The individual board members accept and carry out assignments within the area of their talents and expertise. 	
<ul style="list-style-type: none"> • Board members follow through on their commitments in a timely manner. 	
<ul style="list-style-type: none"> • Board members make a generous financial contribution (self-defined) to the organization on an annual basis. 	
<ul style="list-style-type: none"> • All board members are involved in some aspect of fundraising for the organization. 	
<ul style="list-style-type: none"> • The board conducts an annual review of its own organization and work. 	
<ul style="list-style-type: none"> • New leadership is emerging consistently from the board and its committees. 	
Subtotal (out of a subtotal maximum of 28 points)	
TOTAL SCORE (out of a maximum of 70 points)	



Evaluating the ED

Guidelines

- Do it....and do it annually.
- Do it in a constructive way.
- Make it a regular exercise for the ED, for the board, and for the organization.
- Include the ED in all aspects of the process and content of the performance evaluation.

Content

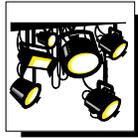
- Examine your organization's goals and how the ED's performance supports and ensures their implementation
- Establish measurable objectives with the ED related to your organization's goals and to leadership and management qualities.
- Assess the quality of the ED's relationship with the board, staff, funders, government agencies, the community, stakeholders, and consumers.

Issues that Shape the Evaluation Process

- Who has the primary responsibility: the Executive Committee? Board Chair? Full board?
- How will agreement be reached with the full board on the criteria for the evaluation?
- What is the timeframe for the evaluation?
- Will staff, community, and/or clients be involved?
- What opportunity will the ED have to respond to the evaluation?
- How will the final evaluation be shared with the full board?

Key Questions for Assessing the ED's Performance

1. What are the major objectives of your organization:
 - short term (1-2 years)
 - long term (5-10 years)
2. How well are these objectives being realized?
3. Does the ED have the necessary knowledge and skills?
4. Does the ED have the necessary personal qualities and characteristics?
5. Does the ED recruit, supervise, and retain staff?
6. What are the ED's major strengths?
7. What are the ED's major weaknesses?
8. What external factors, if any, have interfered with the ED's ability to achieve organizational goals?
9. What specific decisions and actions will be desirable or necessary to:
 - Strengthen the ED's performance?
 - Clarify the respective roles of the ED and the board?
 - Enhance the effectiveness of the organization?



Resource Materials

Tools to Help Build Passionate and Engaged Boards

- ✓ What Does it Take?
- ✓ Guidelines for Recruiting Board Members
- ✓ Sample Board Member Application
- ✓ Sample Board Member Agreement
- ✓ Sample Board Member Job Description
- ✓ Board Profile Assessment
- ✓ Checklist for Successful Board Orientation
- ✓ Board/Staff Responsibility Worksheet
- ✓ Board Meeting Effectiveness



Board Development Tool & Resources

What does it take?

Tending to Process

- Advance warning
- Orient judiciously
- Board buddies
- Matchmaking
- Meetings of the minds
- Front lines

4 Ways to Focus on Purpose

1. Choose the right board members
2. Do value-added work
3. Make it stimulating
4. Expect change

5 Tips for Engaging the Board

1. Break out of the boardroom
2. Play games
3. Be a “learning board”
4. Clarify expectations
5. Do reality checks



Article: Board Recruiting

GUIDELINES FOR RECRUITING NEW BOARD MEMBERS

by Carter McNamara

It's very important to keep the perspective that your board deserves highly skilled and participative board members. Don't erode your goals and believe that you are lucky to get anyone at all.

When you set out to recruit new members, the most important consideration is to know what kinds of skills are currently needed by the board. Consider the nature of issues and goals currently faced by the organization. For example, if you're struggling with finances, then seek a member with strong financial skills. It's highly useful to use a Sample Board Recruitment Grid.

1. Maintain an up-to-date list of potential board candidates, including the particular skills they can bring to the organization. This is often done by the Nominating Committee or the Board Development Committee.
2. Develop a Sample Board Application Form for prospective new board members. The form should solicit information about the potential new member, including biographical information, why they want to join this board, what they hope to bring to the board, what they would like to get from their board membership and any questions they might have.
3. Per any scheduling in the By-laws and/or after strategic planning, reference major strategic goals for the organization and the chief executive to identify what skills would be highly useful to the board, e.g., if new people will be hired the board may desire people with human resource skills, etc.
4. Reference the list of potential candidates to recruit for board membership and ask to meet with them.
5. Prospective board members should meet with the board chair and the chief executive, hear an overview of the organization and receive relevant organizational materials describing the organization's products or services, receive a board member job description and a board member application form. The prospective new member should hear about how the organization orients new members. Provide names of several board members whom the prospective new member might contact with any questions.
6. Identify if there are any potential conflicts of interest with the candidate, e.g., is he or she on the board of a competing organization, a vendor of the organization, etc.

7. Invite the prospective new member to a board meeting. Notify current board members that a potential new member will be attending. Consider name tags to help the potential new member be acquainted with board members. Introduce the member right away in the meeting and, at the end of the meeting, ask the potential new member if they have any questions. Thank them for coming.

8. Shortly after the meeting, call the prospective new member to hear if they want to apply for joining the board or not. If so, solicit their completed board member application and provide all applications to the board for their review and election.

9. Notify new members (those who have been elected) and invite them to subsequent board meetings and the board orientation.



Article: Board Orientation

Orienting New Members and Engaging Experienced Ones

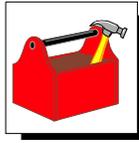
"We are about to add several new members to our board. Could you suggest some effective ways to orient them to their role as board members and build greater participation by all board members?"

An excellent way to begin this process is to hold an orientation session for all new board members prior to their first board meeting. At this session, they will learn more about the organization's mission, programs, and finances, meet key staff and board members, and understand the expectations for participation and engagement. The end result should be that new board members understand the strengths and weaknesses of the organization, how they can contribute and work effectively for the organization, and what is expected of them as board members, which will enable them to participate in the board's work as quickly as possible and make them feel welcome. Many organizations also encourage current board members to attend these sessions in order to renew their commitment to the group. Some organizations also have found it beneficial to pair an incoming board member with an experienced board member, who would be asked to stay in touch with the new board member during his or her first year of service on the board, in order to answer questions and provide other assistance.

There are many ways to help both new and seasoned members get and stay engaged and focused on their responsibilities. A committee responsible for the ongoing education of board members, with input from the executive director and board chair, can organize activities throughout the year that meet the needs of the board and its individual members. These might include holding special sessions for the board on topics such as fund raising and planning, sending board members to workshops offered by nonprofit management assistance providers, and bringing in outside speakers to discuss trends in the organization's mission area.

A strong, effective board of directors is one of an organization's most valuable assets. Devoting time and other resources to making the board more effective and keeping its members motivated is a wise investment that will yield long-lasting benefits.

Nancy Axelrod is president of the National Center for Nonprofit Boards (NCNB), in Washington, D.C.



Article: Board Succession

Board Leadership

Leaders have a lot to do with the quality of a team. A board without experienced leadership is often a group without direction. Every board needs to plan for officer succession: how to identify leadership qualities, elect the best candidates for the positions, train the officers for their roles, and ensure timely rotation. Serving as an officer is an added responsibility but it also provides an opportunity for a board member to show special commitment and improve his leadership skills.

Role of officers

An officer is a board member with extra duties. Most state laws require certain officers within each board. These roles are defined in the bylaws. The following positions are common in boards.

The most demanding task lies on the shoulders of the chair. She is the chief volunteer officer and role model for the board. Her responsibility is to develop the board as a cohesive and effective team. The vice chair fills in when the chair is not able to carry out the duties. A chair-elect is a chair-in-waiting. This position provides for automatic succession when the term of the chair is up. The treasurer keeps the board on top of the finances. The secretary keeps the minutes and the board records. This position is more and more often filled by a staff person. On some boards the positions of secretary and treasurer are sometimes held by one person if the bylaws allow it.

Electing officers

The traditional voting mechanism relies on the governance committee to prepare a slate of candidates. If the committee reflects the composition of the board and is fair and open-minded, it has a chance to create a sensible slate. When this is the case, board members can consider its recommendations well-founded and sound. Through open discussion the board makes the final choice from the slate. If the governance committee has not earned the trust of the rest of the board members or the role of the committee is unclear, officer election can turn into unnecessary confrontation and into choosing winners and losers.

Another method for electing officers is for the governance committee to facilitate the process. It collects nominations from board members, communicates back and forth with candidates, and finally recommends one candidate who emerges as the best choice for each position. Finally, the board confirms the nominations.

In membership organizations the corporate members — besides electing the board — may also elect the officers. As it is much easier for board members to assess the qualifications of candidates and the needs of the board than for the entire membership to bear this responsibility, it makes sense to strengthen the role of the governance committee in the eyes of the members. Explain the role of the committee and show that the members can trust its recommendations.

Lack of candidates

What should a board do when there are no willing or capable candidates? Here are some ways to deal with that difficult situation.

Long-term solutions:

- Ask the preliminary question: Why don't we have candidates for all the officer positions? Only by defining the underlying reason are you able to find a long-term solution.
- Assess your recruitment criteria. Bring in new board members with leadership experience. Let candidates know they are encouraged to take on officer responsibilities.
- Evaluate your training and leadership development opportunities. Help willing candidates learn and obtain the tools they need to take on added duties. Serving as committee chairs is an excellent occasion to learn.

Immediate solutions:

- Analyze the job descriptions and expectations. If one is too heavy and demanding, divide the responsibilities. Too much to do may act as a deterrent for potential candidates. If really necessary, create a co-officer or assistant officer position.
- If you have a chair-elect position, discuss its benefits. Is long term commitment too demanding for some candidates? How could this person share the duties?
- Consider shortening the overall term lengths to make the commitment more acceptable.
- As a last resort, see if the present officer would accept to extend his term by a year in order to provide training time for his successor. This choice should not serve as an option to delay necessary leadership change. It might also necessitate an amendment in the bylaws.

Term limits

Officer term limits should be tied to regular performance evaluation. Before a candidate can be re-elected, he or she must go through peer approval. Term limits also permit other board members to have a chance to exercise their leadership skills. It is easier to avoid stagnation, undue concentration of power, and continuous inadequate leadership if the positions come with a set term. For instance, a two-year term allows an officer to have an impact by accomplishing a specific agenda. Ultimately the board has always an option to re-elect an exceptionally effective leader for a consecutive term — providing bylaws allow for an additional term.

