

The Center for Nonprofit Leadership has developed a series of seven TIPS that you can use in a variety of ways: as a focus for a board discussion, a topic for a staff or board committee meeting, or an article in your newsletter. Please note that if you reprint any of the TIPS, you must include the appropriate acknowledgement and email us for permission at centerfornonprofitleadership@adelphi.edu.

The TIPS topics include:

- Endowments: Are They Right for Your Organization?
- Strategic Planning: It's All About the Process
- Board Committee Do's and Don'ts
- Nurturing Donors: A Wise Investment
- Mission and Vision: The Difference and the Need
- A Board Handbook: A Board Must
- Effective email: Tips to Control Tech's Mixed Blessing

Tip #1

Endowments: Are They Right for Your Organization?

Often misunderstood, endowments are always fodder for a good story. The Chronicle of Philanthropy (August 4-5, 2005) included a special insert that focused on endowments and the Grassroots Fundraising Journal (July/August 2005) featured a lead story on "The Value of a Nest Egg: Starting and Endowment."

People usually associate endowments with big, well-established nonprofits. And while it's true that universities and hospitals typically have endowments, smaller organizations should consider endowments as part of a financial strategy.

An endowment is an organization's savings account. But unlike a rainy day account or reserve, an endowment is a permanent savings account where only a small percentage, usually 5 percent, is used for an organization's annual needs.

When financial times are good, an endowment increases; when times are bad, the principal decreases. Typically, however, organizations still only tap up to 5 percent a year.

Creating an endowment is a board decision. The board needs to agree on the permanence of the organization. That might sound strange, but some organizations may, if they are successful, cease to exist. (Examples include environmental groups, advocacy organizations, and even some educational groups.) The board must also decide what the endowment income will be used for and what the ideal size for the endowment should be.

An organization considering an endowment should already have in place a strong individual donor program with an active stewardship program for those donors. Fundraising from your individual donors should be growing, both in the amount raised and in the number of donors.

Endowments are not expensive or hard to start. They can give an organization long term stability and provide new sources of revenue. But endowments can also bring criticism; some still have the archaic notion that nonprofits should operate on a shoestring.

There is one caveat to starting an endowment fund: endowment money is some of the hardest money to raise. But if you have decided that your organization is ready for an endowment campaign, forge ahead.

Tip #2

Strategic Planning: It's All About the Process

Many boards think of strategic planning as medicine. They know it's good for them but they don't want to take it. The process is laden with negative images of long, tedious meetings where discussions over a single word can go on for hours.

Does strategic planning have to be this way? Absolutely not!

While the process will inevitably include challenging moments, tough decisions, and lengthy discussions, the strategic planning process can be the most creative, energizing, and thoughtful experience for a board and result in a fundamental tool that will guide an organization to a successful future.

So how does a board go about beginning a strategic planning process? Here are 10 tips:

1. Start strategic planning as a proactive step not a reactive one. Make sure that your organization is stable so that the planning is future-looking, not problem-solving. Don't begin strategic planning when your organization is in crisis.
2. Be realistic. Create a practical timetable, one that's right for your board and staff, and stick to it. Have specific assignments for each participant.
3. Use worksheets. Have a worksheet for each specific task with a deadline for completion.
4. Include stakeholders. Ensure that representatives from every group affected by the plan have some role in the process.
5. Meet in a comfortable place. Arrange for all strategic planning meetings to be in a comfortable environment. Have great snacks!
6. Include six key components. All strategic plans should have six parts: a mission and vision statement, goals (from three to five), objectives to meet those goals, action plans for the objectives with a timetable, associated costs, and measurable outcomes.
7. Sign it. Have a place at the end of the document for each person involved to sign the plan.
8. Celebrate. Have a party when the plan is complete. Invite stakeholders. Send out a media release.
9. Use it. Act on the plan so that it is a living document. Don't let it just sit on a shelf gathering dust.

10. Revisit. Begin every third (or whatever number works for your organization) board meeting and staff meeting with a ten-minute review to see how board and staff are doing in meeting the plan's objectives and timetable. Adjust, if necessary. Don't worry. Sometimes I think that strategic plans should be written in pencil.

Create a strategic planning process that works for your organization. Hire a consultant full-time or use a facilitator at key stages. Do it on your own with some support from a capacity-building resource. Take nine months or finish it all in ten weeks.

But do it...and use it.

Remember, though, that the process is as important as the plan. With a successful strategic planning process that includes board, staff and stakeholders, your organization will flourish.

