



Nonprofit Management Institute

For Senior Managers and Directors

September 2017



CompassPoint

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About CompassPoint

CompassPoint is a national, nonprofit leadership and strategy practice headquartered in Oakland, CA. Our mission is to intensify the impact of fellow nonprofit leaders, organizations, and networks as we achieve social justice together. For over 40 years, CompassPoint has worked to carry out this purpose by guiding organizations as they become better managed and continuously adapt to changing constituent needs and economic realities.

We believe that nonprofit organizations and leaders need relevant support that builds on their strengths, experiences, and achievements and that those individuals and organizations that invest in increasing their leadership and management capacities are better poised to achieve meaningful impact and progress. We are an integrated staff practice offering the strongest teaching, coaching, consulting, and facilitated peer learning—all grounded in our staff's deep nonprofit leadership and governance experience.

Our organizational Theory of Change identifies the following anticipated changes:

- Social equity efforts will have more effective leaders and managers.
- A healthy, diverse pipeline of leaders will be in leadership positions of all kinds.
- Powerful teams and networks will develop.
- Organizations will be well managed with adaptive systems, skills, and culture.
- The role and impact of social justice organizations will be recognized and well resourced.
- More organizations committed to social equity will collaborate with one another to further their agendas.

We Believe...

- *We believe in Gratitude. This means extending our gratitude to our participants, our clients, our partners, our CompassPoint staff, our caterers, and anyone else who enters our doors.*
- *We believe in our Values. We are a deeply value driven organization, our values of Equity, Racial Justice, Multiculturalism, Integrity, Relevance, Learning, Partnership and Humor must show up in everything we do.*
- *We believe in Deep Respect. This means respecting the collective contribution of all the people who have worked together - and in different ways - co-created this learning space.*

My intentions for the next three days:

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Team Bios



Berty Arreguin is responsible for ensuring that our workshop trainers and participants can fully engage in a welcoming and transformative learning experience through CompassPoint's Training Program. Prior to joining the CompassPoint Team, she interned in both the San Joaquin Central Valley and the Bay Area at the Central Valley Health Policy Institute and Prospera, which are both committed to helping low-income minority communities. Berty is passionate about helping underserved communities of color, and raising awareness of the health disparities among at-risk groups. A transplant to the Bay

Area, Berty enjoys exploring both the East Bay and the San Francisco Bay during her free time, while also making time to visit her hometown of Fresno to visit her family and friends. Berty has also volunteered as a tutor to Social Science students taking Social Class and Inequality and Sociological Theory courses at California State University, Fresno, and as a facilitator for the Summer Lunch Program at the Central California Regional Obesity Prevention Program. Email her at BertyA@compasspoint.org.



Jeanne Bell, MNA is the CEO of CompassPoint Nonprofit Services---one of the country's leading providers of leadership and organizational development services to nonprofit organizations. She is the co-author of *Nonprofit Sustainability: Making Strategic Decisions for Financial Viability* (Jossey-Bass) and *Financial Leadership for Nonprofit Executives: Guiding Your Organization to Long Term Success* (Turner). In addition to frequent speaking and consulting on nonprofit strategy and finance, Jeanne has conducted a series of research projects on

nonprofit executive leadership, including *Daring to Lead 2011: A National Study of Nonprofit Executive Leadership* and *Securing the Safety Net: A Profile of Community Clinic and Health Center Leadership in California*. Jeanne currently serves on several boards, including the Alliance for Nonprofit Management, The Nonprofit Quarterly, and Intersection for the Arts. Jeanne can be reached at JeanneB@compasspoint.org.



Jasmine Hall is CompassPoint's office visionary and is responsible for coordinating issues related to the day-to day operations of the office and supports the human resource and customer service functions of the organization. Her efforts create a work space that is not only supportive to our staff, clients, and guests, but also strives to be an expression of CompassPoint's values. Over the past decade, Jasmine has teamed up with a number of community-based organizations to make change in Oakland. Her last position was project coordinator for The California Endowment's place-based initiative East Oakland

Building Healthy Communities. In 2015, Jasmine worked with The Golden State Warriors Foundation and Oakland Parks and Recreation on a community basketball court refurbishment project at Rainbow Recreation Center in East Oakland. She has also partnered with YMCA Eastlake, Moving Forward Education, Oakland and Berkeley Unified School District, and Oakland Public Library. Jasmine studied Sociology at San Diego State University. Upon her return to the Bay Area, she obtained EMT Certification through the Bay Area Youth EMT Program. She also volunteers as an EMT instructor at BAY EMT and continues to dedicate countless hours to under-served communities in Oakland. Email her jasmineh@compasspoint.org.



Nelson Layag's current responsibilities include the design and management of CompassPoint's leadership and management workshops, networks, and conferences; strategy and implementation of organizational communications and marketing; and design and delivery of training focused on people/performance management and project management. He understands and enjoys seeing the power a group of individuals can have when they find a way to work effectively together. He brings this excitement to his work in performance management, project management and developing a training program that meets the needs of people working in the nonprofit sector. Since joining CompassPoint in 1995, Nelson has held numerous posts including Director of Technology and Director of Education. In 1997, Nelson was instrumental in developing the Young Nonprofit Professionals Network (YNPN) in San Francisco and currently sits on the board of Filipino Advocates for Justice NelsonL@compasspoint.org



Steve Lew helps positional and emerging leaders increase their effectiveness in fundraising, governance, leadership and multicultural group development. Steve's work at CompassPoint has been deeply connected to building the strength of organizations, leaders, and networks in communities of color. He has co-designed and led the Fundraising Academy for Communities of Color and the Next Generation Leaders of Color Program and has been a fundraising and leadership coach for many of these participants for over a decade. He deeply appreciates and enjoys working with nonprofit leaders who are on a path to align their personal values, practices, and impact more closely to the change they are working toward in their organizations. stevel@compasspoint.org



Emily Smizer is a project coordinator for CompassPoint and is a key team member in ensuring that participants in our Cohort Leadership Programs have transformative learning experiences. Before joining the CompassPoint team, Emily worked for BRIDGE Housing, a nonprofit affordable housing developer in San Francisco, where she supported the compliance team in project management and annual reporting. She also holds many years of team leadership experience, both in a professional capacity as well as through volunteer work as the coordinator of the Queer Resource Center at Brandeis University. Through these roles, she also discovered her love for training and capacity building, which she feels is her calling in social justice movements.



Gloria Yamato works as project coordinator for CompassPoint. She is responsible for ensuring that, from opening to close, our office staff and clients are able to work in a supportive, comfortable environment. Gloria has years of experience in education, the arts, and customer service, beginning in Seattle, Washington and ending in the San Francisco Bay Area. She has worked with the San Francisco Arts Commission as a WritersCorps teacher, administrative support, and resource facilitator, providing support to youth and WritersCorps Teaching Artists especially in San Francisco schools and afterschool programs. At San Francisco State University, Gloria served as a lecturer (Black Creative Arts) and provided administrative support to various departments in the College of Creative Arts.

Welcome to The Nonprofit Management Institute

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The job of a senior level manager in a nonprofit is challenging even for the most experienced people. Though many managers have a depth of expertise in one or more functional areas—like finance, program management or fund development—being a senior member of an organization requires us to become fluent in organizational management issues, challenges, and opportunities so that we can become more strategic contributors to our organizations success.

We carefully chose the material for this course based on what we felt were the most critical management responsibilities you need to understand. We also carefully chose what not to include. Of course there are other issues of concern to managers such as volunteer management, communications and marketing, advocacy and public policy – to name just a few. The omission of these and other topics does not imply that they are less important in your work. However, we recognize that there is an immense amount of information to cover in this seminar. It is our intention not to overwhelm you with everything you will ever need to know, but rather give you a solid foundation of core management functions. From here we trust you will continue your learning beyond this course in areas that are the most relevant to you and your needs.

The three days were designed to create a link between your organization’s intended impact, organizational sustainability, and individual sustainability as a foundation. In addition, the curriculum was influenced and shaped by the following principles and philosophies:

- Leadership is a process and not a position.
- Leadership and management must include a power and privilege analysis.
- Change doesn’t take root without attending to skills, systems, and culture in concert.
- Impact and financial health are intrinsically linked.

Throughout the program we will create the space to reflect, apply key concepts and skills, and learn from your peers so you can intensify the impact you desire to make as a sector leader. We are excited that you will be spending the next three days investing in your learning and growth. This investment will not only benefit you, but also your board, staff, and community. Thank you for joining us.

Useful Logistics and Information and References

- 1- Arrival: please feel free to arrive early. We plan to have breakfast ready by 8:30am and there is WIFI. Each day starts at 9am.
- 2- Please sign in all three days. Sign in sheet can be found at the reception desk
- 3- Name tags (First Name). You can include your preferred pronouns if you choose.
- 4- Roster: We will be sending around the roster for you to review and revise if needed. This will be shared with your fellow participants. If you would not like us to share your information, you can indicate that on the roster.
- 5- We will provide breakfast, lunch and snacks during the three days. If you have any feedback please let us know.
- 6- Restrooms are down the hall past the elevators. The code to get in is 5003.
- 7- WIFI is available and the network is CPGuest. The passcode is CPWelcome.
- 8- Download electronic files, manual, resources at <https://www.compasspoint.org/follow-up-resource/management-institute>
- 9- Evaluations: please fill out evaluations every day.
- 10- Compensation and Benefits Survey Report: We are pleased to share this resource with you so you can find nonprofit salary ranges (Northern California). Please follow the instructions on the survey report on how to get copies of up to 5 pages this week.

SCHEDULE

All days 9am – 5pm. Breakfast at 8:30am.

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Day 1	<ul style="list-style-type: none">• Introductions & Getting Grounded• Leadership• Building Strategic Organizations
Day 2	<ul style="list-style-type: none">• Finance & Capitalization• Fund Development
Day 3	<ul style="list-style-type: none">• Performance Management & Staffing• Governance & Board Fundamentals• Action Planning & Closing

Day 1: Leadership

Objectives

- ✓ To understand the distinction between management and leadership.
- ✓ To articulate core leadership competencies.
- ✓ To discuss a framework for leadership and identify characteristics of strong leadership.



The Management Institute is an intensive training that covers the key content areas needed by senior-level nonprofit managers to more effectively manage a nonprofit organization. However, management is just one piece of the equation. Leadership is also necessary in order for an organization to succeed in today's environment. Therefore, we feel it important to spend a bit of time looking at the distinctions between management and leadership and exploring what leadership might look like in your own organization.

LEADERSHIP AND MANAGEMENT

Leadership: The *process* of working with (engaging, inspiring, aligning) others in order to move forward an organizational or community vision and agenda.