Removal of officers

The bylaws should spell out the process for board officer removal. Removal is necessary when a major disagreement cannot be solved by other methods. Reasons for removal could include not fulfilling board requirements or inappropriate behavior. Each board needs to determine the gravity of the charges on a case-by-case basis. Each board must determine whether the officer-in-question will be removed from the position or be asked to leave the board.

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Tool: Guidelines for Recruiting Board Members

By Carter McNamara

The following guidelines should be modified as necessary to conform to the particular culture and purpose of the organization.

It's very important to keep the perspective that your board deserves highly skilled and participative board members. Don't erode your goals and believe that you are lucky to get anyone at all.

When you set out to recruit new members, the most important consideration is to know what kinds of skills are currently needed by the board. Consider the nature of issues and goals currently faced by the organization. For example, if you're struggling with finances, then seek a member with strong financial skills. It's highly useful to use a Sample Board Recruitment Grid.

1. Maintain an up-to-date list of potential board candidates, including the particular skills they can bring to the organization. This is often done by the Nominating Committee or the Board Development Committee.
2. Develop a Sample Board Application Form for prospective new board members. The form should solicit information about the potential new member, including biographical information, why they want to join this board, what they hope to bring to the board, what they would like to get from their board membership and any questions they might have.
3. According to any scheduling in the By-laws and/or after strategic planning, reference major strategic goals for the organization and the chief executive to identify what skills would be highly useful to the board, e.g., if new people will be hired the board may desire people with human resource skills, etc.
4. Reference the list of potential candidates to recruit for board membership and ask to meet with them.
5. Prospective board members should meet with the board chair and the chief executive, hear an overview of the organization and receive relevant organizational materials describing the organization's products or services, receive a board member job description and a board member application form. The prospective new member should hear about how the organization orients new members. Provide names of several board members whom the prospective new member might contact with any questions.
7. Identify if there are any potential conflicts of interest with the candidate, e.g., is he or she on the board of a competing organization, a vendor of the organization, etc.

8. Invite the prospective new member to a board meeting. Notify current board members that a potential new member will be attending. Consider name tags to help the potential new member be acquainted with board members. Introduce the member right away in the meeting and, at the end of the meeting, ask the potential new member if they have any questions. Thank them for coming.

9. Shortly after the meeting, call the prospective new member to hear if they want to apply for joining the board or not. If so, solicit their completed board member application and provide all applications to the board for their review and election.

10. Notify new members (those who have been elected) and invite them to subsequent board meetings and the board orientation.



Tool: Sample Board Member Application

Name:

Address:

Daytime Phone:

Evening Phone

Current Employer:

Email Address:

Describe the personal and/or professional skills you will bring to the Board of Directors:

Why do you want to serve on the board of this organization?

Are you now or have you been on any other boards? Yes No. If yes, please explain:

Areas of Interest:

- Programs
- Education
- Public Relations
- Finance
- Fund Raising/Events
- Board Recruitment
- Marketing

Signature:

Date:



Tool: Sample Board Member Agreement

{organization's name}

BOARD MEMBER AGREEMENT

I, _____, understand that as a member of the Board of Directors of {organization's name}, I have a legal and moral responsibility to ensure that the organization does the best work possible in pursuit of its goals. I believe in the purpose and the mission of the organization, and I will act responsibly and prudently as its steward.

As part of my responsibilities as a board member:

1. I will interpret the organization's work and values to the community, represent the organization, and act as a spokesperson.
2. I will attend all board meetings, committee meetings as appropriate and special events. If special circumstances prevent me from participating, I will notify the Board President in advance.
3. I will make a personal financial contribution at a level that is meaningful to me.
4. I will actively participate in one or more fundraising activities.
5. I will act in the best interests of the organization, and excuse myself from discussions and votes where I have a conflict of interest.
6. I will stay informed about what's going on in the organization. I will ask questions and request information. I will participate in and take responsibility for making decisions on issues, policies and other board matters.
7. I will work in good faith with staff and other board members as partners towards achievement of our goals.
8. If I don't fulfill these commitments to the organization, I will expect the board president to call me and discuss my responsibilities with me.
9. In turn, the organization will be responsible to me in several ways:
10. I will be sent, without request, quarterly financial reports and an update of organizational activities that allow me to meet the "prudent person" section of the law.
11. Opportunities will be offered to me to discuss with the executive director and the board president the organization's programs, goals, activities, and status; additionally, I can request such opportunities.

12. The organization will help me perform my duties by keeping me informed about issues in the industry and field in which we are working, and by offering me opportunities for professional development as a board member.
13. Board members and staff will respond in a straightforward fashion to questions I have that I feel are necessary to carry out my fiscal, legal and moral responsibilities to this organization. Board members and staff will work in good faith with me towards achievement of our goals.
14. The organization will provide the Board of Directors with Directors & Officers liability insurance.
15. If the organization does not fulfill its commitments to me, I can call on the board president and executive director to discuss these responsibilities.

Signed:

Date:

Member, Board of Directors

Date:

President, Board of Directors



Tool: Sample Board Member Job Description

Fundamental Responsibilities

- Be informed about organization's mission, services, policies, programs and fiduciary responsibilities
- Inform others about the organization's mission, programs, activities, and events
- Actively provide creative perspective and solutions for the organization's most pressing issues
- Attend all monthly board meetings, annual board retreat, assigned committee meetings, and functions
- Review agenda and supporting materials prior to all meetings; review and comment on minutes and reports
- Participate actively in board and committee work
- Volunteer for and willingly accept assignments and complete them thoroughly and on time
- Make a personal financial contribution to the organization (current policy call for a minimum \$500)
- Suggest possible candidates for nomination to the board
- Follow conflict of interest and confidentiality policies
- Participate actively in fund raising for the organization

Personal Characteristics

- Ability to: listen, analyze, think clearly and creatively, and work well with people individually and in a group.
- Willing to: prepare for and attend board and committee meetings, ask questions, take responsibility and follow through on a given assignment, contribute personal and financial resources in a generous way according to circumstances, open doors in the community, evaluate oneself.
- Develop certain skills if you do not already possess them, such as to: cultivate and solicit funds, cultivate and recruit board members and other volunteers, read and understand financial statements, learn more about the substantive program area of the organization.
- Possess: honesty, sensitivity to and tolerance of differing views, a friendly, responsive, and patient approach, community-building skills, personal integrity, a developed sense of values, concern for your nonprofit's development, a sense of humor.

: Board Profile Assessment^{iv}

Get the Right Board Members?

You would like to be recruited. The seriousness with which a board member is recruited and selected is directly related to the seriousness with which the board member fulfills her/his role.
member's job:

of individual members as well as the role of the Board as a governing group
expectations (governance, implementation, volunteer). Include amount of time expected, donation expectations, involvement, how board member performance is evaluated
organization's mission and values as a primary criterion for selecting new Board members.
the future board.

minimums, percentages of whatever characteristics are important to your organization.
to serve in meaningful ways; ensure potential Board members are not identified based solely due to membership or demographic

options for serving. Complete profiles below as a starting point.
in desired experience and qualifications
to identify and nurture prospects

to begin plan to start a list of people who might fit the board.
the nomination process should be ongoing and involve all current board members
the nomination process.
demographic balance.

Future: will prospective members fill changes in skills as current members leave? Who can be groomed for leadership roles, for example?

expectations you feel the prospective member has.
bylaws and board policy manuals.
background checks.

to know to thoroughly explain board service in order to minimize surprises, frustration, and to signal you have high

to begin and new member orientation seriously.

to begin will influence a new board member's decision to stay or go

Table 1: Board Member Profile

	Current Board Members										Prospective Board Members			
Desired Characteristics	1	2	3	4	5	6	7	8	9	10	A	B	C	D
ALL MEMBERS SHOULD HAVE THESE CHARACTERISTICS:														
Demonstrated shared values; interests are aligned with organization														
Demonstrated interest before nomination														
Donor of record in last year														
Some experience in our area of service														
Board service supported by family														
Able to attend meetings; give 8-10 days per year														
Known as a good group decision maker														
Other:														

Table 2: Board Member Skills

Desired Characteristics	Current Board Members										Prospective Board Members			
	1	2	3	4	5	6	7	8	9	10	A	B	C	D
EACH MEMBER SHOULD HAVE ONE OR MORE OF THESE CHARACTERISTICS:														
Recognized community leader														
Prior experience on nonprofit boards														
Knowledge of nonprofit law														
Knowledge of nonprofit fundraising														
Specialized knowledge of one mission/program area														
Helps balance board in terms of gender														
Helps balance board in terms of age														
Helps balance board in terms of ethnicity														

	Current Board Members										Prospective Board Members			
Desired Characteristics	1	2	3	4	5	6	7	8	9	10	A	B	C	D
Good mediator of group disagreements														
Knowledge of land use and facilities management														
Experience in interacting with local government														
Has network of donor prospects														
Leadership in another organization important to us														
Other:														

	Current Board Members							Prospective Board Members						
Area of Expertise/Professional Skills	1	2	3	4	5	6	7	8	9	10	A	B	C	D
Administrator														
Architect														
Business/Corporate														
Community Leader														
Educator														
Executive Director														
Finance:														
Accounting														
Banking & Trust														
Investments														
Foundation Representative														
Fundraising														
Government Representative														
Human Resources														
Insurance														
Legal														
Marketing														
Media														
Medical														
Public Relations														

Area of Expertise/Professional Skills	Current Board Members										Prospective Board Members			
	1	2	3	4	5	6	7	8	9	10	A	B	C	D
Real Estate														
Recruiting														
Religious														
Strategic Planning														
Special Program Focus														
Board Experience														
President														
Vice Chair														
Treasurer														
Secretary														
Board Development														
Executive														
Finance														
Fund Development														
Marketing														
Planning														
Other:														

Table 3: Demographics

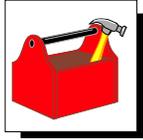
	Current Board Members										Prospective Board Members			
	1	2	3	4	5	6	7	8	9	10	A	B	C	D
Age														
Under 35														
From 36-50														
From 51-65														
Over 65														
Gender														
Women														
Men														
Ethnicity														
Asian														
African-American														
Latino														
Caucasian														
Other														
Geographic Location														
City														
State														
Country														