Tip #3

Board Committee Do's and Don'ts

The work of the board gets done in committees. Today the trend is to have fewer standing committees and to create committees as needed. Each committee should have an end in sight with specific tasks outlined in a timetable to reach that end.

To ensure that your board committees are working effectively, keep the following recommendations in mind:

Do

- Include outside people from the community on your board committees.
- Make committee appointments carefully, however, even though members are not voting board members. Committee members act as representatives of the organization and should be committed to its mission.
- Distribute committee assignments evenly across the board so that every board member has the opportunity to be involved in committee work. Get approval from the full board before making important decisions.
- Write committee reports that provide enough information for the board without including insignificant details.
- Provide more information to the board when requested, after a report has been submitted.

Don't

- Create board committees that duplicate the staff's work.
- Create committees that are too large to be effective.
- Have a rule—or give an impression – that committee membership for non-board members will automatically lead to board membership.
- Treat non-board members on committees as outsiders.

- Hold committee meetings right before the board meeting. Committees and task forces need time to prepare and submit their reports to the full board. Board members need time to read through the material —otherwise the board may just rehash what went on in the committee meetings.

Tip #4

Nurturing Donors: A Wise Investment

A recent study by *Philanthropy Journal* found that almost two in three nonprofits say that recruiting and keeping donors is their greatest challenge. A challenge? Yes. But insurmountable? No.

When your organization invests time in maintaining a relationship with donors beyond the "ask" and the thank-you, your organization has invested wisely. Organizations should consider a policy to communicate with supporters periodically...and NOT ask for money! Some experts believe that it is important to touch base with your supporters six times a year. That number might not work for your organization. No problem. Start smaller.

Many large organizations have a donor relations person who does just this. And, many executive directors do this instinctively. But, for those of us who don't fall into either of those categories and who want a specific way to keep that donor contact, here's a method.

Create a donor outreach plan that spells out what to do, how and when to do it, and who should do it. This formalized approach has distinct advantages: it eliminates any unintentional slip-ups, it elevates the importance of the outreach, and it puts in place a procedure that the organization can rely on no matter who is in charge.

Research indicates that there is a 1 to 3 ratio between the cost of keeping a donor and the cost of converting a non-donor. So for every \$1 that you spend on getting a repeat gift from a former contributor, it costs \$3 to acquire a first-time contributor. And that doesn't take into account the cost of time.

It makes good sense to do everything possible to retain existing contributors. But what can you do, write or say to donors beyond the "we would greatly appreciate your support" mantra? Plenty. Use the collective imagination of the ED, staff, and board and develop a plan.

Here's a systematic, three-tiered approach that you might consider:

1. **Classify your donors into three categories.**

You can classify donors in whatever way works for your organization. The monetary amount that they have donated is one way to classify. For example, major donors would be those who give more than X amount, significant donors give more than Y amount, and generous donors give more than Z amount. Or, if you have 100 individual donors, you can classify them by the top 20, the middle 30, and the remaining 50. You could classify by years of support.

The object is to arrive at three distinct categories: big, bigger, and biggest; long, longer, longest; strong, stronger, strongest.

2. **Select board members who will be responsible for each tier, often with the ED and/or other appropriate staff.**

One person can't do all of the outreach. Here is where you need to share the contact opportunity with all of the board.

It is important, though, that the board member who has a personal relationship with the donor has the option to be that person's contact. Otherwise, try to match interests, affiliations, personalities of the board member with the donor when a personal meeting or phone call is the method of communication. When a handwritten note on the newsletter, an email, or an invitation is the means of communication, that kind of match isn't as significant.

3. Identify strategies to contact a donor without asking for money and clarify which strategy each tier will receive. The ways to communicate with your donors will vary as will what you communicate. But the key is to make contact and do NOT ask for anything. You will also want to consider which communication to send to which donor classification.

Here are six ways to contact a donor that do not involve asking for money and suggestions for who should get what:

- newsletter (everyone) and a personalized newsletter with a note from the ED or a board member (top two tiers)
- email update about the work of the organization, a current achievement, a new program, a relevant website, a current article. (everyone)
- invitation to an event (everyone)
- birthday card (top tier)
- appropriate holiday greeting, ideally with a tie-in to your organization, such as a Valentine card from a Heart Association or a Mother's Day card from La Leche League, with a personalized note (top 2 tiers)
- phone call with a specific purpose, for example alerting the donor to a relevant film, book, speaker who might be in your area (top tier)
- informal meeting (lunch, coffee) to discuss a project or program that's flourishing and, perhaps, where they targeted their donation (top tier).