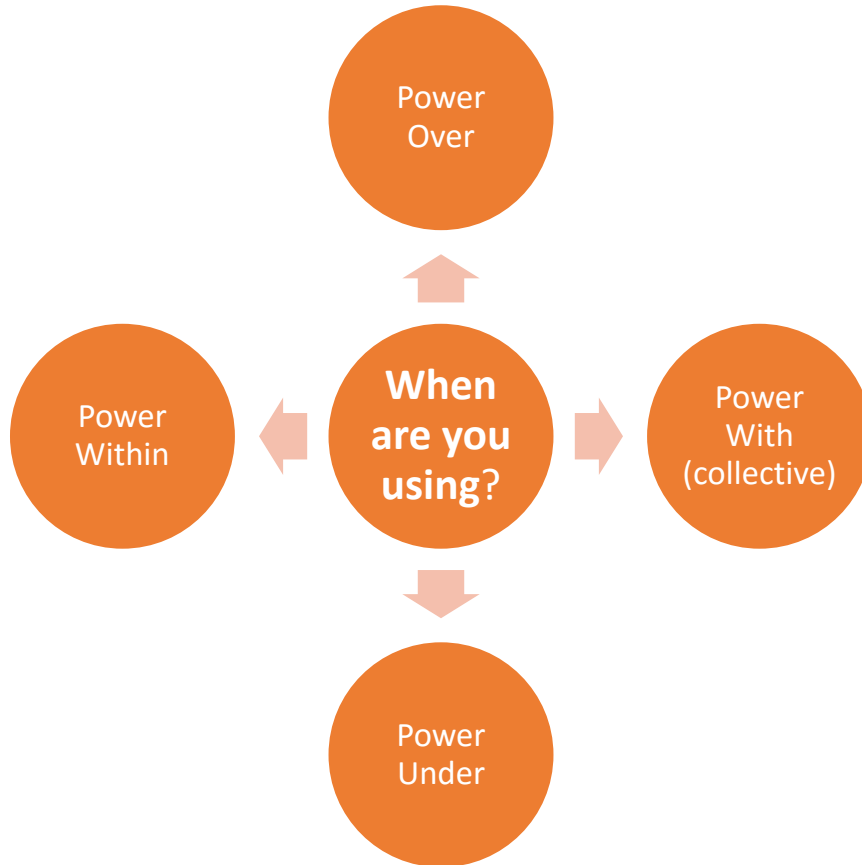
Management: The *process* of planning, organizing, and measuring performance and work systems to support an organization's ability to move forward its vision and agenda.

	MANAGEMENT	LEADERSHIP
Planning	Planning and Budgeting – establishing detailed steps and timetables for achieving needed results, and then allocating the resources necessary to make it happen	Establishing Direction – developing a vision of the future, often the distant future, and strategies for producing the changes needed to achieve that vision
Personnel	Organizing and Staffing – establishing some structure for accomplishing plan requirements, staffing that structure with individuals, delegating responsibility and authority in carrying out the plan, providing policies and procedures to help guide people, and creating methods or systems to monitor implementation.	Aligning People – communicating the direction by words and deeds to all those whose cooperation may be needed so as to influence the creation of teams and coalitions that understand the vision and strategies, and accept their validity.
Implementation	Controlling and Problem Solving – monitoring results vs. planning in some detail, identifying deviations, and then planning and organizing to solve these problems	Motivating and inspiring – energizing people to overcome major political, bureaucratic, and resource barriers to change by satisfying very basic, but often unfulfilled, human needs
Goals & Outcomes	Produces a degree of predictability and order, and has the potential of consistently producing key results expected by various stakeholders (e.g., for customers, always being on time; for stockholders, being on budget)	Produces change, often to a degree, and has the potential of producing extremely useful change (e.g., new products)

What happens when organizations have different amounts of management and leadership?

Sources: John P. Kotter, *Forces for Change: How Leadership Differs from Management*. Free Press, 1990.
<http://www.kotterinternational.com/our-principles/change-leadership>.

TYPES OF POWER



Power over – is linked to domination and control, the power to command compliance. It is so much a part of our society that we are completely accustomed to its language and implicit threats. Many systems function by imposing “power over” through coercion, and threats. Positional leaders in nonprofits, like other institutions often use “power over” simply by restricting information and narrowing the number of people who get to make or influence decisions.

Power with – the kind of power people given to respected individuals; social power, influence wielded among equals; power to suggest and to be listened to; When we act together, we have collaborative power, *People Power*- the capacity to act collectively.

Power from within – as individuals we have endless reserves of power within: creativity, efficacy, expertise, spirit, strengths; the sense of bonding and connection with other human beings and the environment; willingness to participate as an agent of change.

Power Under – when we give up the power we have, when we say “we can’t” instead of “we won’t.” “Power under” can also be a conscious giving up of power in order to follow.

DISCUSSION

1. How do you use authoritative power (**power over**)? When are you comfortable using that power and when are you not?
2. How can you maximize the potential of **power with** (collective power) inside your organization? Who do you share power with now and who do you need to share power with more?
3. How do you bring your strengths, and other sources of **power from within**, to bear on behalf of your organization?

Sources: *Asian Journal of Public Administration, Power Within and Without the Organization: The Issue in Perspective*, Terry Casey; *VISIONS, Inc.; The "Haves" and "Have-Nots" Within the Organizations*, Elizabeth A. Hoffmann; *Truth or Dare: Encounters With Power, Authority and Mystery*; and *Mayeno Consulting*.

The Impact of Credibility

Ultimately, management credibility impacts retention and productivity.

What is credibility behaviorally?

“They walk the talk”

“Their actions are consistent with their words”

“They follow through on their promises”

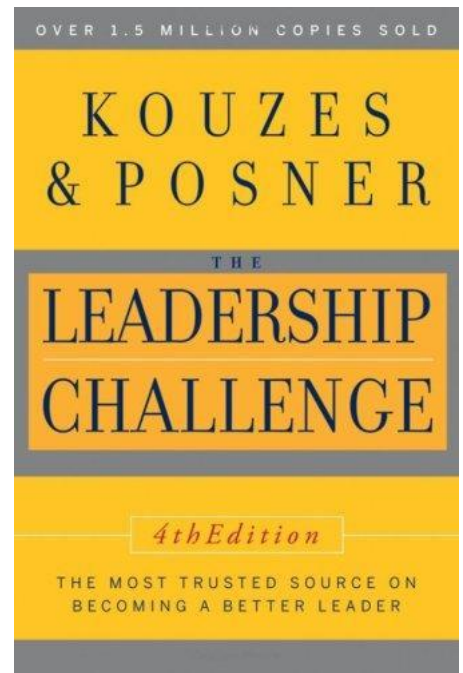
“They do what they say they will do”

People who perceive their manager to have **HIGH credibility** are significantly more likely to:

- Be proud to tell others they’re part of the organization
- Feel a strong sense of team spirit
- See their own personal values as consistent with those of the organization
- Feel attached and committed to the organization
- Have a sense of ownership of the organization

People who perceive their manager to have **LOW credibility** are significantly more likely to:

- Produce only if they’re watched carefully
- Be motivated primarily by money
- Say good things about the organization publicly but criticize it privately
- Consider looking for another job if the organization experiences problems
- Feel unsupported and unappreciated



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Five Practices & Ten Commitments

In “The Leadership Challenge”, James Kouzes and Barry Posner write about these Five Practices of Exemplary Leadership. This model is based on 25 years of research and data from over 3 million leaders.

1 MODEL

the Way

1. FIND YOUR VOICE by clarifying your personal values.

2. SET THE EXAMPLE by aligning actions with shared values.

2 INSPIRE

a Shared Vision

3. ENVISION THE FUTURE by imagining exciting and ennobling possibilities.

4. ENLIST OTHERS in a common vision by appealing to shared aspirations.

3 CHALLENGE

the process

5. SEARCH FOR OPPORTUNITIES by seeking innovative ways to change, grow, and improve.

6. EXPERIMENT AND TAKE RISKS by constantly generating small wins and learning from mistakes.

4 ENABLE

Others to Act

7. FOSTER COLLABORATION by promoting cooperative goals and building trust.

8. STRENGTHEN OTHERS by sharing power and discretion.

5 ENCOURAGE

The Heart

9. RECOGNIZE CONTRIBUTIONS by showing appreciation for individual excellence.

10. CELEBRATE THE VALUES AND VICTORIES by creating a spirit of community.

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REFLECTIONS & NOTES

Day 1: Building Strategic Organizations

Today's objectives:

- ✓ Understand five key elements of a strategic organization
- ✓ Practice articulating your organization's intended impact
- ✓ Explore how organizational culture and power dynamics influence organizational strategy

Elements of Strategic Organizations: Leading from Core



“Who are we now?” is a query that keeps us noticing how we are creating ourselves—not through words and position papers, but through our actions and reactions from moment to moment. All living systems spin themselves into existence because of what they choose to notice and how they choose to respond. This is also true of human organizations, so we need to acknowledge that we are constantly creating the organization through our responses.

To monitor our own evolution, we need to ask this question regularly. Without such monitoring, we may be shocked to realize who we've become while we weren't watching.

— from *“Bringing Life to Organizational Change”*
by Margaret J. Wheatley & Myron Kellner-Rogers

EXERCISE:

Reflected Best Organization

1. Think of a time when your organization was at its best. Jot down as many details as possible.
 - ✓ What happened?
 - ✓ Who else was there?
 - ✓ Why does that particular experience come to mind?



Notes:

2. Share your story briefly with a partner, reflecting on:

- ✓ What *strengths* were you activating as an organization?
- ✓ What *organizational values* were being expressed?
- ✓ What does this experience tell you about what is *distinctive or unique* about your organization's approach to the work?
- ✓ What crucial *resources* were you drawing upon?

Notes:

Elements of Strategic Organizations

Organizational strategy formation is really about deepening our collective understanding about who we are in the world and what we're trying to achieve. Effectively living into that understanding requires that staff and board develop a practice of strategic thinking and decision making, and have a shared willingness to continuously learn and adapt as an organization moves toward greater impact and sustainability. It is not a one-time or episodic process; it is an ongoing way of thinking and behaving.

However, when an organization is struggling with questions of business model viability, program relevance and/or radically changing landscapes, we can benefit from stepping into an intentional strategy formation process. The "right time" for a strategy formation is not on a prescribed 3-5 year cycle; the right time for strategy formation is when your current strategies are not well articulated or understood or when well-articulated strategies have lost relevance or are otherwise no longer serving the organization.



Clarifying CORE

Sensing CONTEXT

Inspiring CHANGE

Cultivating CULTURE

Aligning CHOICES

Notes:

Clarifying CORE

What is Core?

A dictionary definition of core names it as the “central, innermost, or most essential part of anything.” In his work, researcher and management consultant Jim Collins discusses an organization’s Core Ideology in the terms of deepening our understanding of it, not designing or creating it:

“You do not create or set core ideology. You discover core ideology. You do not deduce it by looking at the external environment. You understand it by looking inside. Ideology has to be authentic. You cannot fake it. Discovering core ideology is not an intellectual exercise. Do not ask, What core values should we hold? Ask instead, What core values do we truly and passionately hold? You should not confuse values that you think the organization ought to have – but does not – with authentic core values. To do so would create cynicism throughout the organization. (‘Who’re they trying to kid? We all know that isn’t a core value around here!’) Aspirations are more appropriate as part of your envisioned future or as part of your strategy, not as part of the core ideology. However, authentic core values that have weakened over time can be considered a legitimate part of the core ideology – as long as you acknowledge to the organization that you must work hard to revive them.



Core ideology needs to be meaningful and inspirational only to people inside the organization; it need not be exciting to outsiders. Why not? Because it is the people inside the organization who need to commit to the organizational ideology over the long term... You cannot impose new core values or purpose on people. Nor are core values and purpose things people can buy into. Executives often ask, How do we get people to share our core ideology? You don't. You can't. Instead, find people who are predisposed to share your core values and purpose; attract and retain those people; and let those who do not share your core values go elsewhere.¹

The question of core, then, is one of exploration and understanding, not of prescription and commanding. The question is essentially a human one easily applied to organizational form – what is it that we are uniquely designed to be and how do we grow into its full expression?

¹ “Building Your Company’s Vision,” Collins & Porras, Harvard Business Review, 1996.

It's the seeds of a plant that determine its ultimate characteristics. The seed of a redwood tree is unimaginably small but within it is an essential purpose to become what it must – one of the largest most enduring trees on the planet.

So what does this mean and why does it really matter from an organizational context? As we become deeply curious about what's at our core as an organization, and work diligently to align ourselves with that, it becomes a true guide in our ongoing development.