	Current Board Members										Prospective Board Members			
	1	2	3	4	5	6	7	8	9	10	A	B	C	D
Contributions: In-kind (I), Donation (D), Solicited (S)														
>10K														
5-10K														
2-5K														
1-2K														
< 1K														
Length of Board Service														
Over 10 years														
5-10 years														
2-4 years														
Less than 2 years														
None														
Attendance														
75-100%														
50-74%														
25-49%														
<24%														
Term of Expiration														



Tool: Checklist for Successful Board Orientation^v

- Plan the orientation!**
- Schedule** the orientation for the most convenient time and location for all board members. Set the date well in advance to accommodate busy schedules.
- Keep it simple.** Don't use orientation time to teach board members how to read a financial statement. Provide an overview of important information.
- Pace the presentation** to fit time allotted. Create a timed agenda and stick to it.
- Allow time for Board members to get to know each other.** Facilitate a structured introduction. Example: Board members form pairs, conduct brief interviews of each other. Each pair then takes a turn introducing his/her partner to the whole group.
- Pay attention to the room's seating arrangement.** Informal circles encourage interaction and allow everyone to see each other.
- Ask seasoned or emeritus board members to share stories** from the organization's past.
- Include an official "swearing in" ceremony** at which time new board members pledge their service and formally acknowledge their responsibilities as board members.
- Explain** board meeting procedures, including the informal norms such as dress, timing, etc.
- Pair new members with a seasoned board member** to serve as a mentor, to help integrate the new member, answer questions, etc.
- Maintain a sense of humor.** Humor can build camaraderie.
- Learn from experience.** Ask seasoned board members, "what do you wish you had known when you first became a board member that would have made a difference in the way you did your job?"



Tool: Board/Staff Responsibility Worksheet

Check the appropriate box, assigning PRIMARY responsibility for each item.

Task	Board Responsibility	Executive Director/Staff Responsibility
1. Determine the organization's goals		
2. Funding for the organization		
3. Hire the executive director		
4. Establish the organization's policies		
5. Execute policy		
6. Recommend organization policy		
7. Administer all aspects of organization operations		
8. Hire and supervise support staff		
9. Approve annual budget		
10. Plan and implement programs		
11. Responsibility for compliance with all legal requirements		
12. Recruit new board members		
13. Orient, train, and develop board members		
14. Draft the annual budget		
15. Establish staff benefit policies		
16. Manage staff benefit policies		
17. Prepare background materials for board consideration		
18. Select board members for various committees		
19. Serve as professional resource to the board		
20. Provide community relations contacts with community		
21. Prepare reports for the board		
22. Evaluate organization's results		
23. Keep board members informed regarding organization's operations		
24. Assess operational problems		



Managing Effective Board Meetings⁶

Board meetings are at the heart of nonprofit governance. Without them, board members may never see each other at all, and little, if any, board work could be accomplished. A recent NCNB survey of more than 200 board members revealed that boards meet a median of seven times per year. Most survey respondents said they spend an average of five hours or more per month, or 60 hours per year, on board or committee business.

Imagine if corporate executives invested only 60 hours a year — a work week and a half— into running a company. That company would probably never make it off the ground. Yet boards of nonprofits all over the world successfully govern organizations in about 60 hours a year. Therefore, it is critical that the time spent in meetings is significant to both the board and the organization.

For some boards, getting members to show up at meetings can be a challenge, and making the time spent in meetings valuable to the board can be even harder. Too many board members complain that their meetings are unorganized, ineffective, or overwhelming. Some board members may be bombarded with too many agenda items at one meeting, while other board members waste time listening to updates and rarely get the opportunity to make important decisions.

In order to have effective meetings and a productive board, the board chair, in conjunction with the chief executive, must ensure that each meeting gives board members the opportunity to make important decisions without overwhelming them with a mountain of work.

Board meetings should be an opportunity for the board to get an accurate and complete report on what's going on within the organization. "Stop the dog and pony show," one board member said of board meetings. "Everyone sits there and gets to hear about how great everything is in the organization. Then we have a break and everyone goes out to the hallway and complains about what's really going on."

Even on the most organized board, meetings often are not enjoyable for members. For boards that meet only a few times a year, each board meeting becomes essential to the welfare of the organization and can easily become all work and no play. Some board members complain that they do not feel they know their fellow members. No matter how many items there may be on the agenda, the board must have some downtime to unwind and get to know each other better. The members of the board all have at least one thing in common — an interest in the mission of the organization. Meetings should provide the opportunity for members to get to know one another better so they will be able to work better together.

Most of the tips in this booklet are addressed to chief executives and board chairs because they are the ones who tend to have the most impact on the outcome of a board meeting. The chief executive is usually the one who schedules and prepares for board meetings. The chief executive may be responsible for ensuring the meeting is in a suitable location and at a good time and for providing board members with the necessary advance reading.

The board chair has many responsibilities, but bringing order and purpose to the boardroom is among the most important of the chair's responsibilities. The board chair is the facilitator of most board meetings and is responsible for keeping the meeting on track. The board chair is also responsible for maintaining a positive working relationship among the members of the board. Sometimes it's hard to fight chaos on a board that has a lot of ideas but not a lot of time to get things done. This booklet is designed to help board chairs streamline board meeting procedures and foster more relevant, helpful contributions from board members.

The board chair may facilitate the meeting, but the participation (or lack thereof) of the rest of the board has a great impact on the meeting's effectiveness. Every board member influences the meeting, so the chair needs to seek support from the rest of the board when making any changes to the meeting format. For a meeting to be truly productive, the entire board must agree on board meeting rules and procedures such as showing up, putting aside personal agendas, and working for the greater good of the organization. Many organizations may have provisions in their bylaws that state how meetings should be run. If your board decides to drastically change its meeting structure, you may want to consider putting some procedure changes in writing. These procedures should not conflict with the organization's bylaws.

The following are ways that boards and board chairs can improve meeting procedures before, during, and after each meeting. Also included are ongoing practices boards can implement to improve meetings. All these recommendations may not work for all boards, but, at the very least, the ideas in this booklet should get board members thinking about how their meetings can be improved by involving all board members in meetings, remaining focused on the mission, and providing opportunities for board members to learn from others. Even a few minor improvements can make board meetings a more effective and enjoyable time for the entire board.

BEFORE MEETINGS

1. Establish Rules of Conduct

- Ensure that everyone agrees on how to work together by setting basic ground rules
- Stress the importance of respect at and away from the board table
- Agree on how to disagree

2. Draft Recommendations

- Save time during board meetings by preparing draft board recommendations in advance, when appropriate

3. Require Some Advance Reading

- Make board training a priority at every meeting
- Provide the appropriate materials
- Give board members a broad overview of the organization at least once
 - Vision, Mission, and History
 - Roster of the Board members with bios, job descriptions, board responsibilities
 - Committee lists, chairs, job descriptions, advisors
 - Legal documents and policies, bylaws, conflict of interest, travel expenses, insurance
 - Financial statements and budget
 - Strategic framework and current plan
 - Programs and services
 - Upcoming and annual events
- Give the board supplemental information before every board meeting
- Keep the amount of reading short and sweet

DURING MEETINGS

4. Stay on Topic
 - Clearly define the outcomes you wish to achieve during the meeting to prevent lengthy, unfocused discussions
 - Make sure everyone understands each task before the board
 - Don't let the board get sidetracked by personal issues
5. Use Consent Agendas
 - To save time, combine routine items into one item for the board's approval
 - Ease your board into consent agendas until everyone is comfortable with the idea
6. Focus on Decisionmaking
 - Change the format of meetings from show-and-tell to give-and-take
 - Give the board important work to do
 - Clarify how the board makes decisions
7. Involve All Board Members
 - Make sure everyone has the opportunity to speak
8. Make Sure the Facilitator (Board Chair) Remains Neutral
 - Don't be afraid to let someone else take over from the board chair
9. Hold Meetings at a Suitable Site
 - Try holding meetings on site to help board members connect with the organization's mission
 - Verify the meeting site throughout the year
 - Seek a quiet place
10. Consider the Seating Arrangements
 - Choose an appropriate room setup
 - Watch where you sit
11. Keep Finances Understandable
 - Know how much is too much information
 - Make sure the financial reports the board receives are timely and accurate
 - Teach the board to look for expenses or income that is significantly over or under budget
12. Focus on the Mission
 - Provide context to board meetings by reminding the board of the organization's mission
13. Make the Most of the Minutes
 - Include the basics
 - Don't provide too much detail
 - Record information that could be helpful during a legal review
 - Circulate the minutes a few days after the meeting

14. Let Board members Learn from Others

- Stress that interactive learning is as important for long-time members as it is for new board members

15. Have a Good Time

- Never underestimate the power of humor



Basic Boardroom Etiquette

Although the board chair shoulders most of the responsibility for facilitating a meeting, the rest of the board is also responsible for determining the outcome of the meeting. Acceptable boardroom etiquette is a must for any meeting to be effective, Encourage your board members to follow these guidelines:

- Arrive on time and stay until the end.
- Come prepared. Read material ahead of time, not while others are speaking.
- Don't use judgmental statements.
- Talk about issues, not about people.
- Listen to others and speak one at a time.
- Refrain from criticizing absent members.
- Be careful not to monopolize the conversation.
- Ask questions if you do not understand something. Keep confidential information confidential.
- Talk about board issues in the boardroom; don't save issues for gossip in the parking lot after the meeting.
- Recognize when you have a conflict of interest and disclose it to the group.
- Use "I" statements when speaking about opinions or feelings.

AFTER MEETINGS

16. Encourage Reflection

- Critique the meeting
- Conduct a board self-assessment every three years
- Conduct a board member self-evaluation

17. Encourage good attendance
 - Develop a meeting structure
 - Start and end on time
 - Set meeting dates far in advance
 - Follow up with no-shows
 - Ask board members for feedback on meeting dates
18. Encourage Relationship Building
 - Schedule breaks
 - Acknowledge milestones such as birthdays, anniversaries, promotions, or retirements
19. Get Help When You Need It
 - Seek a consultant or mediator when necessary
20. Encourage Open Communication
 - Discuss the matters that keep the chief executive awake at night
 - Hold team-building sessions without the chief executive regularly

Motivation and Boards

Board meetings should be an opportunity to motivate board members and keep them excited about service. Here are some tips for how and how not to motivate board members during meetings.