So who manages all this nurturing? This job would be ideal for those board members who hate to ask for money. It is important work that can lead to more money for the organization. This task could also be led by the fundraising committee or even the marketing committee.

Two caveats:

- Respect the wishes of a donor who may want no contact at all.
- Make sure that your newsletter is targeted to donors and isn't just an all-purpose newsletter for staff, clients, and donors!

With an intentional approach to reach out to donors and to keep them engaged, the organization shows both gratitude and pride in the organization and its accomplishments.

Tip #5

Mission and Vision: The Difference and the Need

A mission statement and a vision statement are distinctly different. And a nonprofit organization needs both.

A mission statement describes what an organization does right now. In two to three sentences, the mission describes the essence of an organization, its purpose.

A vision statement articulates the future of an organization. This statement should be a rich, meaningful, detailed description of what an organization hopes to become.

The two statements differ:

- Mission controls, while vision inspires
- A mission statement keeps an organization on track and guides it in the right direction.
- A vision statement motivates and offers a framework for the mission to grow and change.

For example, a food bank's mission might be "to feed the hungry on Long Island." Its vision, however, could then be "to end hunger on Long Island."

A mission statement helps in the day-to-day life of an organization. It guides decisions, upcoming programs, and short-term goals. It is the "yellow brick road."

A vision statement is "Oz." This statement motivates the organization, the board, and the staff while keeping the nonprofit from getting into ruts and stagnating. As a description of where the organization wants to be in the future, the vision statement is a liberating force that allows the mission to adapt.

Remember: the yellow brick road is sometimes straight, but frequently has twists and turns. But you need to stay on it to get to Oz.

Tip #6

A Board Handbook: A Board Must

A useful and important tool for nonprofit organizations is the board handbook. New board members should receive a handbook on their first "official" day of service.

One format for a board handbook is a three-ring binder. This format allows for an organization's growth and change. If your board members are technologically comfortable, you may want to create a zip file with individual documents. Prepare something that works for your board.

Here is a typical list of items to consider including in your board manual:

- Mission, values and vision statements
- Organizational fact sheet
- Bylaws and articles of incorporation
- Organizational flow chart
- Strategic plan
- Board plan of work for the year
- Most recent budget, audit, and financial report
- Most recent annual report
- Minutes from last year
- Investment and endowment information (if applicable)
- List of major donors
- Sample elevator speech
- Organization's policies
- Copies of organization's brochures and newsletters
- Description of programs and services
- List of board and staff members with contact information
- Bios of board members and executive director
- Short paragraph describing board culture
- Minutes of last six board meetings
- List of committees with charges
- Sample of recent solicitation letters
- Executive director's job description
- Board member agreement form
- Code of ethics, conflict of interest and whistle blower policies

Tip #7

Effective Email: Tips to Control Tech's Mixed Blessing

When Merrill Lynch ordered 50,000 of its employees to attend a "re□education camp" on email training a few years ago, communication flags went up all over the country. Fortune described the perils of email (the "corporate equivalent of DNA evidence") in a feature story (February 3, 2003). And we have all heard about the recent travails of email as evidence.

The nonprofit may not have as much to worry about as the corporate world when it comes to email, but the potential for serious problems still exist, perhaps not at the lawsuit level, but certainly at the communication level.

Here's a quick guide to help ensure effective emails:

- Keep it short
- Think of email as an electronic "post□it" note. People tend not to read long emails. If they do, they forget them.

- Design makes the email. Avoid a huge, one-block paragraph; create short paragraphs and messages.
- Consider the viewer and the aging boomer. Use a font size and type that are easy to read.
- Press send and lose ownership
Do not become one of those horror stories whose personal email gets blasted across the world. Make it a habit to take your hands off the keyboard and read your whole message, including the "to" line, before you send. Then go back and send.
- Seize the tech ops but avoid the tech traps
Attach a card to supply information about how you can be reached. An auto signature is a nice touch, too.
Send attachments only if you know your reader(s) can open them. Avoid fancy type, colors, borders—these could cause a problem for your reader.

Eliminate spam alert content. For example, all caps in the subject line.

- Spell-check before you send.
- Email is a professional means of communication; use it professionally.
- Answer promptly - etiquette says answer within 24 hours.
- Use automated response if you are away from your desk for more than one day.
- Eliminate the acronyms. Do not assume your reader knows your jargon.
- Take time for the line Fill in the subject line as a help and courtesy to your reader.

A final caveat: make sure your reader wants those jokes before you send them!