Regarding organizational size, for example, it is not necessarily simply a question of if, when, and how to grow. The more compelling, and challenging, question about organizational size is – what size do we need to be in order to fully express what's embedded in our core?

Theory of Change

A *theory of change* is a way to visually represent an organization's thinking about how it contributes to desired changes in the world. A theory of change represents a conceptual linkage among:

- ✓ an identified issue or problem,
- ✓ a set of desired changes,
- ✓ among whom the organization will focus its efforts,
- ✓ specific strategies that contribute to that change, and
- ✓ the underlying values that guide the organization's work.



Developing a *theory of change* helps stakeholders develop a commonly understood vision of long-term goals, identify the specific contributions that the organization will make toward those goals, and determine what will be used to measure progress along the way. Thus, it is a tool that reflects the most current sense of what the organization aspires to be and provides a strong basis for ongoing decision-making, evaluation, and communication with internal and external stakeholders. There are several benefits to using a *theory of change* as an anchor to organizational strategy formation:

- ✓ It re-orientes everyone to impact as the organizing principle rather than the preservation of a particular program mix.
- ✓ It gives everyone clarity—in just one page—about what organizational strategies they are supposed to be activating in all decision-making and program design.
- ✓ It keeps organizational values and guiding principles front and center and directly linked to organizational impact.
- ✓ It creates a rigorous framework for impact evaluation—moving away from solely counting inputs or client satisfaction, to measuring progress on anticipated changes.
- ✓ It stimulates learning and innovation, encouraging all staff to consider how they could refine existing programs to achieve even greater impact.
- ✓ It puts the organization's work in context since no one organization can solve the kinds of problems we are working on; this can lead to greater humility, clearer brand identity, and thoughtful partnership with allies.
- ✓ It serves as the screen through which all staff—including fund development staff—determine which opportunities are in fact aligned with the organization's approach.
- ✓ It is a bold, compelling way to recruit staff and board. (This is who we are; is this who you are?)

THEORY of CHANGE

PROBLEM or ISSUE STATEMENT

A concise and compelling description of the conditions we aim to change.

ORGANIZATIONAL STRATEGIES

The distinctive, cross-cutting approaches we take to our work.

FOCUS of CHANGE

The people among whom we will focus our efforts and resources.

ANTICIPATED CHANGES

Specific, observable changes that indicate that the problem is being solved.

VALUES & GUIDING PRINCIPLES

- VALUES: Fundamental, intrinsic beliefs that guide the work.
- GUIDING PRINCIPLES: How the organization expresses its values; the organization's character in action. Guiding principles describe the way the values manifest on a daily basis.

Your
Logo
HERE

THEORY of CHANGE

PROBLEM or ISSUE STATEMENT

ORGANIZATIONAL STRATEGIES

ANTICIPATED CHANGES

FOCUS of CHANGE

VALUES & GUIDING PRINCIPLES

Sensing CONTEXT

Naming the Problem

We believe that strong strategy rests on getting clear and concise about the *problem* the organization exists to resolve. At first blush, this can seem perfunctory: *Of course we know what we're here to do, just read our mission statement.*

But if behaving strategically as an organization is about making and acting upon a clear set of choices, we need a deeper analysis to ground the work. Within the big umbrella of the problem (domestic violence, environmental degradation, and educational inequity, for example) what are we actually trying to achieve and how well are we doing that? We have seen this kind of inquiry net deeper insights and create a more profound look at programming in the context of the specific results we are trying to achieve.

Underlying this work is an understanding that:

- ✓ Problems are dynamic and change over time – both as the *conditions* around us change, and as our *understanding* of the issues change
- ✓ Having a shared analysis of the problem helps focus our efforts
- ✓ Clearly articulated, compelling problems can be motivating and inspire people to collective action

WHY IT MATTERS

In considering the utility of this exercise, think about the example below. A Habitat for Humanity affiliate could decide to align their work around any of the following different perspectives on the problem of affordable housing, each of which would be “on mission” but would have radically different implications for organizational structures, policies, partnerships, and strategies.

EXAMPLE: Habitat for Humanity

Different Problem Statements	Different Implications
<p>The lack of affordable, homeownership housing fuels gentrification and creates housing insecurity.</p>	<p><u>Structures</u>: Board (raising \$\$\$)</p> <p><u>Policies</u>: Pricing/Affordability of housing</p> <p><u>Partnerships</u>: For-profit developers</p> <p><u>Strategies</u>: Dramatically increasing the production of homes.</p>
<p>Critical physical structures in neighborhoods are deteriorating, threatening our community’s ability to thrive.</p>	<p><u>Structures</u>: Board (Community relationships)</p> <p><u>Policies</u>: Volunteers hours</p> <p><u>Partnerships</u>: Neighborhood groups</p> <p><u>Strategies</u>: Repairing homes and renovating key community hubs.</p>
<p>Injustices around wealth accumulation opportunities for people of color severely deepens economic inequality along racial lines.</p>	<p><u>Structures</u>: Board (Structural analysis of racism and economic oppression)</p> <p><u>Policies</u>: Inheritance</p> <p><u>Partnerships</u>: Financial policy makers</p> <p><u>Strategies</u>: Asset accumulation and financial empowerment for POC.</p>

EXERCISE: What's the problem?

Most problem statements can be expressed in a variety of ways, depending on our assessment of the current context, our understanding of the needs of our constituents, and where we are best positioned to focus our efforts as an organization.

Problem Statement Defined:

A concise and compelling description of the conditions we aim to change.

Strong problem statements should:

- ✓ Represent our current analysis of the problem we aim to address, not the need we work to fill.
- ✓ Excite and motivate people to rally around the issue and/or provoke conversation and thinking for internal and external stakeholders.
- ✓ Name conditions that an organization cannot solve alone– but that it is actively contributing to resolve.
- ✓ Be grounded in facts – but might also be argued against.
- ✓ Be concise, powerful, and accessible in language with a minimum of qualifiers and clauses.

Sample Problem Statement:

Women still lack equitable power in all aspects of their lives.

Decision-makers do not hear the voices of low and moderate income residents in San Joaquin County and make decisions that do not address their needs.

Due to historical legacies and pervasiveness of racism, patriarchy and xenophobia, there are structural and institutional barriers that deny day laborers and domestic workers equal protections and economic equality.

Your First Problem Statement Draft:

Your Revised Problem Statement Draft:

Inspiring CHANGE

INTENDED IMPACT STATEMENTS

“A statement or series of statements about what the organization is trying to achieve and will hold itself accountable for within some manageable period of time. It identifies both the benefits the organization seeks to provide and the beneficiaries.”

- “Zeroing in on Impact,” Stanford Social Innovation Review (Colby, Stone, Carttar)

Impact Statements answer the question, “*We will know we are successful when...*” They include specific, observable changes that indicate that the problem is being resolved and help us orient our work toward contributing to the change we seek in the world.

Example Impact Statements: While these statements have not articulated specific numeric targets, they indicate an organization’s orientation toward a specific outcome, or change, in the world. They can be used to develop even more specific and quantifiable program targets and evaluation metrics to guide the organization’s work.

Housing policies and funding decisions prioritize people struggling with poverty in San Francisco.

There is a pool of diverse, resilient leaders positioned to catalyze change for LGBT people.

There is a large network of aligned voices advocating for reproductive justice.

There are more women in traditionally male-dominated fields (tech, media, politics, etc.).

REFLECTION QUESTIONS:

- ✓ What will look, feel, sound different in the field or movement if our organization is successful in its work?
- ✓ What are we holding ourselves accountable to in this work?
- ✓ If we went away today, who would it matter to and why? What would our success look like to them?

EXERCISE: Impact Statements

Given the problem as you have defined it, how will you know it's being resolved?

Intended Impact Defined:

Specific, observable changes that indicate that the problem is being resolved.

Your Draft Impact Statement(s):

Aligning CHOICES

Cultivating CULTURE

REFLECTION QUESTIONS:

- ✓ What practices do we currently have as an organization to reflect on the current context of our work and potential opportunities? How might we nurture more of this reflection throughout the organization?

- ✓ How empowered are people throughout the organization to act on strategic opportunities and threats? How might we channel this power toward our intended impact?

- ✓ How is power currently influencing our organizational approach to strategy formation and decision making?

REFLECTIONS & NOTES

Day 2: Finance and Capitalization

Today's objectives:

- ✓ Understand the different kinds of capital needed to achieve your intended impact sustainably
- ✓ Build competency in reading and analyzing core financial statements
- ✓ Develop an approach to building a meaningful annual budget

EXERCISE: Financial Leadership Reflection

RE-READ THIS PASSAGE FROM THE PRE-READING FOR TODAY:

From: Why Funding Overhead Is Not the Real Issue: The Case to Cover Full Costs by Claire Knowlton, Nonprofit Quarterly, January 25, 2016

As the sector moves toward outcomes-based measurement, we have to move away from compliance measures like overhead ratios and restricted budgets. The nonprofit sector can't "live above the bowling alley" *and* be expected to achieve results for its communities. To meet outcomes, organizations must be flexible and make a healthy investment of funds and staff capacity in the systems that allow organizations to track their impact over time. *Outcomes-driven* decision making requires organizations to pivot and shift quickly as the environment around them moves or as new information becomes available; *compliance-driven* decision making requires adherence to rigid rules, even in the face of changing needs. The two are incompatible.

More and more funders are expecting the programs they fund to deliver measurable change or impact. The cost associated with developing, testing, maintaining, and, ultimately, reporting outcomes is terribly expensive, and usually underestimated. When you gained control of your paycheck, you were able to make fluid and smart decisions—like moving away from the bowling alley—without worrying about a poor performance review. Let's be sure nonprofits can do the same.

PAIR DISCUSSION:

- A. In what ways are your organization's financial management practices compliance-driven and in what ways are they outcome/impact-driven?
- B. How do you *personally* think about the financial management elements of your role? Are you looking primarily through a compliance lens or an impact lens?

PERSONAL REFLECTION:

Organizational Budget: Traditional Format

Domestic Violence Intervention & Prevention Agency
 2016-17 Final Budget for Finance Committee
 As of June 5, 2016

	Program Activities		Supporting Activities		Common Costs	Total Budget 2016-17
	Shelter Services	Support Groups	Admin- istration	Fund- raising		
Contributions	-	-	-	80,000	-	80,000
Fundraising events - net	-	-	-	135,000	-	135,000
Foundation grants	-	-	-	125,000	-	125,000
<i>Total support</i>	-	-	-	<i>340,000</i>	-	<i>340,000</i>
Government contracts	815,009	-	-	-	-	815,009
Interest and dividends	-	-	10,000	-	-	10,000
<i>Total revenue</i>	<i>815,009</i>	-	<i>10,000</i>	-	-	<i>825,009</i>
Released from restriction	-	445,000	-	5,000	-	450,000
Total income	815,009	445,000	10,000	345,000	-	1,615,009
Salaries	295,920	194,450	106,000	115,500	88,960	800,830
Payroll taxes	30,332	19,931	10,865	11,839	9,118	82,085
Employee benefits	-	-	-	-	80,083	80,083
Training	3,600	500	500	-	1,000	5,600
<i>Personnel expenses</i>	<i>329,852</i>	<i>214,881</i>	<i>117,365</i>	<i>127,339</i>	<i>179,161</i>	<i>968,598</i>
Accounting	-	-	17,500	-	-	17,500
Bank charges	-	-	5,000	-	-	5,000
Building expenses	-	-	-	-	27,500	27,500
Clients, direct assistance to	250,000	-	-	-	-	250,000
Conferences and meeting	1,000	10,000	2,500	2,000	2,000	17,500
Depreciation	-	-	-	-	38,897	38,897
Dues and subscriptions	1,000	2,300	100	250	-	3,650
Equipment rental/maint.	-	-	-	-	3,200	3,200
Insurance	-	-	-	-	29,000	29,000
Interest	-	-	-	-	8,016	8,016
Other professional fees	20,000	12,000	2,500	-	5,000	39,500
Postage and delivery	-	-	-	4,000	8,000	12,000
Printing and copying	1,000	5,000	-	10,000	-	16,000
Supplies	15,000	10,000	-	2,500	24,000	51,500
Telephone	-	-	-	-	36,000	36,000
Travel	3,750	15,000	500	1,000	-	20,250
Utilities	-	-	-	-	42,500	42,500
<i>Non-personnel expenses</i>	<i>291,750</i>	<i>54,300</i>	<i>28,100</i>	<i>19,750</i>	<i>224,113</i>	<i>618,013</i>
Total specific costs	621,602	269,181	145,465	147,089	403,274	1,586,611
Allocation of common costs	181,473	125,015	44,360	52,426	(403,274)	-
Allocation of admin costs	109,139	53,572	(189,825)	27,114	-	-
Total expenses	912,215	447,768	-	226,629	-	1,586,611
Change in net assets	(97,206)	(2,768)	10,000	118,371	-	28,398

Creating a Meaningful Annual Budget

Both the process and product of the annual budget can be meaningful when we are thoughtful about each of the 5 dimensions below.