DO:

- **Reinforce the mission.** Connect the work of the board directly to the organization's mission; give board members the sense that their involvement in the organization will benefit the community.
- **Give the board meaningful tasks.** Ask the board to write policies; invite the board to spearhead a capital campaign; give board members opportunities to contribute to the organization.
- **Show board members results.** Invite a constituent to share a positive experience with the organization; tell board members how the organization spent the funds they helped raise.

DON'T:

- **Accentuate the negative.** Avoid using the board only as a resource to solve the organization's problems; discuss the good as well as the bad.
- **Create tension.** Make sure the board does not feel alienated from or hostile toward the staff, constituents, or each other; emphasize the need for board members to work together.
- **Focus only on fund-raising.** Don't make board members feel that raising money is the only way they can contribute to the organization; show appreciation for the funds the board raises.



10 Important Things to Know about Fundraising

By Kim Klein

Many times at the end of a training or a speech about fundraising techniques and principles, I am asked, "What are the most important things to remember?" Usually the person asking is either a volunteer with little time to help with fundraising, a person new to fundraising and overwhelmed by the number of details she or he has to keep in mind, or a staff person who is not responsible for fundraising but wants to help.

Over the years, I have thought about what I consider the ten most important things to know about fundraising. The items are not presented in order of importance, although #1 is probably the most important; nor are they in order of difficulty. If there is any order, it is the order in which I understood these things and integrated them into my own fundraising work. Undoubtedly, other skilled fundraisers would have slightly different lists, but this list has served me well for many years. I hope you find it useful.

1. IF YOU WANT MONEY, YOU HAVE TO ASK FOR IT

While there are some people (may their kind increase) who will simply send an organization money or offer money without being asked, there are not enough of them to build a donor base around. Most people will not think to give you money unless you make your needs known. This is not because they are cheap or self-centered; it is because most people have no idea how much it costs to run a nonprofit, or how nonprofits get money. If you don't ask them, they will simply assume you are getting the money somewhere. They have no reason to think your group needs money unless you tell them, the same way they have no reason to know if you are hungry, or unhappy, or needing advice.

Millard Puller, founder of Habitat for Humanity, says, "I have tried raising money by asking for it, and by not asking for it. I always got more by asking for it."

2. THANK BEFORE YOU BANK

Once you receive money, you must thank the person who gave it to you. I have found that disciplining myself not to deposit checks until I have written the thank-you notes has forced me to make thank-you notes a priority. I am not rigid about this rule because if I get behind in my thank-you notes, and then don't deposit the checks for a while, the donors may wonder whether we really needed the money.

Thank-you notes do not need to be fancy and should not be long. If at all possible, they should include a personal note, even if it is from someone who doesn't know the donor. You can add something as simple as, "Hope to meet you sometime," or "Check out our website," or "Happy holidays," or even, "Thanks again — your gift really helps."

Many organizations have created note cards for staff and volunteers to use when writing thank yous. The front of the card has the logo of the group, on the top half

of the inside is a relevant meaningful quote from a famous person, and the bottom half of the inside is used for the thank-you message. It is a small space, so you really can't say much.

Many databases will print out a thank-you note after you enter the information about the donor — saving valuable time. These are best if accompanied by a personal note at the bottom.

Late thank yous are better than no thank you at all, but photocopied form thank yous are almost the same as no thank you.

The long and the short of thank yous is: if you don't have time to thank donors, you don't have time to have donors.

3. DONORS ARE NOT ATMS

A survey of donors who gave away more than \$5,000 a year asked, "What is your relationship with your favorite group?" Several gave similar answers, even though they did not know each other and did not give to the same group. All the answers were on this theme: "I would love to be considered a friend, but I am more of an ATM. They come to me when they need money, they tell me how much, I give it to them, and the next time I hear from them is when they need more."

This is a terrible indictment of much of what passes as fundraising. When I have described this common situation in trainings, people have often asked, "How can we make sure our donors don't feel this way?" The answer is very simple, "Make sure you don't feel that way about your donors."

All groups have a few "high maintenance" donors, and may be forgiven for wishing them to go on a long trip to a place without phones or e-mail. But the majority of donors require practically no attention. They have the resilience of cacti — the slightest care makes them bloom. Thank-you notes, easy-to-understand newsletters, and occasional respectful requests for extra gifts will keep people giving year in and year out.

Think of your donors as ambassadors for your group. Design your materials so that donors will be proud to give your newsletter to a friend or recommend your group when their service club or professional association is looking for an interesting speaker, or forward your e-mails to several of their colleagues.

By treating your donors as whole people who have a number of gifts to offer your group, including their financial support, you will have more financial support from existing donors, more fun fundraising, more donors, and the peace of mind of knowing that you are not treating anyone as an object.

4. MOST MONEY COMES FROM PEOPLE, AND MOST OF THOSE PEOPLE ARE NOT RICH

There are three sources of funding for all the nonprofits in the United States: earned income (such as products and fees for service), government (public sector), and the private sector, which includes foundations, corporations and individuals. For the nearly 60 years that records about who gives money away have been kept, at least 80% of this money has been shown to be given by individuals.

In 2002, total giving by the private sector was almost \$241 billion, and 84.2 percent of that (\$202 billion) was given away by individuals! These people are *all* people – there is no significant difference in giving patterns by age, race, or gender. Income is not nearly the variable that one would think: middle-class, working-class, and poor people are generous givers and account for a high percentage of the money given away. In fact, a study by Arthur Blocks of the Maxwell School of Citizenship and Public Affairs at Syracuse University showed that 19% of families living on welfare give away an average of \$72 a year!

Too often, people think they can't raise money because they don't know any wealthy philanthropists. It is a great comfort to find that the people we know, whomever they are, are adequate to the task. Seven out of ten adults give away money; focus your work on these givers, and help teach young people to become givers.

5. PEOPLE HAVE THE RIGHT TO SAY NO

One of the biggest mistakes I made early on as a fundraising trainer was not balancing my emphasis on the need to ask for money with the reality that people are going to say no. No one is obligated to support your group — no matter what you have done for them, no matter how wealthy they are, no matter how much they give to other groups, how close a friend they are of the director, or any other circumstance that makes it seem they would be a likely giver.

While it is possible to guilt-trip, trick, or manipulate someone into giving once, that will not work as a repeat strategy. People avoid people who make them feel bad, and they are attracted to people who make them feel good. When you can make someone feel all right about saying no, you keep the door open to a future yes, or to that person referring someone else to your group.

People say no for all kinds of reasons: they don't have extra money right now; they just gave to another group; they don't give at the door, over the phone, by mail; a serious crisis in their family is consuming all their emotional energy; they are in a bad mood. Rarely does their refusal have anything to do with you or your group. Sometimes people say no because they have other priorities, or they don't understand what your group does. Sometimes we hear no when the person is just saying, "I need more time to decide," or "I need more information," or "I have misunderstood something you said."

So, first be clear that the person is saying no, and not something else like, "Not now," or "I don't like special events." Once you are certain that the person has said no, accept it. Go on to your next prospect. If appropriate, write the person a letter and thank them for the attention they gave to your request. Then let it go. If you don't hear 'no' several times a week, you are not asking enough people.

6. TO BE GOOD AT FUNDRAISING, CULTIVATE THREE TRAITS

A good fundraiser requires three character traits as much as any set of skills. These traits are: first, a belief in the cause for which you are raising money and the ability to maintain that belief during defeats, tedious tasks, and financial insecurity; second, the ability to have high hopes and low expectations, allowing you to be often pleased but rarely disappointed; and third, faith in the basic goodness of people.

While fundraising is certainly a profession, people who will raise money for any kind of group are rarely effective. Fundraising is a means to an end, a way to promote a cause, a very necessary skill in achieving goals and fulfilling missions.

7. FUNDRAISING SHOULD NOT BE CONFUSED WITH FUND CHASING, FUND SQUEEZING, OR FUND HOARDING

Too often, organizations get confused about what fundraising is and is not.

If you hear that a foundation is now funding XYZ idea, and your organization has never done work in that area nor have you ever wished to do work in that area, the fact that you are well-qualified to do such work is immaterial. To apply for a grant just because the money is available and not because the work will promote your mission is called fund chasing. Many groups chase money all over and, in doing so, move very far away from their mission.

Similarly, if your organization seems to be running into a deficit situation, cutting items out of the budget may be necessary but should not be confused with fundraising. When deficits loom, the fund-squeezing question is, "How can we cut back on spending?"; the fundraising question is "Where can we get even more money?"

Finally, putting money aside for a rainy day, or taking money people have given you for annual operating and program work and being able to put some of it into a savings account is a good idea. Where savings becomes hoarding, however, is when no occasion seems important enough to warrant using the savings.

I know a number of groups that have cut whole staff positions and program areas rather than let money sitting in their savings be used to keep them going until more money could be raised. I know groups that overstate what they pay people, what price they pay for equipment, what they spend on rent, all to get bigger grants from foundations or larger gifts from individuals, and then put that extra into savings — savings that they have no plan for.

A group that saves money needs to have a rationale: Why are you saving this money? Under what circumstances would you spend it? Without some plan in mind, the group simply hoards money.

Fund-chasing, fund-squeezing, and fund-hoarding need to be replaced with an ethic that directs the group to seek the money it needs, spend it wisely, and set some aside for cash-flow emergencies or future work.

8. FUNDRAISING IS AN EXCHANGE — PEOPLE PAY YOU TO DO WORK THEY CANNOT DO ALONE

Hank Rosso, founder of the Fund Raising School and my mentor for many years, spoke often about the need to eliminate the idea that fundraising was like begging.

Begging is when you ask for something you do not deserve. If you are doing good work, then you deserve to raise the money to do it. What you must do is figure out how to articulate what you are doing so that the person hearing it, if they share your values, will want to exchange their money for your work. They will pay you to do work they cannot do alone.

9. PEOPLE'S ANXIETIES ABOUT FUNDRAISING STEM FROM THEIR ANXIETIES ABOUT MONEY

Anxiety about money is learned, and it can be unlearned. If you are ever around children, you know that they have no trouble asking for anything, especially money. In fact, if you say no to a child's request for money, they will simply ask again, or rephrase their request ("I'll only spend it on books"), or offer an alternative ("How about if I do the dishes, then will you give me the money?")

Everything we think and feel about money we have been taught. None of it is natural; none of it is genetic. In fact, in many countries around the world, people talk easily about money. They discuss what they earn, how much they paid for things, and it is not considered rude to ask others about salaries and costs.

We have been taught not to talk about money or to ask for it, except under very limited circumstances. Many of us are taught that money is a private affair. Having too little or too much can be a source of shame and embarrassment, yet money is also a source of status and power. Most people would like to have more money, yet most will also admit that money doesn't buy happiness.

As adults, we have the right — in fact, the obligation — to examine the ideas we were taught as children to ensure that they are accurate and that they promote values we want to live by as adults. Most of us have changed our thinking about sex and sexuality, about race, about age, illness and disability, about religion, about marriage, about how children should be raised, what foods are healthy, and much more. We have done this as we have learned more, as we have experienced more, or, as we have thought about what we value and what we do not. We need to take the time to do the same work with our attitudes toward money. We can choose attitudes that make sense and that promote our health and well-being.

Our attitudes toward fundraising are a subset of our larger attitudes toward money. The most important change we can make in our attitudes toward fundraising is to remember that success in fundraising is defined by how many people you ask rather than how much money you raise. This is because some people are going to say no, which has got to be all right with you. The more people you ask, the more yes answers you will eventually get.

Finally, if you are anxious about asking for money or would rather not ask, this is normal. But ask yourself if what you believe in is bigger than what you are anxious about. Keep focused on your commitment to the cause and that will propel you past your doubts, fears, and anxieties.

10. THERE ARE FOUR STEPS TO FUNDRAISING — PLAN, PLAN, PLAN, AND WORK YOUR PLAN

Though humorous, this formula that I learned from a community organizer underscores the fact that fundraising is three parts planning for one part doing. I learned this later in my career, after having gone off half-cocked into many fundraising campaigns and programs. I meant to plan, I planned to make a plan, I just never got around to planning.

I have learned (usually the hard way) that an hour of planning can save five hours of work, leaving much more time both to plan and to work. Planning also avoids that awful feeling of "How can I ever get everything done," and that sense of impending doom. It moves us out of crisis mentality and means that we are going to be a lot easier for our co-workers to get along with.

There are a lot of articles and books on planning — I recommend reading some of them. However, the easiest way I have found to plan something is to start by defining the end result you want and when you want it to happen, then work backwards from that point to the present. For example, if you want your organization to have 100 new members by the end of next year and you are going to use house parties as your primary acquisition strategy, you will need to schedule five to seven house parties that will recruit 10 to 15 members per party.

To set up one house party will require asking three people to host it (only one will accept), which will require identifying 15 or 20 possible hosts to carry out the number of house parties you want to have. The hosts will want to see materials and know what help they will have from you.

The materials will have to be ready before the first phone call is made to the first potential host, and the first phone call needs to occur at least two months before the first party. So, the materials need to be produced in the next two weeks, hosts identified in a similar timeframe, calls made over a period of two or three months, and so on.

When you are tempted to skip planning, or to postpone planning until you "have some time," or to fly by the seat of your pants, just remember the Buddhist saying, "We have so little time, we must proceed very slowly."



Tool: Six Fundamentals of Effective Fundraising Letters

The reason many donors cite for giving money? They were asked!

One of the most common methods that nonprofits use to raise funds is the appeal letter. Not only can an appeal letter bring in much needed funds, it can strengthen the connection with current supporters, reactivate lapsed donors, encourage more donors to become major donors, and increase the size of major donor gifts.

How effective was your last appeal letter to existing donors? If you didn't receive at least a 6% response from your mailing list, try using these six fundamentals for your next campaign.

1. Develop a unifying concept or theme

Your theme could be centered on a recent event (for example, last year we tied one client's fundraising letter to the national hurricane disasters); a major success; a compelling beneficiary story; or, a new program or population served.

2. Acknowledge your donor

We all want to be appreciated and feel that we are making an impact. Be sure to thank your donor within the first paragraph of your letter and let them know how their donations have made a difference to the clients your organization serves.

3. Make it easy to read

Studies have shown that the typical appeal letter has about 20 seconds to grab the reader before it ends up in the trash. Furthermore, 90% of donors start by reading your P.S. The key is to write a strong P.S. and compose the letter with subheads and brief paragraphs.

4. Tell an emotional story

Put a face on your organization with an upbeat story about how your organization helped a client. If confidentiality isn't an issue, use photographs and names of clients.

5. Personalize it

If at all possible, your envelope should be hand-addressed and hand-stamped, and the letter should be addressed to each donor by name. Personalizing your appeal has been shown to increase your response rate by almost 30%!

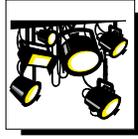
6. Create a stand-out reply card

Let's say your mailing has managed to stay out of the trash, piqued your donor's interest, but has been relegated to the dreaded bill pile where it may sit for weeks. Make it stand-out with a larger format, interesting graphics, and a summary of your appeal.



Point to Remember:

Communicate with your donors at least *four times a year*, including two appeal letters. The other two pieces can include a simple newsletter, or an update about your organization's successes. By reaching out to your donors on a regular basis, you will be building relationships that will help sustain your organization in the future.



Prospect Research

by James Toscano

As part of a group organizing a development office for The Saint Paul Chamber Orchestra years ago, I ran a number of mailing lists by the committee. Certainly all agreed that season ticket holders were clearly a prime constituency. When we got to the single ticket buyer list, derisive comments emanated from staff about a “dog list.”

“If they can’t even afford season tickets, they’re nowhere near giving us money” went up the dismissive cry.

“Wait a minute.” chimed in the volunteer fundraising consultant, “Who’s to say that not buying a season ticket disqualifies them? Maybe they’re very busy people, or highly sophisticated about the music they want to hear, or just don’t like most of your subscription concerts!”

After the artistic temperaments settled down, I offered to do a pilot campaign through direct mail and telefunding. The results were so spectacular that we expanded the effort to the entire list, netting a 25 percent return and about eighty thousand “dog” dollars, as I called them. These donors were sitting right in front of them all the time!

The Lesson

The lesson is obvious. Don’t let your perceptions and stereotypes get in the way of developing your organization’s constituency. Get to know your constituency and do it strategically and systematically.

Donation dollars follow values; donors share explicit and implicit values with the nonprofit organizations they support. Donor values, interests, relationships and involvement are paramount. Now, how do we find these donors?

The lesson learned in the anecdote above is that many are already in our “seats.” Institutional memory being what it is, we often forget founders, former board members, former foundation, government and organization funders, former individual donors, former participants or clients, and former volunteers. That’s one place to start.

Dumping Former Donors

For example, I’m constantly amazed at how rapidly we dump names of donors who don’t give for a few years without even asking them why they’re not giving.

When you think that the average person initially makes a donation after about seven to eight requests, it seems plainly inefficient to let them slide away after two or three consecutive years of non-giving. Perhaps they’ve been away, or have kids in college, or have been ill, or moved, or a thousand other things that led to a non-response.

Or, and this is the case with many, we are just not familiar enough with them to have our request at the top of their consciousness. With institutional donors, it may be an implicit rotation, or change in guidelines or interests, which do sometimes bounce back.

While we would like to think that we are the most important thing in people's lives, for example, we are not, and sometimes we are marginal to the point that they forget to send money, not because they don't want to but because other events in busy lives have precluded us.

Volunteers as Donors

Another example is that we often separate out volunteers, citing the cliché about their giving "time not money." However, study after study, census after census demonstrate that households in which there is not significant volunteering contribute almost half as much as those with volunteers. Our volunteers are our prospects and donors!

Clearly volunteering is a function of education and/or income; in this instance, however, the volunteer is on our scene and he or she knows us, shares our values, and is a wonderful prospect for a donation or an increase in an existing donation.

The Importance of Research

One of the most useful exercises with boards, development committees, volunteer solicitors and staff is to do as detailed a constituency circle (or pyramid) as possible, not just once, but continuously, posting the chart in a prominent place at all development committee and rating committee meetings.

Asking the committed to identify a development prospect is a double win: a new name and a potential peer solicitor of the prospect.

Hank Rosso separated the major headings in this exercise into "Suspect, Prospect, and Donor." However it is done, either in concentric circles or ascending levels in a pyramid denoting involvement and commitment, the task is the same: to fill in specific names and/or characteristics of persons, foundations, corporations, organizations and government agencies.

Research is the centerpiece of this work to identify constituency, and it comes in all shapes and sizes. All of those names elicited in the exercise above then become the subjects of further research.

The Best Source of Information on a Prospect

Obviously, the best source for information on an individual is the person himself or herself.

Published reports from or about other suspects and prospects are readily available and constitute a front line in the continuous quest for the support that is potentially there for us. Government publishes and posts more information than any other source; foundations and corporations are spottier, although more and more are turning out good information and guidelines in print and on the web.

Many research services are also purchasable, ranging from the Foundation Center, to newsletters, to individual prospect research firms.

Secondary sources are also most useful, from libraries, internet, proxy statements, newspaper morgues, court records sources, to asking involved people who they think might be likely prospects.

I have been known to check available probate court records and divorce settlements to find out "Who Got What?" Certainly we need to elevate the methodology in our research as high as we can, although all systematic work to get at data is important.

One of the better sources of suspect and prospect information is the annual reports of our "competitors," those engaged in various aspects of promoting the same values we uphold.

Although we often see ourselves as unique, if not God's gift to the nonprofit world, donors often lump us in categories. We are saved, however, by another fact — that many donors give to a number of like-minded charities, often averaging about seven or eight.

Research done by us or through others is a keystone in all of development work.

Periodic surveys asking donors and friends to give feedback to us are vital, as are focus groups probing the qualitative aspects of our appeals to various groups of potential donors. Continuous dialogue with our constituency provides the feedback that keeps our development program vital.

The Role of Opinion Leaders

Not all prospects are equal in financial potential; some prospects fill another role in society: opinion leader. It is the opinion leaders, those who through position, personality, communication skills or other leadership qualities sway the opinions of many others, who should be given priority in our cultivation and solicitation efforts.