1. When the process starts.

Notes: _____

2. Who on board and staff are involved and playing what roles.

Notes: _____

3. How the budget structure reflects your true, internal understanding of the business.

Notes: _____

4. How you capture impact drivers such evaluation and professional development.

Notes: _____

5. How you monitor and adjust the budget as new information arrives throughout the year.

Notes: _____

EXERCISE: A Gameplan for Your Next Annual Budget

PERSONAL REFLECTION:

- A. What’s not in your budget this year that should be given your intended impact statement(s)?

- B. What’s not in your budget this year that should be given your organizational values?

- C. What adjustments to your process and product of your annual budget are you planning for next time?

When the process starts.

Adjust: _____

Who on board and staff are involved and playing what roles.

Adjust: _____

How the budget structure reflects your true, internal understanding of the business.

Adjust: _____

How you capture impact drivers such evaluation and professional development.

Adjust: _____

How you monitor and adjust the budget as new information arrives throughout the year.

Adjust: _____

Capital: The Kinds of Investment Needed to Achieve Impact

Nonprofits capitalize their intended impacts with at least 5 different types of “capital,” which at its most basic, means money or another form of asset (something you own or have title to). Sustainable organizations are constantly tending to their capital mix with a clear sense of what kinds of capital drive their intended impacts.

Financial capital: Wealth in the form of money or assets, taken as a sign of the financial strength of an individual, organization, or nation, and assumed to be available for development or investment.

Read more: <http://www.businessdictionary.com/definition/capital.html#ixzz4126vW0yx>

Human capital: Health, knowledge, motivation, and skills, the attainment of which is regarded as an end in itself (irrespective of their income potential) because they yield fulfillment and satisfaction to the possessor. In an organizational context, human capital refers to the collective value of the organization's intellectual capital (competencies, knowledge, and skills). This capital is the organization's constantly renewable source of creativity and innovativeness (and imparts it the ability to change) but is not reflected in its financial statements.

Read more: <http://www.businessdictionary.com/definition/human-capital.html#ixzz4127dOhHK>

Social capital: The central premise of social capital is that social networks have value. Social capital refers to the collective value of all "social networks" [who people know] and the inclinations that arise from these networks to do things for each other ["norms of reciprocity"].

Read more: <http://www.bettertogether.org/socialcapital.htm>

Intellectual capital: Collective knowledge (whether or not documented) of the individuals in an organization or society. This knowledge can be used to produce wealth, multiply output of physical assets, gain competitive advantage, and/or to enhance value of other types of capital.

Read more: <http://www.businessdictionary.com/definition/intellectual-capital.html#ixzz41295PfVu>

Political capital: The capacity of an organization's staff or board to lobby local, state, or national government; to encourage favorable treatment from the media; to seek special considerations from the community or corporations; or to persuade skeptical stakeholders or donors and that a controversial proposal or decision deserves support.

Read more: [Governance as Leadership Wiley, 2005](#)

EXERCISE: Your Capital and Intended Impact

Reflect on one of your intended impact statements created yesterday. Which kinds of capital are you using now to achieve it? What kinds of capital do you need more of to increase your impact?

CAPITAL TYPE	CURRENT STATE	WHAT'S NEEDED
Financial		
Human		
Social		
Intellectual		
Political		

Income vs. Wealth

“I like to think of *income* as the amount of money someone receives on a regular basis, while *wealth* is the length of time that person (or family) could maintain their current lifestyle without receiving compensation for performing additional work.”

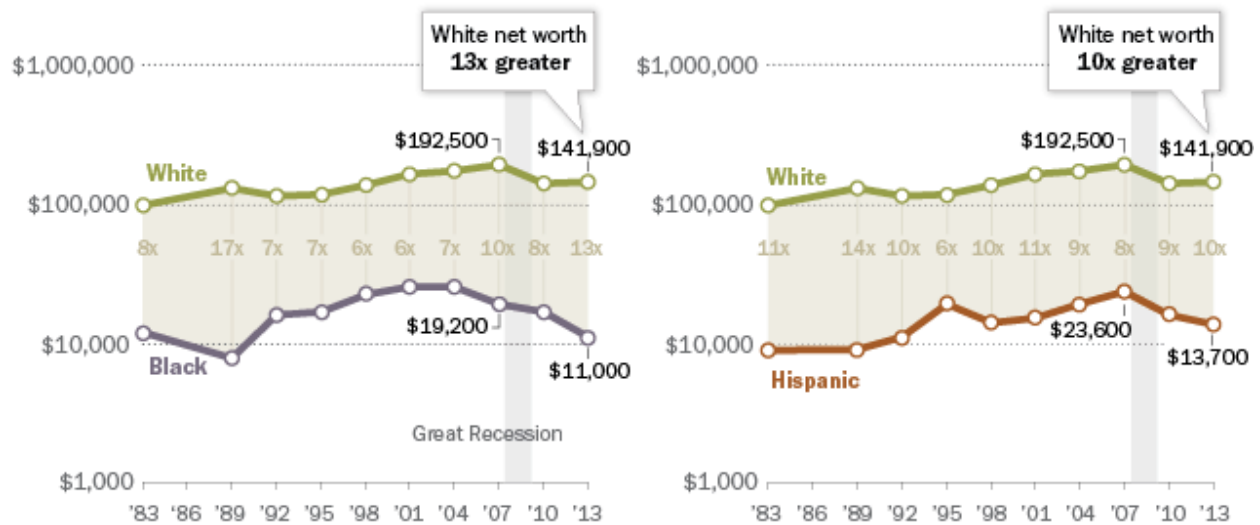
(<http://www.moneycrashers.com/wealth-and-income-difference/>)

“A much more useful topic of discussion—one that does a far better job of getting to the heart of what we really mean when we talk about economic inequality—is wealth inequality. Income inequality only matters insofar as it effects wealth inequality, anyhow. And if we're not careful, focusing on income inequality can lead us astray from the larger goal of creating a fairer and more economically equal society. Person A and Person B both have an income of \$25,000 per year. But A has a net worth of \$1 million, and B has a net worth of \$0. Here we have no income inequality, and yet Person A flourishes, while Person B struggles to survive.”

(<http://gawker.com/income-inequality-vs-wealth-inequality-1686329762>)

Racial, Ethnic Wealth Gaps Have Grown Since Great Recession

Median net worth of households, in 2013 dollars



Notes: Blacks and whites include only non-Hispanics. Hispanics are of any race. Chart scale is logarithmic; each gridline is ten times greater than the gridline below it. Great Recession began Dec. '07 and ended June '09.

Source: Pew Research Center tabulations of Survey of Consumer Finances public-use data

PEW RESEARCH CENTER

Source: http://www.pewresearch.org/files/2014/12/FT_14.12.11_wealthGap2.png

Organizational Income vs. Organizational Wealth

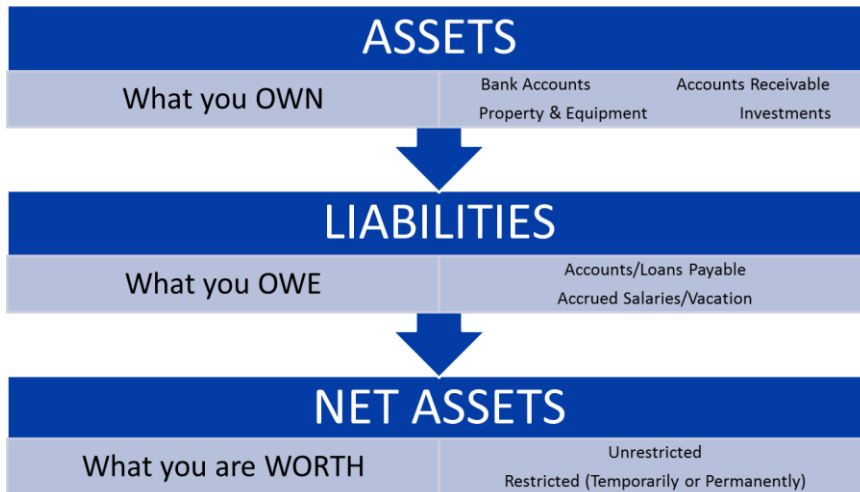
Income Statement (Income & Expense Over 12 Months):

INCOME =
(Contributed or Earned; Conditional or Unconditional; Unrestricted or Restricted)

EXPENSE =
(Program, Administration, Fundraising)

SURPLUS/DEFICIT
(Change in Net Assets)

Balance Sheet (Wealth as of the Date Issued):



FINANCIAL HEALTH AND REPORTING QUESTIONS:

- ✓ How much surplus will you generate this year?
- ✓ How liquid are your assets? Is your quick ratio comfortable?
- ✓ How many months of unrestricted cash do you have?
- ✓ Other than cash, what kinds of assets make up your wealth?
- ✓ How secure is your core funding? How related to your intended impact is it?
- ✓ How are you capturing “supporting costs”?

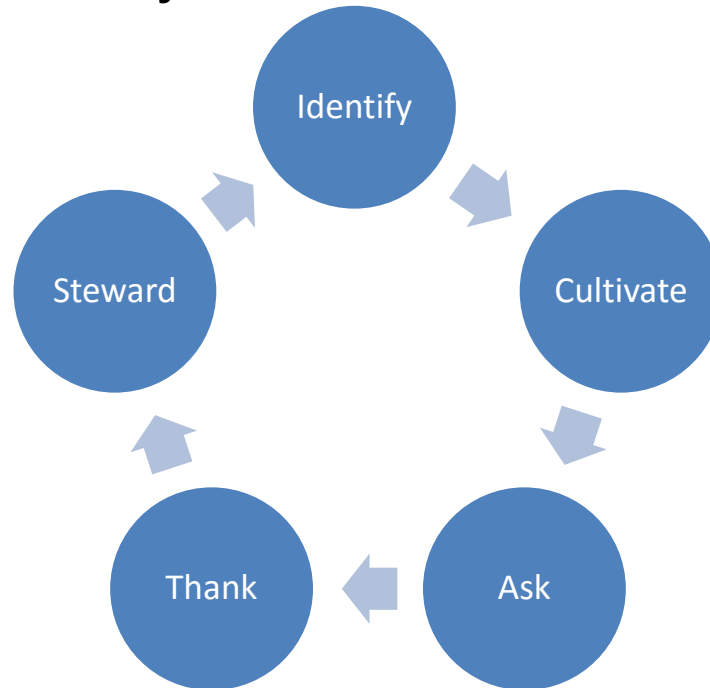
REFLECTIONS & NOTES

Day 2: Fund Development

Learning objectives:

- ✓ To understand how donor development and cultivating community support can support mission and program strategies.
- ✓ To identify the essential ways that senior managers can participate in their organization's fund development activities.
- ✓ To understand the dynamics, challenges, and opportunities that exist when there is shared leadership in fund development
- ✓ To articulate key fund development terms and concepts.