The opinion leader not only gives, but also "gets." It is the opinion leader who emerges as the committee chair, the solicitor, the board member, the major donor. And it is always that very special opinion leader, that courageous opinion leader, to whom we look for the lead gift in our capital campaigns.

Opinion leaders still need to be motivated, to be cultivated. When they "get it," however, they really get it and move mountains to help us. I once staffed a Development Committee that was totally comprised of high-level opinion leaders; they also were presidents of the major banks in town, corporate presidents, heads of investment houses, and law partners, but they were all opinion leaders as well. It was a thrill to behold to see them whip through prospect lists, vying for who would get to call on the best of the lot!

This type of grouping is out of reach of most of us, yet that is why I call them opinion leaders rather than civic leaders or corporate leaders or the usual. In every social stratum, in every group, there are always opinion leaders, and that is still where you must start to optimize the development program.

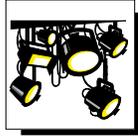
Prime Times

All donors are not equal in yet another dimension. In all of our donors' life cycles, there are prime times when they are capable of making a significantly larger gift. Promotions and other business successes are cases in point, as are marriages, anniversaries, birthdays, graduations, and births of children and grandchildren. Certainly anticipation of death, and death itself, have always been a major focus of development efforts.

In all of these life cycle events, there is occasion to celebrate and to mourn. Psychologists tell us that gift giving on these occasions heightens the experience of the event, makes it better. And memorialization of a loved one often assists in the grieving process, giving continuity to the values and aspirations of the deceased and comfort to those feeling the loss.

To think about our special organizational constituency in all of these contexts is to take the first active step in the building of an enhanced development program. Clearly the responsibility of the development function, in consultation with boards, development committees and the like, must be about research and it must be about people.

The ultimate aim with any constituency is to know, to understand, to evaluate, and, ultimately, to predict directions in which it wishes to go in supporting us, and to take leadership in educating that constituency so that we arrive at win-wins, with the donor satisfied and the non-profit successful.



The Fine Art of Asking for the Gift

Many people have discovered that doing face-to-face fundraising reminds them of the true depth of their commitment to the organization. They remember why they became involved in the first place and why they think the work is important. Occasionally, people discover that their commitment is not that strong and they would be happier in another organization.

First and foremost, it is imperative that the people soliciting major gifts believe thoroughly in the cause of the organization and have demonstrated that commitment with a financial contribution. The size of that contribution is not important, but it must be a contribution which for that individual is significant. The message to the prospect from the solicitor is, "Join me. Do what I have done. Give a large contribution to this organization because it is really important."

Types of Prospects

There are three types of prospects for face-to-face solicitations:

1. People who have given before, and are prospects for a repeat or upgraded gift;
2. People who have not given before, but are close to someone in the organization;
3. People who are interested in the cause but don't know anyone in the organization.

For the latter type, some kind of cultivation is necessary before actually soliciting the gift. Inviting the person to a special event, house meeting, or educational evening will be important, or asking to see the person in order to describe the program and inviting him or her to the office (if the office is an exciting place) should precede the meeting at which a gift is requested. In this article, we will assume that the prospect is ready to be asked for the gift.

Approaching the Prospect

There are three steps in approaching the prospect:

1. A letter describing the program and requesting a meeting to discuss it further.
2. A phone call to set up a meeting.
3. The meeting itself in which the gift is usually solicited.

Obviously, if you are approaching your spouse or your best friend, you can skip the letter, and perhaps even the phone call. In some cases the letter will be enough and there will be no need for a phone call and meeting; in others a phone call alone will suffice.

The Letter

The letter to prospects who have given before is the simplest. You thank them for their support in the past and ask them to give the same amount or more again. Describe some of your achievements in the past year and some of your future plans. Tell them you will phone them in a few days and, if they are in your area, offer to meet with them. Enclose a stamped, return envelope.

In a few days, phone them. Often you will discover that the check is in the mail. As you get to know major donors better, you will discover which ones prefer not to be phoned, but just wish to be reminded when it is time to renew their gift.

If you do meet with them, ask for a larger gift than they gave last year, or use the meeting as an opportunity to ask for the names of other people who might be interested in giving major gifts.

As you get to know the donors, you can see if they would make good board members, or if they would be willing to solicit some large gifts for your organization. Meeting with current donors tells people that they are valued and helps build their loyalty to the organization.

Letters to prospects you know rest heavily on the amount of respect and affection the prospect has for you. When writing to someone you know, use the same tone and format you would use in writing to him or her about anything else. If you normally call the person by his or her first name, do that in your letter. Mention to your friend that you are a donor yourself. You don't have to say how much you give—just the fact that you give will tell your friend that you are asking him/her to do only what you are already doing.

If the person who knows the prospect is unable or unwilling to write the letter, then the person actually soliciting the gift may be a stranger to the prospect. In that case, begin the letter with "Jane gave me your name. She said you will be interested in our work because..." Go on to describe the work of the organization and ask to meet with the person.

Indicate in the letter that you will be asking for money. The letter can describe how much the organization needs and what kind of gift you hope the prospect will make.

In writing the letter, remember that people have a short attention span. Make your sentences interesting, evocative, and short. Avoid using jargon or complicated explanations. Statistics are fine, if used sparingly. The idea of the letter is to spark the prospect's interest so that he or she will want to meet with you. The letter does not have to convince fully, and in fact, should just raise the person's interest. The face-to-face meeting is the time to convince the prospect to give.

The Phone Call

If you say you are going to call, call. Rehearse the phone call beforehand to anticipate possible hard questions or objections the prospect might have. The following are three different problems that arise during phone calls and examples of how they could be handled.

Scenario One: The Easy Prospect

You: Hello, this is Worthy Cause. Is this Mary Prospect? **Ms. Prospect:** Yes, it is. **You:** I recently wrote to you about....Did you get my letter? **Ms. Prospect:** Yes, I think I did. **You:** Do you have a minute now? (Or, Is this a good time to talk?) **Ms. Prospect:** I have just about one minute. Now remind me of what your organization does. I get so many letters. **You:** Our organization...(two sentences at most). What I would really like to do is get together with you for about half an hour to explain our project in more depth. I know you are busy, so is there any time next week that I could come see you? **Ms. Prospect:** I think I could fit you in next Wednesday at 10. **You:** Great. I'll be there. Thanks so much.

Scenario Two: Time and Logistics Problems

Ms. Prospect: This is really a bad time of year for me. I'm doing an inventory and then I have to fly to Washington, D.C. and I just can't fit in another thing. **You:** I can certainly understand that. Why don't I call you next month and see if things have settled down, and you might have some time then? **Ms. Prospect:** That would be fine. *Or:* **Ms. Prospect:** This is just too busy a time for me. I'll call you when I can work you into my schedule. **You:** I know you have a lot on your mind. I'll call you in a month or so to see if things have settled down. *Or:* **Ms. Prospect:** I never make decisions to give away such large gifts without talking it over with my husband. We do all our giving jointly. **You:** That seems extremely reasonable. May I come and talk to you both?

Scenario Three: Disagreements with the Organization

Ms. Prospect: I got your letter, but I have to tell you honestly that I think the government should be taking care of this, and you all should be lobbying for restored government funding in this area. **You:** We agree that the government should be taking care of this problem, and we're working with a coalition of groups to pressure for restored funding. But in the meantime, these people are without services, and we have to turn to people like you who understand the need so clearly. I'd like to talk with you about our government strategy, since I know that it is an area of interest to you, in addition to discussing our program. Could we meet next week? *Or:* **Ms. Prospect:** Aren't you the group that had to fire your Executive Director for incompetence a little while ago? **You:** Yes, our Executive Director was released when the board discovered...I know you'll be pleased to learn that Much Better Person has taken her place and things are now completely back to normal. I really want to talk about our programs in more detail. Is it possible to set up a meeting in the next few weeks? *Or:* **Ms. Prospect:** I have other priorities at this time and I'm not sure your organization falls within my present commitments. **You:** I know that you have other priorities. I would really appreciate it if we could discuss our organization's program because I think it falls within your concerns. Jane indicated that you are strongly committed to...and we do work in that area now. **Ms. Prospect:** I'm afraid you'll be wasting your time. **You:** I'm not worried about that. I don't want to waste your time,

but I do think a brief meeting would help us both to see if we have any goals in common.

The Importance of Being Assertive

Most of the time when people put us off we assume that they are trying to say no, but are just too polite to come right out with it. This is a false assumption. Prospects are looking for signs that you are really serious about your organization. They appreciate persistence, assertiveness, and an attitude that what you have to offer is critically important and worth taking some time to discuss. If you are easily put off and take the first "no" as the final answer, it says to the prospect that you are not terribly concerned about the organization, or that you don't really care whether or not the prospect gives. Clearly, you don't want to be rude, but be willing to push the prospect a little, and don't take the first resistance as the final word.

The Face-to-Face Meeting

Once you have an appointment you are ready to prepare for the face-to-face solicitation. This is not as frightening as it seems. First of all, the prospect knows from your letter or your phone call that you will be talking about making a contribution. Since he or she has agreed to see you, the answer to your request is not an outright "No." The prospect is considering saying "Yes." Your job is to move him or her from "I'm considering giving" to "I'd be delighted to give."

The purpose of the meeting is to get a commitment to give. Everything else revolves around this purpose. It is fine for the conversation to go off on a tangent, but you must keep bringing the conversation back to the financial needs of the organization and the possible role of the prospect in meeting those needs.

As the solicitor, you must appear poised, enthusiastic, and confident. If you are well prepared for the interview, this will not be too difficult. Many times, board members and volunteers are afraid they will not appear knowledgeable about the organization. It is perfectly fine to bring along a staff member or someone who has been with the organization a long time to answer difficult questions. Sometimes going with a partner also helps you feel more relaxed. It is also fine to answer a question with, "I don't know, but I'll be glad to get you that information."

Help the prospect to see that giving to your organization is a logical and natural extension of his or her interests and concerns. Ask the prospect questions, and carry on a conversation with him or her. "Do you agree with our approach?" "Did you see the article about us in last week's paper?" "Has Jane talked with you much about our organization?"

When you finally ask for the gift, look the prospect right in the eye and in a clear, bold voice, say, "Can you help us with a \$300 contribution?" or, "We are hoping you can give \$500-\$1000." Keep looking at the prospect, and don't say anything after you have asked for the gift. It is the prospect's turn to speak. Although it may seem like a long time between your request and his or her response, it is only a matter of a few seconds.

Sometimes the prospect will say, "I'd like to help, but that figure is way out of my range." Your response can be, "What would you feel comfortable giving?"

After you ask for the gift and get an affirmative answer, discuss how the prospect wants to make the gift. Perhaps they will give you a check right there, or mail it in the return envelope you brought. For larger gifts, prospects (now donors) may want to transfer stock, or make other arrangements that will cause the gift to arrive in a week or two. Once these arrangements are made, thank the donor and leave.

Immediately after the interview, send the donor a thank you note. Another thank you from the organization should be sent when the money arrives.

Summary

Although it can be anxiety producing to ask for money the first few times you do it, it is thrilling to get an affirmative commitment from a major donor. It is also a good feeling to know that you were able to set aside your own discomfort about asking for money for the greater purpose of meeting the needs of your organization. Knowing that you can talk comfortably about the financial goals of your organization is empowering. Boards of Directors find that they are immeasurably strengthened when each of their members feels able to ask for money.

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Asking for Money: The Close

By Kim Klein

With a gift-range chart, prospects and a team of willing (or as willing as anyone ever is to ask for money) volunteers, the organization sets about soliciting major gifts.

This effort could be a time-limited major gifts campaign, or an ongoing part of its fundraising effort. The volunteers write or call the prospects to set up meetings with them, remembering that the most common word they will hear during this endeavor is “no.” Upwards of half of the prospects will not agree to meet; many will not even return phone calls. Other prospects will make a gift at the time of the phone call and a meeting will not be necessary. For those meetings that do occur, conversation falls roughly into three content areas, with more or less interest by the prospect in any one area. These areas are the history of the organization, the philosophy of the organization’s work style, and the benefits to the prospect from giving.

History of the organization. This is important to a number of different kinds of prospects: those who think chronologically, who have had a long relationship with the organization or someone in it, who themselves have a history with the issue your organization is working on, or who have given before and want to hear what’s been happening since they made their gift.

Philosophy.

This topic will come up with those wondering or wanting to know more about why your organization chooses the methods it does to work on its issues. These prospects may question why you aren’t using other methods, or they may have questions about the people you serve and how you choose them. Or they may want to discuss any number of issues that involve values, commitments, beliefs, strategies, goals or objectives.

Benefits.

Most prospects will want to know exactly how their money will be used, how many people you serve, what evidence exists that your organization has made any difference at all, what they will get by donating, how you plan to raise the rest of the money you need, etc.

Once you have covered these topics and answered the questions and objections of your prospect, as well as added what you think is exciting about the organization’s work, you are at the close—that is, you are ready to ask the prospect what financial commitment they are willing to make.

The Close

The close is just that—it's when you finish talking and close your mouth. It is the natural extension of the conversation you have been having with your prospect. Obviously, you are there to ask him or her for money. This is the time you do it. Your attitude must be as respectful at this moment as it has been throughout the conversation. You are asking a prospect for a donation, you are not "hitting them up," "twisting the knife," or hoping they will "cough up."

At the close, you look the prospect straight in the eye and you say as confidently as possible,

"Will you help with \$500?" or, "Can I count on you for \$1,000?" or, "We need ten gifts at \$250. I think if you were the first, a lot of people would follow your example." or, "Can you go as high as \$1,000?"

There are no particular words that work better than other words. You need to find words that work for you—that you can imagine coming out of your mouth and that suit your personality. The only rule is that as part of the close you need to indicate a specific amount or range of money you want, whether or not you have talked about dollar amounts earlier.

Further, at some point in the meeting, and the close is a good place, you need to indicate that you have made your own gift. You can do this by saying, "I am hoping you will join me in giving..." or, "I decided to give when I learned that..." or, "I am giving because...and I hope you will give also. Could you consider \$...?" If you do not want to say specifically what you have given, or even say directly that you have given, you can say, "The entire board has given a total of \$____," or even, "The entire board has given and now we are looking for support in the community." If you are not on the board, you can say, "Board and close volunteers have already given \$____, and now we must raise the rest from the community." If you are a staff person asking for the gift, it may seem odd to speak from your role as a donor, but it is compelling to a prospect to know that you have made a gift in addition to working for a (probably) fairly low salary.

The Response

After you close, do not talk until after the prospect says something. No matter how long it seems, just sit still. It is not your turn to talk, and it is annoying to the prospect if you keep talking after you have closed. The time may seem longer than it really is because you are nervous. One friend says she breathes in and out slowly. With each breath in she says to herself, "He/she hasn't said no," and with each breath out, "I'm still alive."

Listen Carefully

There are a standard variety of responses you can expect a prospect to make. Almost always the prospect will say some version of yes, some version of maybe or some version of no. Many people imagine scenarios worthy of a James Bond movie at the close, but what is the likelihood of a poisoned drink, mustard gas, the floor opening up and dropping you into a shark-infested pool, assassination or public humiliation at this point? After all, this person agreed to see you, conversed with you about your program for the last 30 minutes or so, knew why you were coming, and cares about your cause. Chances are you know this person or you know someone

who knows them, so a slash-and-burn ending is quite unlikely. Here, instead, are the more usual outcomes after the close, including the probable meaning of each response and some possible rejoinders.

Prospect:

"Yes, I can do that." *Meaning:* Yes, I can do that.

You:

"That's fantastic. Thank you. How would you like to pay that amount?" (Be happy and excited, but don't be overjoyed and overwhelmed or you will give the prospect the impression that you have never handled gifts of this size before, or that you expected the prospect to be tighter with their money; you may wind up accidentally insulting the person.)

Prospect:

"That's a lot of money." *Meaning:* The prospect wants to make sure you think it is a lot of money. He or she is not saying no or "I don't have that much," just, "Reassure me that this is as big a gift for the organization to receive as it is for me to give."

You:

"It is." Or, "It is. That's why I wanted to see you in person."

Prospect:

"I don't think I can go that high," or, "That's out of my ballpark." *Meaning:* You are on your way to a yes of some kind.

You:

"We don't need it all at once. Would you like to pledge and pay it over time?" Or, "What do you feel comfortable giving?" Or, "What would you like to give?"

Prospect:

"I need to think about it." *Meaning:* The traditional wisdom is that when a prospect says,

"I need to think about it," you have asked for exactly the right amount of money. It was not so little that he or she could give it at the moment or so much that it was out of the question. Your job is to set a date by which their thinking will be completed.

You:

"That's fine. Is there anything else I can tell you today that will help you with your decision?" If the prospect says no, then add, "We want to finish up this part of the campaign in the next two weeks. Can I call you in that time to see if you have had time to make a decision?" If the prospect says, "I'll call you when I have decided," say, "That's great. Here's how to reach me. Sometimes it's hard to reach me, so if I don't hear from you in ten days, I'll call just to make sure we haven't missed each other."

Prospect:

"I don't think I can help right now." *Meaning:* Unclear—perhaps the prospect has heard something he or she doesn't like, or perhaps this is a bad time for them to give. But why would they have agreed to meet? Don't agonize over all the possibilities. Simply ask the prospect what to do.

You:

"Do you want to pledge an amount and pay it later?" Or, I know that feeling. How shall we leave it today—shall I get back to you? Do you want to make a pledge? "If you think something else is going on say, "I could be totally mis-reading this situation, but I had the feeling you didn't really agree with our program on X." Show the prospect that it is OK for them to disagree or to have questions.

Prospect:

"I need to talk it over with my wife-husband-partner." *Meaning:* This is called the shadow question. It usually means the prospect has something specific to say or ask but feels embarrassed to do so, so unconsciously puts it on another person.

You:

"I understand that. What do you think your wife/husband/partner will want to know?"

Prospect:

"Well, she will wonder why you are spending so much money on rent," or whatever. Answer the objection;

You:

"That's a good question. We feel it is important to be near public transportation so we pay more to be downtown," or whatever the answer is to the objection.

Prospect:

"What if you don't raise the rest of the money you need?" *Meaning:* I don't want to feel foolish if I am the only one that gives to this program.

You:

"We believe we can raise all the money we need because we have already raised X amount and we have a large team of people helping. The worst-case scenario is that we would have to delay starting the project by a couple of months if all the money isn't in, but I don't anticipate that happening."

Prospect:

"I'd like to help, but I want my money to be used only for X and not for Y." *Meaning:* I need control, or I don't trust the group entirely, or I am enjoying wielding my power right now. You will need to listen to the terms of the gift, and may have to get back to the person about whether you can accept the gift under these conditions.

You:

Repeat back the condition to make sure you heard it correctly." Let me just make sure I got this right. You are willing to make a gift of \$_____ to be used for X and not for Y." If the prospect confirms these terms, say, "That's very generous. I don't have the authority to agree to that condition, but I can get back to you about it this afternoon." Remember: you don't need any money badly enough to agree to terms that are not good for your group.

Prospect:

"No. I like a lot of what you do, but I don't agree with X," or, "I don't think your approach is well thought through," *Meaning:* the prospect is not convinced, or you have talked yourself into and out of the gift, or the prospect has discovered something about your group he or she doesn't like.

Page 3

You:

Make sure the prospect has understood you have said everything correctly. If so, you may have to be satisfied with "no." Or, you may be able to clear up a misunderstanding to turn the "no" into a "maybe" and get back with the person.

After the Meeting

Before ending the meeting, verify what you think your agreement is with the prospect: "Thanks so much for your

gift of \$2,500. I'll tell the director to expect it in a few days." Or, "I look forward to talking with you in the next two weeks about your decision, and if you have any questions or need more information, just let me know." Then go back to your office and write a thank-you note. If the meeting brought up difficult issues, acknowledge this: "Thanks for being so candid today. Even though our discussion was difficult, I really appreciated your honesty and look forward to staying in touch." Basically you reiterate what you verified in the meeting. Keep a copy of your letter in case follow-up is needed. Make some notes about what happened at the meeting. What did you learn about this prospect that will be helpful to another person who may be asking them in the future? What were their interests and concerns? What were their questions and what skills do they have that might be helpful to the organization? You might also include information about the prospect's age, family, job, and other interests you may have learned about. The close is not truly over until the thank-you note is written and sent and all necessary follow-up is completed. But the exciting, hair-raising, anxiety-producing part of the close is definitely over once you ask for the gift.