The Development Cycle



How do I currently participate in fund development? *Note the various stages of donor development in the diagram above.*

1. **Identifying** Prospective Donors: By collecting names, contact info or lists.
2. **Cultivating** Prospects and Donors: By getting to know their interests, and introducing them to the organization.
3. **Solicitation, Asking** for Financial Support: Participating in fundraising campaigns by letter, email, or phone.
4. **Thanking and Recognition:** Personally thanking donors.
5. **Stewardship, Communicating Impact:** Staying in touch with them after a fundraising campaign, continuing to build the relationship.

What competencies do you have in each component? What challenges do you regularly encounter?

Fundraising is the process of securing charitable donations, which are necessary to run a nonprofit's programs to meet community needs. Successful fundraising is 80% planning and 20% asking (and other contact with donors/funders). Through planning activities fund development leaders establish realistic goals to meet the organization's resource needs and determine appropriate strategies for meeting those goals. Though planning is important, it's important to remember that it is not a substitute for action (asking).

Examples	Activities	Outcomes
Planning Activities	Assessment Program planning Prospect research Set fund development goals Select strategies, outline steps Calendar & timeline Materials development Proposal templates Training Evaluation of efforts	Fundraising plan Database reports Event calendar Case statement Information packets Templates for asking
Donor Activities	Asking Follow up to secure donation	Letters, Email Proposals Events Face to face

How do you currently participate the fundraising planning activities listed above?

What do you wish to learn more about or develop as skills?

Culture of philanthropy: While familiar to fundraising professionals, the term culture of philanthropy is not yet well understood nor commonly used across the sector. Not to be confused with institutional grant making or the act of giving money as a donor, a culture of philanthropy refers to a set of organizational values and practices that support and nurture development within a nonprofit organization.

Your organization might lack fulltime development staff, yet it can mount and sustain a successful donor development campaign each year when your activities, your people and systems are aligned to a culture of philanthropy. The very first step is understanding your own relationship with voluntary action and giving; what you care about when you give money and time, and incorporating your awareness as a donor into who you are as a fundraising leader.

What fundraising leadership can you model for others? How can you make the best use of your time and talents within a work week to cultivate new supporters (individual and institutional) and to ask for money? Integrating fundraising work into your own calendar on a daily, weekly and monthly basis is essential for becoming familiar with supporters of the organization and the ways the organization can best raise funds. And being aware of your “resistance” to fundraising and asking for money is the first step towards becoming an effective fundraising leader. This chapter offers a few ways to develop your own personal approach to fundraising, through “trying on” the mindset of philanthropy and development. Philanthropy through annual and major gifts may not be the best fit as your organizations’ *primary* income, yet is often the most strategic source of funds to grow and sustain as the secondary income that is unrestricted. If you have a strong practice of cultivation, asking and stewardship with individual donors as an executive director, you’ll find that this framework and set of skills will support your leadership and management of foundation development, corporate giving and government contracts as well.

Being clear about your own role in fund development will enable you to enter into planning with staff and board members. Sometimes you will have the benefit of an existing fund development plan and giving program, to oversee and build upon. If you don’t (and many groups do not have fundraising programs and plans), then this is an opportune time to gather

key staff, board and supporters to create the rationale for development, develop a plan, establish clear roles, and develop a fundraising system. As much as many of us hope that our boards will do this, it won't get done without your leadership and initiative. But board members as well as staff and volunteers can rise to the challenge of asking and thanking donors when there is a plan, support systems, and leadership.

Almost **everyone** in your organization can benefit from practicing donor cultivation, stewardship, and how to ask for money because of the taboos and fears that are attached to talking about money. This session is an introduction to those practices, which you may wish to pursue further- through practice, coaching, and additional training on major gift development. There are several online resources for understanding current strategies, tactics, technologies and performance benchmarks for raising funds, and we list some useful sources at the end of this section. We believe that the fundamental challenges that most organizations face in creating and sustaining contributed income is shifting the mindset or perspective of leaders in developing philanthropic relationships as they raise funds. In these materials, we introduce new learning from organizations that are sustaining donor giving, and focus on the things that these groups are doing that is different from the norm.

Fundraising Terms

What is fundraising?

Fundraising is the process of securing charitable donations, which are necessary to run a nonprofit agency's programs to meet community needs.

What is development?

Development is the process of cultivating relationships with people who will support a nonprofit agency. You can apply many of the principles and practices of development to starting and building effective relationships with governmental and foundation funders as well.

What is cultivation?

Cultivation is communication activities with prospective donors that build awareness and connection with your organization, and, that increase your understanding of why someone might give to your organization.

What is stewardship?

Stewardship is building the trust and confidence of current donors that your organization is worth continuing their support and deepening their involvement each year. Annual reports are the traditional way; authentic conversations, sharing important news, involving a donor as an advisor, volunteer or solving a problem for the organization are excellent stewardship strategies.

What is an annual campaign?

The series of fundraising activities your organization implements each year to secure new donors, renew and increase gifts from donors is an annual campaign. The 'campaign' requires structure, timeline and leadership for successfully completing the activities and achieving goals.

What is philanthropy?

Voluntary action and giving to advance the common good. Root meaning is love of humanity.

What is a philanthropist?

Not necessarily foundation staff or trustees, nor the wealthiest people who give money away. Think of all kinds of people who volunteer a significant part of their time to a cause, people of all means who give a % of their annual income to improve communities, society, the environment. Think of yourself.

Giving & Asking

In your “home culture” ...

In your organization...

Self-Reflections on Money & Your Role in Fundraising

Review & highlight what questions are most relevant to you.

1. How confident am I in discussing money? (For example: discussing the organizational financial picture, how much it costs to support the various elements of the work).

2. How comfortable am I asking for money? What barriers stop me from asking?

3. Can I cultivate real philanthropic relationships with people who have much more wealth and social status than myself? What, if anything will get in my way of authentically representing the organizations' values and stance?


4. Can I make a significant gift to my organization? Can I expect my board members to do so?

5. What is most compelling to me about the organizational mission- how do I communicate this when asking for support?

6. What do I want to learn about the donor when I ask them for money?

7. Can I accept “no” graciously and not feel rejected?

8. What personal talents and skills can I apply to fundraising? What talents and skills reside on other staff, board and volunteers?



Consider using a fundraising coach to explore the relevant questions and build your fundraising skills.

Beliefs & Behaviors about Money

First round: Please make sure everyone in your group has a chance to share...

- What did you learn about money when you were young?
- What was talked about? What didn't people talk about?

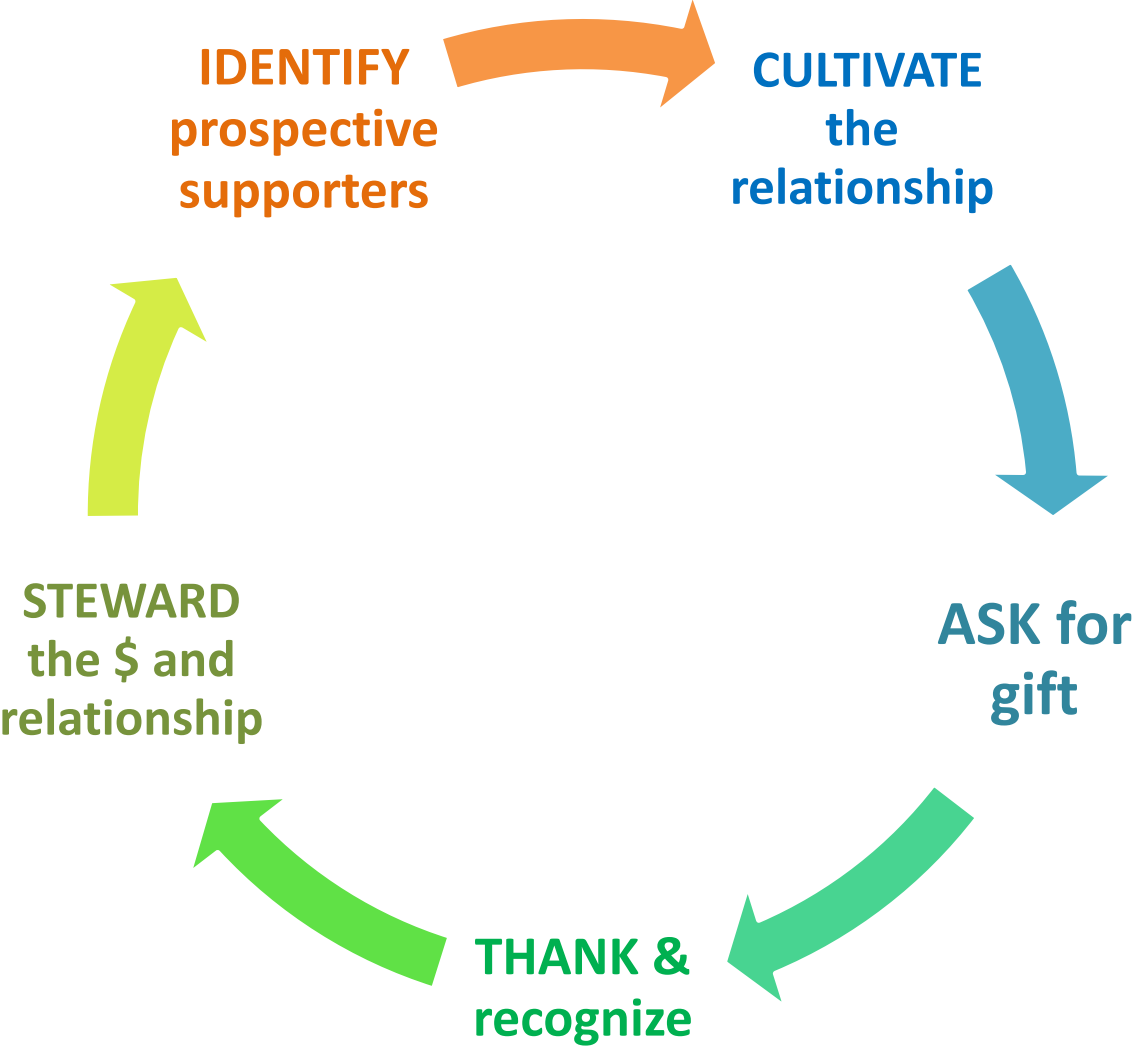
Second round: Please make sure everyone in your group has a chance to share...

- How is money talked about in your organization?
- Who is trusted with money management?
- Are you confident in talking about money & making the case for fundraising in your organization?

Group debrief:

What needs to change in your organizational culture related to money & fundraising?

Development is a Process that Organizations Conduct Year Round...



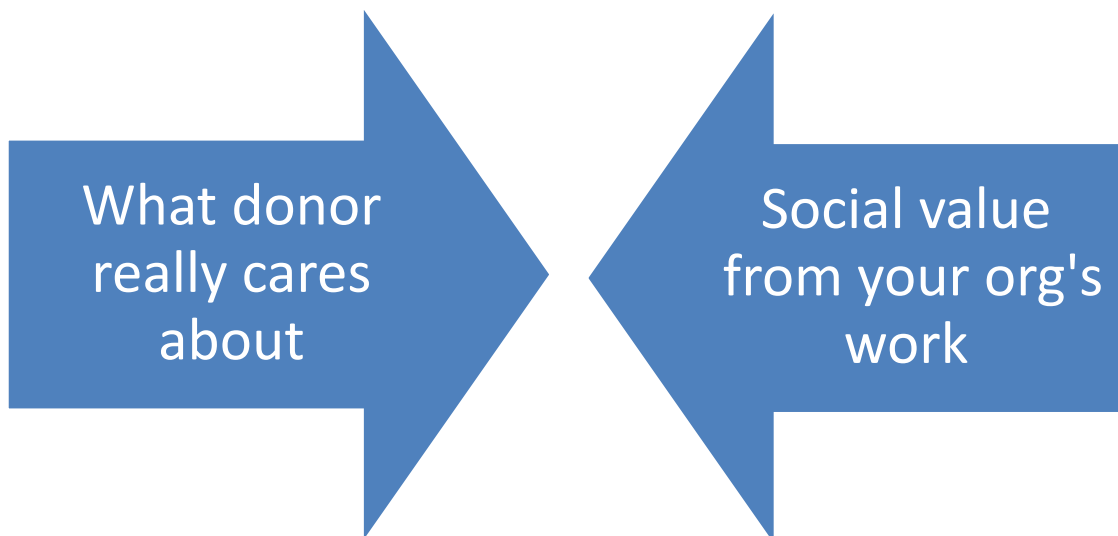
How does your organization do this?

Cultivating Support

Cultivating a donor relationship encompasses lots of activities and opportunities to communicate. Just remember that the process is ‘two way’- you need to see interest, motivation and eventually commitment from the prospective donor in order to create a relationship of regular giving or major support. So cultivation is not just telling people why they should care about your work. The ultimate goal of cultivation is to determine “fit’ between your organization and the person’s values, and focusing time on the people who care a lot and want to see your work succeed.

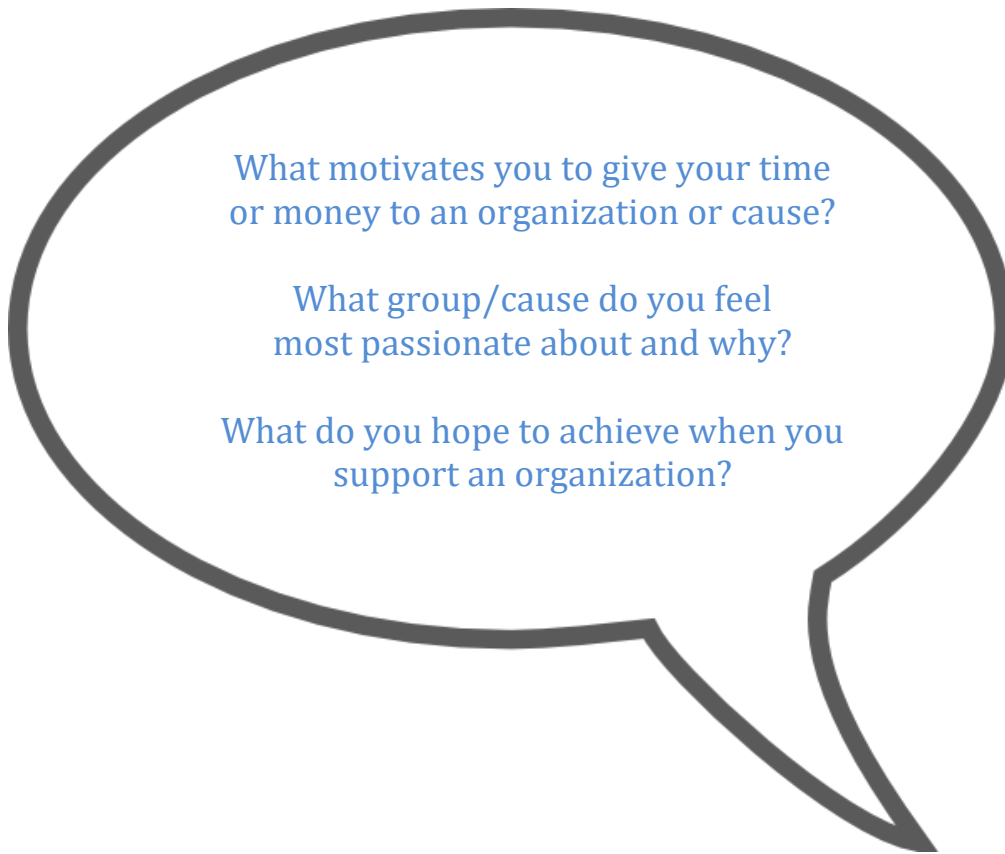
The Exchange Principle

- Organizations create social value that most individuals can’t create on their own
- Individual donors pay your organization to achieve things that they don’t have time or abilities to do
- There has to be a “match” in the donors values for the exchange to be real, and for a donor to keep giving.



Inquiry and Listening Are Core Skills in Development

Practice a cultivation conversation by interviewing & being interviewed.



Instructions: In pairs interview each other, one at a time.

1. Person A asks Person B the questions, and tries to learn as much as possible in the time given to understand Person B's values.
2. Turn up your listening skills and curiosity in Person B's values.
3. After signal to end, Person A shares what they learned about Person B.
4. Switch role and turn.

What values did you hear?

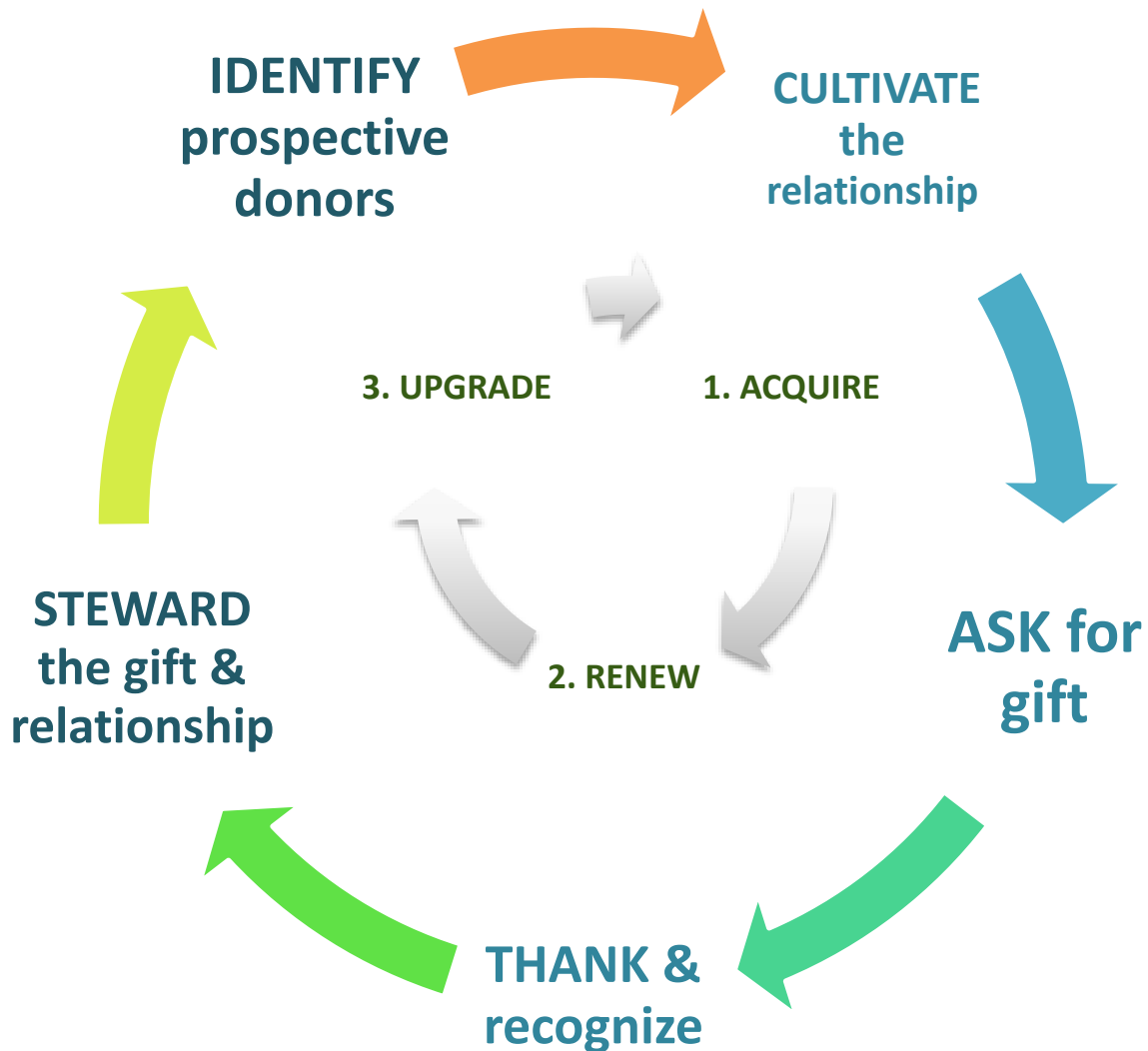
What was it like to talk about your own values of giving?

The Development Cycle & Annual Fundraising

Your fund development activities, information systems segment donors in important ways:

1. Newly acquired donors – welcome & introduce – retain 20 – 35%
2. Annual donors – engage & renew – retain 50 – 75%
3. Frequent donors – involve and ask for additional gifts
4. Those who give through events- encourage sponsorship & table captains
5. Other donor preferences- note and honor requests

sources: 2014 Fundraising Effectiveness Project; Blackbaud white paper 2013



Response rates for different strategies (recent benchmarks)

- Direct mail to acquire new donors bulk: 0.5 – 1%
- Email fundraising message: 0.05- 0.10%
- Direct mail to renew an annual gift from current donors: 6 – 12%
- Email, letters & calls to renew annual gift from current donors: 15 – 20%
- Personal calling: 25%
- Face to face asking: 50%

Source: Grassroots Fundraising Journal, NTEN/M+R Benchmark study 2015.

For loads more stats and cool infographics on online giving and advocacy: www.mrbenchmarks.com

Want to get better results?

Track your response rates each ask, each year.

of gifts / # of people asked = **response rate**

of annual donors who gave in 2014 who gave again in 2015 = **retention rate**

Total dollars raised ____ in 2015 ____ in 2016 ____ in 2017

Average gift amount ____ in 2015 ____ in 2016 ____ in 2017

Stages of Engagement & Moves Management

Introduce

Educate/Understand

Involve/Participation

Invite/ Commitment

Recognize



Think of someone you are currently cultivating to support your organization...

Their Name: _____

1. What do you know about this person's giving interests?
2. What do they know about your organization?
3. Which of the stages of action would this person be needing in order to give, or to increase their giving?
4. What is your next action with this person?

Bright Spots Research – A look at what’s working

So much of how we approach improvement in our culture and in our organizations is by focusing on what’s not working. With *UnderDeveloped: A National Study of the Challenges Facing Nonprofit Fundraising*, we heard from more than 2,700 executives and development directors across the country a lot about what hasn’t been working: the short, frustrated tenures of development directors, the lack of engagement in fundraising by executives and board members, and the unclear expectations among them all about who is supposed to be asking people for money.

For many, these challenges seemed endemic and insurmountable. But, of course, there are organizations enjoying success in raising money from individuals. And it isn’t only universities and other large, mainstream institutions enjoying the success. There are progressive organizations with limited budgets and small staffs that nonetheless have robust individual giving programs. In the spirit of what’s called “positive deviance,¹” we decided to study 12 of them. In addition to reviewing their individual fundraising performance over the last 3 years, we did in-depth interviews with their staff, board, and donors to glean the essential ingredients to their success. We are calling them *Fundraising Bright Spots*. None of these organizations is perfect and there are many more we could have studied, but they are diverse in size, issue area, and geography and their stories, taken together, inform and inspire us. Instead of focusing on what doesn’t work in individual fundraising, with this report, we are learning from their tireless efforts what does.