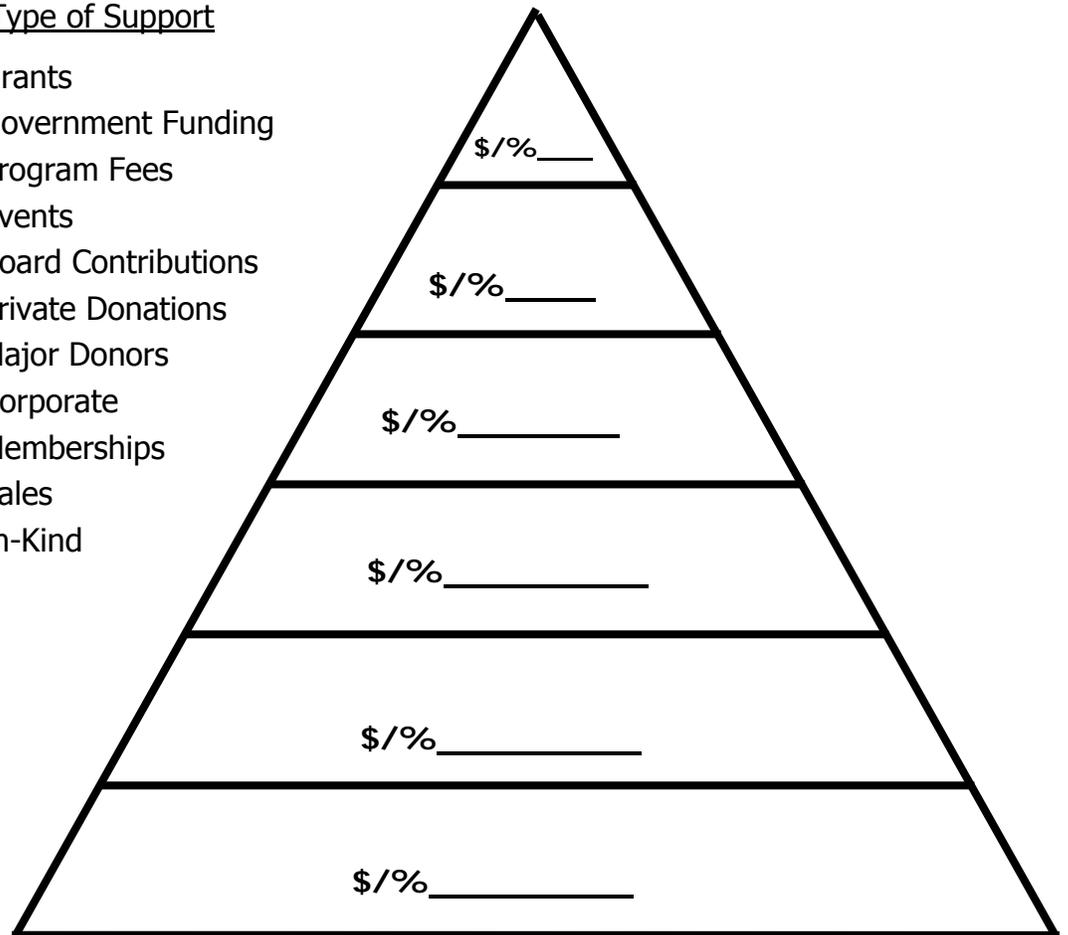


Tool: Budget Gap Analysis

Budget Gap Analysis

Type of Support

- Grants
- Government Funding
- Program Fees
- Events
- Board Contributions
- Private Donations
- Major Donors
- Corporate Memberships
- Sales
- In-Kind



Total Annual Budget \$ _____

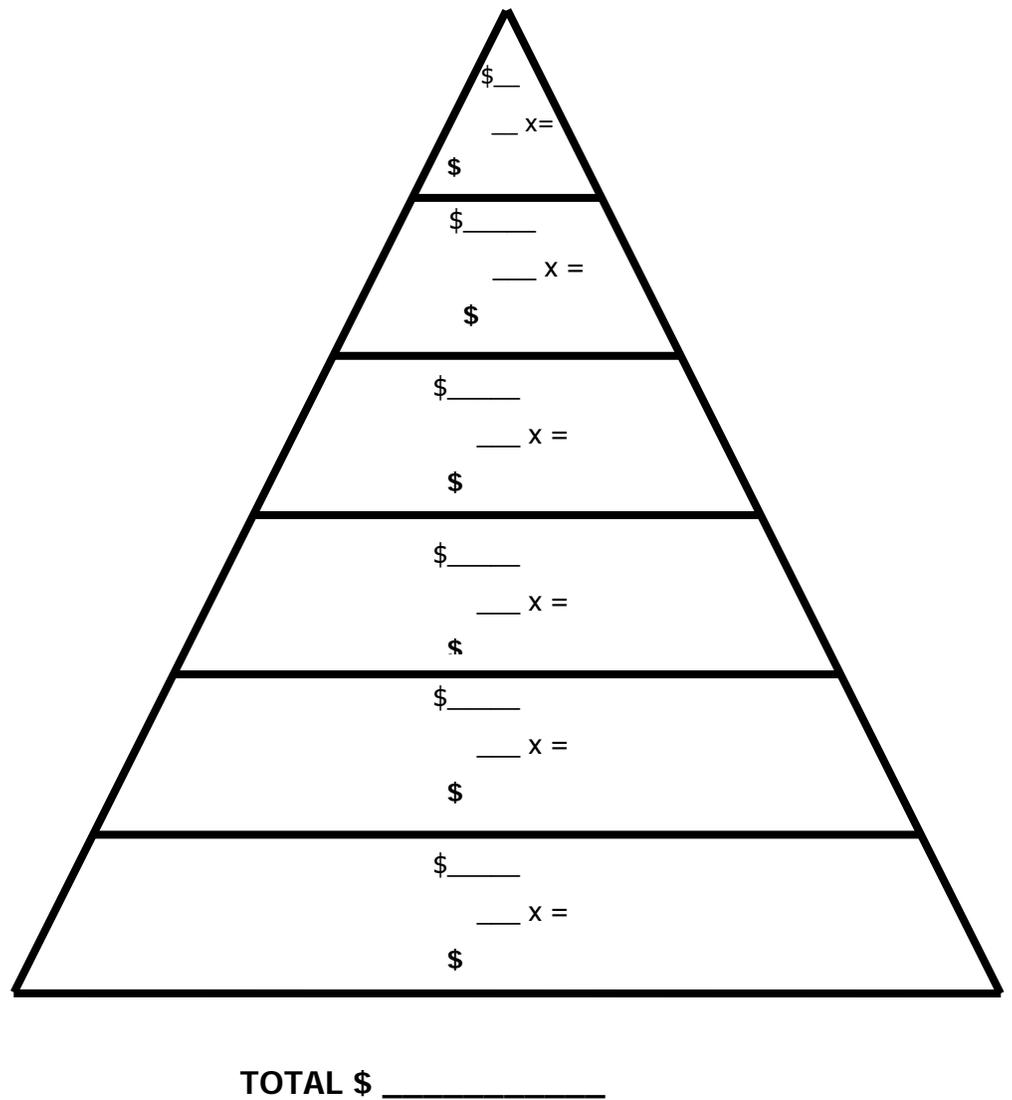
Base Funding Amt \$ _____

Gap: \$ _____



Tool: Strategic Fund Development

Major Donor/Corporate Campaign





Recommended Reading List

- Begging for Change, by Robert Egger, HarperCollins (www.harpercollins.com)
- Boards That Make a Difference, by John Carver, Josey-Bass 2nd Ed.
- Self-Assessment Tool for Non-Profit Organizations, by Peter Drucker, The Peter Drucker Foundation for Non-Profit Management
- Welcome to the Board, by Fisher Howe, Josey-Bass
- The Nonprofit Answer Book: Practical Guide for Board Members and Chief Executives, by Andringa and Engstrom (available through Boardsource.org)
- The Nonprofit Answer Book II: Beyond the Basics, by R. Andringa, (available through Boardsource.org)
- Called to Serve: Creating and Nurturing the Effective Volunteer Board, by Max De Pree
- Governing Boards by Cyril O. Houle
- Beyond Profit by Fred Setterberg and Kary Schulman
- The Nonprofit Organization: An Operating Manual by Thomas Wolf
- The Knowing-Doing Gap by Jeffery Pfeffer and Robert Sutton
- Governance as Leadership by Richard Chiat, William Ryan, Barbara Taylor
- Fundraising for Non-Profits by P. Burke Keegan, Harper-Collins (www.harpercollins.com)



Take The Next Step

About NewLevel Group...

Who we are

NewLevel Group supports the work of social impact organizations and their leaders in advancing missions that benefit society, our environment, and the economy. Our team is made up of seasoned professionals who look at challenges from various perspectives honed from decades of experience in the business and nonprofit sectors. We plan as well as implement, never losing sight of our goal to deliver your desired results.

What we do

First and foremost, we listen. We listen to you, your board, your clients, and your colleagues to fully understand the challenges you face. Then, we form a team that will partner with you to identify your goals, outline strategies to achieve them, and, if needed, work with you to implement the tactics.

How we do it

Our approach to helping organizations improve their results reflects our shared values of collaboration, commitment, and community. We are different from other consulting and management firms in several significant ways:

- We work collaboratively; not just treating symptoms, but finding solutions for the underlying causes.
- We implement; we don't just create pretty plans, but roll up our sleeves to get the job done.
- We're focused on results; a good process is important, but the outcome is what really matters.

Management and Consulting for Social Impact Organizations

Back-office Outsourcing & Management • Governance & Board Development
Strategy • Facilitation
Staff Training • Organizational Effectiveness

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Footnotes

¹ William Ryan, Richard Chiat, Barbara Taylor, *Governance as Leadership*

² Adapted from Boardsource 2006

³ Adapted from Boardsource 2006

⁴ Adapted from National Center for Nonprofit Boards Publication; Boardsource.org

⁵ Adapted from *Presenting: Board Orientation*

⁶ National Center for Nonprofit Boards