FINDINGS

What we observed across the entire set of Fundraising Bright Spots is captured in four large themes:

- Fundraising is core to the organization’s identity.
- Fundraising is distributed broadly across staff, board, and volunteers.
- Fundraising succeeds because of authentic relationships in every direction: with and among staff, board, volunteers and donors.
- Fundraising is characterized by persistence, discipline, and intentionality.

¹ **Positive deviance** (PD) is an approach to behavioral and social change based on the observation that in any community, there are people whose uncommon but successful behaviors or strategies enable them to find better solutions to a problem than their peers, despite facing similar challenges and having no extra resources or knowledge than their peers. (Wikipedia)

Fundraising is Core to Organizational Identity

Traditionally, fundraising has been viewed as a supporting activity, as an overhead cost, as a means to a programmatic end. That's not the case for the Bright Spots. For them, fundraising is part and parcel of organizational identity. Whether advocacy or service organizations, or both, they are inherently political and their politics are not muted in their philosophy about how to resource the work they do.

And, who they are and what they believe specifically informs how they approach fundraising from individuals.

"I encourage other organizations and leaders to feel a confidence and a comfort in focusing on what you do and how you do it and to trust that that will connect you with other likeminded people."

--Bright Spot Organizational Leader

Reflection:

How is fundraising viewed and understood in our organization?

How can fundraising relate to our organizational identity & values about how we do our work?

Example: Breast Cancer Action www.bcaction.org

For 26 years, we've been the watchdog of the breast cancer movement. We believe that women's health and patient interests must *always* come before corporate profits. We're fiercely independent and have a strict conflict of interest policy, which means we cannot be bought or influenced by the powerful industries we're up against. We refuse corporate funding from any company that profits from or contributes to breast cancer: pharma, chemical, health insurance, etc. – the kind of corporate funding that funds most other breast cancer organizations.

A red rectangular button with white text that says "SIGN UP!". The button has a thin white border and is positioned to the right of the main text block.

We rely on our grassroots network – people like you – to support our work, and nearly 75% of our funding comes from individuals. One important way Breast Cancer Action members support our education and activism for women's health is to raise money to fund this work. Members have lots of creative ways to mobilize their community's support for our activism, from bike rides to knitting parties, online fundraising pages, house parties, and more. If you're interested in supporting our work by hosting a fundraiser of your own, [join our Hellrai\\$ers for Health grassroots fundraising team today.](#)

Fundraising is Distributed Broadly across Staff, Board, and Volunteers.

The majority of the people we interviewed from each Bright Spot organization did not have “development” in their title. Among these organizations, there is a remarkable distribution of fundraising across staff, board, and volunteers. Whereas many organizations assume their board of directors to be the center of gravity for their fundraising—and often bemoan board members’ lack of engagement—the Bright Spots engage non-development staff and volunteers just as actively as they do their current board members. Board members are critical, but they are not viewed as more or less capable than other stakeholders of raising money.

For many of the Bright Spots, building the skill set of fundraising is viewed as intrinsically valuable for people doing social change work rather than of value only to those pursuing careers as professional fundraisers. While this distribution of effort requires significant support from key staff, the return on that investment is measured not only in dollars raised but in movement leaders strengthened. In fact, a number of our Bright Spots organizations named “leadership development” as a core organizational strategy, and training and engaging stakeholders in fundraising as a core means of implementing that strategy.

Reflection:

Are their people in your organization with a clear development responsibility, yet are not a development director, manager, or assistant?

Name people who you think have strengths in outreach, networking, relationship building who could begin playing a development role.

Fundraising Succeeds because of Authentic Relationships in Every Direction: With and Among Staff, Board, and Donors.

The centrality of authentic relationships to successful fundraising came through in every Bright Spot interview we conducted. None of these organizations approaches relationships with donors as transactional or as only about money. As we interviewed their donors, we heard emotional words of connection to the Bright Spots organizations that go far beyond “investing in an important cause” or perceiving an organization to be “well-run.”

Reflection:

Can you have open and principled disagreement with a funder or donor as a part of asking for support or stewarding the relationship?

Do you model authentic communication with board and staff?

Fundraising is Characterized by Persistence, Discipline and Intentionality.

Across the wide range of staff sizes and organizational budgets of these Bright Spots, we found a universal commitment to continuous improvement of the fundraising program; to revisiting the approach to signature events and campaigns; to using the data they have as effectively as possible; to applying discipline to the daily work of an individual giving program. This effort is often championed and led by the development director, but understanding development metrics extended beyond them. Many Bright Spots also use their development committees as a place to make regular meaning of their fundraising performance trends. Overall, a willingness to experiment and learn was pervasive.

REFLECTIONS & NOTES

Day 3: Performance Management & Staffing

Learning objectives:

- ✓ Be able to identify what needs can be met through performance management.
- ✓ Use a competencies approach in staffing strategy.
- ✓ Know the roles and responsibilities of supervision.
- ✓ Create role clarity using a competencies approach.

A Sustainable Model for Performance Management:

The purpose of an organization's performance planning, management, and review process is to guide, support, and develop staff to **ensure both employee and organizational success.**

It is an ongoing and cyclic process that runs on an annual basis and is shaped by the organization's needs. The performance management system fosters ongoing two-way communication between employees and managers; supports the development of clear, consistent, and measurable goals linked directly to the organization's core values and competencies; helps to articulate and support training needs and career development; and establishes the criteria for making reward and recognition decisions.

Effective performance management begins with respect for one another and ends with excellence in performance. It is the responsibility of supervisors to communicate on an ongoing basis with their employees. These conversations should be grounded in honest communication and provide staff with clear role expectations, feedback, identify performance improvement, development opportunities, and career possibilities. Each employee has a responsibility to participate fully in these conversations, be sure they understand their role responsibilities and expectations, and communicate any obstacles or training needs in order to perform their role at an optimum level.

Performance management should be happening all year long and culminates with a summary review assessment that should bring closure to the performance period and provide a basis for performance management for the next period.

Performance Management Purpose

If performance management was done well in our organization . . .

Staff would . . .
The organization would . . .
People who manage people, teams would . . .
I would . . .

Performance Management Infrastructure



Executive leadership is responsible for ensuring that a performance management system is in place and being used effectively, specifically this entails:

- Setting organizational strategy (together with the Board of Directors)
- Updating the employee handbook and communicating any changes
- Annually, in writing, communicate:
 - Current strategy and plans
 - Reminders and guidance to managers of deadlines to complete employee's annual goal setting and reviews
- Using and modeling the performance management process, practices, and tools
- Ensuring evaluations of their staff are well written and accurate by reviewing them and providing feedback and coaching as appropriate
- Reviewing evaluations of employees and providing feedback to supervisors

Supervisors are responsible for:

- Aligning individual performance expectations with organizational goals
- Developing performance goals collaboratively with their direct reports
- Ensuring that performance goals are clearly communicated and current
- Providing fair, constructive, and timely feedback towards performance expectations and goals
- Providing assistance, guidance, and coaching support as needed
- Ensuring that staff have professional development plans in place
- Conducting performance evaluations according to established systems and policies

Employees are responsible for:

- Communicating work load challenges
- Communicating progress towards performance goals
- Identifying and communicating professional development needs and opportunities
- Achieving performance and professional development goals as identified in individual work plans and individual development plans.

Core Competencies Approach to Staffing and Development

Definition

Competencies are observable and measurable characteristics of a person that include using knowledge and demonstrating skills, behaviors, and abilities that contribute to performing well. A competency can be a behavioral skill, a technical skill, an attribute (such as creativity and strategic agility).

Connection to Your Intended Impact and Your Strategies

- What skills, knowledge, and behaviors are “core” for organizational success based on your organization’s intended impact and strategies?
- What competencies are critical to your fundraising and revenue model?

Limit your list to those that are essential; without which your organization would be vulnerable. These are not linked specifically to any one role, they are needed system-wide (staff, board, key volunteers or partners) to achieve your goals/impact.

The number one resource for a great social sector organization is having enough of the right people willing to commit themselves to mission. The right people can often attract money, but money by itself can never attract the right people. Money is a commodity, talent is not.

-- Jim Collins, Good to Great and the Social Sectors

EXAMPLE: CompassPoint

Competency	Description	How Contributes to Success
Multicultural Competence	<p>Analysis of racial, gender, age, etc. oppression.</p> <p>Understand how power and privilege dynamics play out in relationships, organizations and movements.</p> <p>Ability to navigate conflict related to power and privilege.</p>	<p>This competency is a way that people embody our values and commitment to social justice.</p> <p>This competency is critical for staff and board to be able to engage diverse communities.</p> <p>Staff must be able to bring a power and privilege lens into our coaching, consulting and teaching.</p>
Financial Leadership	<p>Managing a portfolio of programs and assessing each based on both its mission impact and financial return.</p> <p>Ability to read financial reports and interpret information for program teams.</p> <p>Making real-time decisions based on financial data within programs in context of the bigger picture—organizational financial health.</p>	<p>Program leads manage large programs that comprise the majority of our budget.</p> <p>Must be able to understand the financial drivers of the organization and make decisions quickly and strategically.</p>
Managing Relationships	<p>Understanding the diverse needs of different investors/supporters/partners.</p> <p>Relationship cultivation across different stakeholder groups.</p>	<p>Our revenue comes from many different groups. We need to be able to engage authentically with grassroots communities, foundation leaders, government agencies, and other capacity builders.</p> <p>We need to be able to step in to their shoes and understand their motivations for working with us so that we can best meet their needs and therefore continue to fund our programs.</p>

EXERCISE: YOUR TURN

Draft 2 to 5 core competencies that explicitly contribute to your organization’s success (intended impact, fundraising, revenue, etc.)

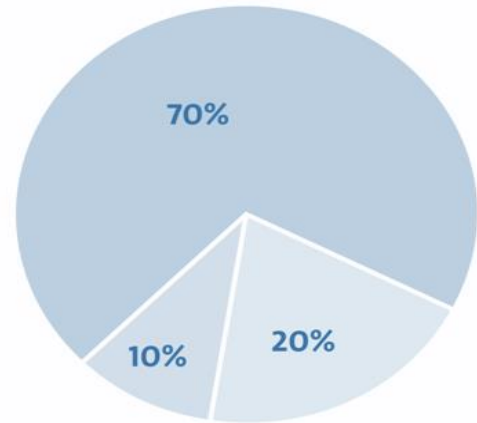
Competency	Description	How Contributes to Success

Competency Development

The 70/20/10 Rule

Most learning and development doesn't come from training. Rather, sustainable development comes from on-the-job learning—actually doing the work while learning how to do the work. Learning from training, unless applied immediately, is lost shortly after the class is over.

Development efforts should use the following strategies and ratios of effort.



■ 70% On-the-job learning
■ 20% Through relationships
■ 10% Formal learning

10% Learning through Formal Training and Education: Learning events that introduce ideas and content which set the foundation for development (within the 70 and 20 categories below). Some ideas:

- Classes and workshops
- webinars/online learning
- Regular reading of publications, blogs, journals, and articles
- Attending conferences

20% Learning through Relationships: The process of metabolizing new information and discovering, “What does this mean for me? How can I apply this in my work?” Talking it through with others, learning from them, and hearing different perspectives about how the learning can be applied: Ensure that individuals are learning from other people internal and external to the organization—peers, mentors, coaches, other staff, and of course, within supervision. Some ideas:

- Develop an internal mentor program and match individuals with board members, staff, donors, external partners. Develop internal coaches; peer-to-peer or across functional areas and levels. Provide external leadership coaches.
- Ensure supervision and ongoing feedback as people work on their goals.
- Join affinity groups, networking groups, learning circles.

70% On-the-job Learning

Learning by doing is where the majority of development comes from: Creating conditions within the organization for staff to “try-on” new skills and practice learning. Create conditions within the organization that support development and growth and hold leaders accountable for the development of their people. Some ideas:

- Role conversations: Discuss with people the connections between their work and developmental needs by revealing learning opportunities in their day-to-day experiences.
- Stretch opportunities: Assigning additional projects, committee work, and new tasks. Think about upcoming opportunities that provide people a chance to work on “next level” job responsibilities.
- Shadowing and job rotations: Think about a temporary job or work rotation to provide someone with a range of experiences. Allow people to job shadow others.

Exercise

Competency #1 _____

10% Activities:

20% Activities:

70% Activities:

Competency #2 _____

10% Activities:

20% Activities:

70% Activities:

Supervision Framework

The supervisor's overall role is to communicate organizational needs, oversee employees' performance, provide guidance, support, identify development needs, and manage the reciprocal relationship between staff and the organization so that each is successful. *

* A hierarchical structure is NOT a requirement for organizations to be able to fulfill the activities contained in the supervisor's role.



Discussion Exercise

ORGANIZATIONALLY

1. What is working well within your organization's performance management system?
2. What areas would you highlight for changes or improvements?

AS A SUPERVISOR

3. Where are you most strong as a supervisor?
4. What areas of supervision are challenging for you?
5. What should you highlight for improvement?

Using Competencies with Role Clarity

Employee Name and Title:

Roles	Competencies (and sub competencies needed)	Key Activities	Measures of success and development (goals/standards)	Time Goals by % of time

REFLECTIONS & NOTES

Day 3: Governance and Board Fundamentals

Learning objectives:

- ✓ Understand the definition and underlying principles of nonprofit governance
- ✓ Understand the purpose of a nonprofit board and legal obligations of nonprofit board members.
- ✓ Understand the board's role in providing management support.

GOVERNANCE

Nonprofit governance is the provision of guidance and direction to a nonprofit organization so that it fulfills its vision and reflects its core values, while maintaining accountability and fulfilling its responsibilities to the community, its constituents and government with which it functions.

—The Alliance for Nonprofit Management’s Governance Affinity Group

What words stand out to you and why?











PURPOSE

Purpose of a Nonprofit Board

All nonprofit organizations are legally required to have a board. Although the specific responsibilities may vary due to mission focus and different phases of an organization's existence, the basic role and purpose of all nonprofit boards remain the same. There are legal and ethical reasons that nonprofit boards are required and these reasons shape the foundation for good governance.

The board is a surrogate public, representing the public's interest as it carries out its programs and activities. As a surrogate public the board's accountability is external and directed at the state attorneys general and the IRS.

—Pamela Leland

Embracing Interdependence: The Relationship Between the Board and the CEO

Legal Reasons

State laws explicitly indicate that nonprofit corporations need a board to assume the fiduciary role for the organization's well-being. These laws designate overall responsibility and liability to that board. In its role as representative of the public—its clients, donors, volunteers, and general public—the board must ensure that the organization uses its funds efficiently, as donors have designated, and in pursuit of the organization's goals. In sum, nonprofit organizations provide services to the public in lieu of taxes.

Ethical Reasons

One of the key ethical reasons to have a board is to create a structure that functions to assure the public and all individual stakeholders that the organization is in good hands. The board assumes the responsibility for the achievements, or lack thereof, within the organization. Its role in this capacity is to go beyond the legal requirements and ensure that the organization not only does things right, but does the right thing.

EXERCISE

In pairs, discuss:

Give a specific example of how the legal purpose of a nonprofit board is related to the earlier discussion of your intended impact.

Silent Reflection and Notes:

What questions/conversations do you want to bring back related to these questions?

LEGAL OBLIGATIONS OF THE BOARD

FIDUCIARY

A legal obligation of one party to act in the best interest of another. The obligated party is typically a fiduciary, that is, someone entrusted with the care of another party, property, money, or interests.

In addition to the board’s responsibilities as a governing body, individual board members are bound by their legal obligations: the duties of care, loyalty, and obedience. These duties serve in the courts as the test for their compliance if a board member’s performance or decisions ever become a legal issue.

Under well-established principles of nonprofit corporation law, a board member must meet these standards of conduct in carrying out his or her responsibilities. States typically have statutes adopting some variation of these duties which would be used in court to determine whether a board member acted improperly. These standards are usually described as the duty of care, the duty of loyalty, and the duty of obedience.

✓ Duty of Care	✓ Duty of Loyalty	✓ Duty of Obedience
<p>The duty of care describes the level of competence that is expected of a board member and is commonly expressed as the duty of “care that an ordinarily prudent person would exercise in a like position and under similar circumstances.” This means that a board member has a duty to exercise reasonable care when he or she makes a decision as a steward of the organization.</p>	<p>The duty of loyalty is a standard of faithfulness; a board member must give undivided allegiance when making decisions affecting the organization. This means that a board member can never use information or resources obtained as a member for personal gain, but must act in the best interests of the organization.</p>	<p>The duty of obedience requires board members to be faithful to the organization’s mission. They are not permitted to act in a way that is inconsistent with the central goals of the organization. A basis for this rule lies in the public’s trust that the organization will manage donated funds to fulfill the organization’s mission.</p>

SAMPLE Standard of Care Practices

The following practices are based on the standard of care duties. These can do a great deal to protect the organization, its clients, and the personal assets of individual board members. Include guidelines in orientation material and the board handbook.

- Act at all times with the benefit of the (nonprofit) corporation and its charitable purpose in mind.
- Attend board and committee meetings and make sure your vote is recorded. A board member can be found liable for either supporting an act of the board or not opposing an activity—even if he or she is not aware of the activity due to absence from a meeting. See that a written record of each board meeting is kept and approved.
- Disclose all possible conflicts of interest, abstain from voting when you feel that some conflict may exist, and avoid self-dealing activities. Discourage business dealings between board members and the organization.
- Be familiar with organization bylaws and ensure that they are followed.
- Make sure state and federal statutory regulations are met, including but not limited to filing annual information returns (such as IRS Form 990), remitting withheld payroll taxes and employer-paid taxes, and submitting payroll reports.
- Stay informed. Review all program reports carefully; request and review regular and timely financial statements and other financial reports; ask questions.
- Seek advice from competent experts, such as lawyers, accountants, and other professionals in their respective fields.
- See that the organization has written and up-to-date personnel policies, complies with employment law, and follows these personnel policies and laws.
- Make sure the organization's bylaws include an indemnification clause. An indemnification clause states that the nonprofit organization, within its financial abilities, will cover most legal fees or judgments against a board member.

See the CompassPoint Board toolkit for sample conflict of interest policies.

EXERCISE

Each table comes up with 3 specific actions/behaviors that are examples of the board fulfilling this duty.

DUTY OF CARE	DUTY OF LOYALTY	DUTY OF OBEDIENCE
✓	✓	✓
✓	✓	✓
✓	✓	✓
✓	✓	✓
✓	✓	✓
✓	✓	✓
✓	✓	✓

ROLES AND RESPONSIBILITIES

Clarifying Roles and Responsibilities

Responsibilities of nonprofit boards are of two fundamental types: governance and management support. On one hand, the board, acting in its legal capacity governs the organization. Additionally, board members—as individual volunteers—provide support to the staff in areas of management.

Governance: Collective Board of Directors Role

As discussed, the board's primary responsibility is to govern the corporation. In the board's governing role, some responsibilities include:

- ✓ Ensuring mission and purpose; that overall strategies, policies and priorities are in place
- ✓ Ensuring organizational performance and impact.
- ✓ Ensuring compliance with laws and regulations and fulfillment of contractual obligations.
- ✓ Fiduciary oversight, safeguarding assets from misuse, and ensuring maximum use of resources.
- ✓ Selecting/monitoring/evaluating/terminating the executive director/CEO.
- ✓ Ensure that the board is well run with effective governance practices and processes in place.

These governing responsibilities are performed by the board as a body or group: for example, while the board hires and evaluates the executive director and the board chair might coordinate these activities, he or she does not have any authority outside the collective.

Board members only have authority when they act together. No individual board member—regardless of whether he or she is an officer—has authority outside of the collective governing process.

Management Support: Individual Board Member Role

Individual board members are also a valuable resource in the form of management support to the organization. In their management support role board members provide expertise, thought-partnership, access to resources, and ambassadorship. These efforts provide “added value” to the organization. Some responsibilities could include:

- ✓ Fundraising: Contributing to the organization’s fundraising success as appropriate to the individual (such as making a financial contribution, volunteering at fundraising events, making business contacts for the organization, soliciting cash and non-cash contributions, etc.)
- ✓ Speaking engagements: Acting as ambassadors to the community on behalf of the organization and its clients
- ✓ Attending and volunteering at events
- ✓ Consultation or advising staff in areas of expertise, providing technical assistance
- ✓ Providing thought-partnership to the CEO and staff, acting as a sounding board.
- ✓ Participation on organizational committees

On the outside looking in, or on the inside looking out?

When acting in its governing role, the board represents the interests of the community. It asks: Is this organization using public and private resources to benefit the community and the public? In a sense, the board stands in the community, looking through the door into the organization. But at the same time, board members also represent the organization’s interests to the community-acting as ambassadors to the community.

Who’s in charge? Who’s in charge now?

In organizations with paid staff, there are other times when board members act as individual volunteers to support or help the staff.

Boards and staff often get confused over these differences. For example, in many boards there is tension over whether and how the board should be involved with fundraising. This tension can be cleared up through the chart below: In its governing role, the board-acting as a body is responsible for seeing that there is a realistic plan for bringing in the funds the organization will need, and for monitoring progress on the plan.

But in the support role, board members as individuals also help carry out that plan. In this role, they often act with direction from staff. For example, staff might generate a list of people who need to be called for an upcoming event, and distribute those names among the board members who have volunteered to do so. In this kind of work, the staff organizes and is responsible for the work, and delegates it to board members acting as individual volunteers.

BOARD ROLES & RESPONSIBILITIES

GOVERNANCE Legally Mandated	MANAGEMENT SUPPORT Value Add
Purpose: The board acts to <i>govern</i> the organization	Purpose: Individual board members act to provide <i>management support</i> to the organization
Perspective: Representing interests of community and the public	Perspective: Representing interests of organization to the public
<i>Outside</i> looking in.	<i>Inside</i> looking out
Process for action: The board acts as a <i>collective body</i>	Process for action: Board members provide support to staff as <i>individual volunteers</i>
Type of Responsibility: Governance fulfills a legal responsibility to the community therefore is a mandated function. Board has authority.	Type of Responsibility: The level and type of support expected from individual board members is at the discretion of the CEO, not legally mandated, and dependent on specific organizational needs. ED CEO/staff have authority.
Role: Exercise duties of care, loyalty and obedience	Role: At the CEO's invitation, provide expertise, thought-partnership, access to resources, ambassadorship
Example Activities	Example Activities
<ul style="list-style-type: none"> • Hire, evaluate, terminate (as appropriate) CEO • Monitor finances, approve budget, ensure financial and programmatic sustainability • Board development, management and governance effectiveness • Manage the audit 	<ul style="list-style-type: none"> • Fundraising activities • Speaking engagements • Attending events • Consultation/advising staff on technical issues • Participate on organizational committees

The CompassPoint framework for Governance and Support was first developed by Jan Masaoka and Mike Allison in the article *Why Boards Don't Govern*; it has been updated and adapted for this course.

REFLECTIONS & NOTES
