

Insight and Ideas for Nonprofit Governance

BOARD MEMBER®

VOLUME 17 | NUMBER 6

NOVEMBER/DECEMBER 2008



UP THE DOWN STAIRCASE	2
THE ART OF FOUNDING AN INCLUSIVE BOARD	4
BOARD CHAMPIONS	6
FACING THE FINANCIAL CRISIS: 10 SMART THINGS YOUR BOARD CAN DO NOW	8
IF THE SHOE FITS	14

Departments

EXECUTIVE'S CORNER 7	ASK OUR CONSULTANTS 12
BOOKMARK 13	A BOARD MEMBER SPEAKS OUT 13

Braving the Cold



This fall, there is both a literal and figurative chill in the air. As the temperatures dropped, our entire financial system teetered. And while a soft scarf does wonders to ward off the cold, it unfortunately does little to comfort us in the face of an uncertain economic future.

There is no avoiding the ramifications of this financial crisis. Members of our communities have lost their homes, their savings, and their livelihoods, and they will look to the nonprofit sector for support. Called upon to meet an increased demand for our services, we will be challenged to find the resources necessary to do so.

Many nonprofit board members will be required in the days, months, and years ahead to make difficult decisions for their organizations. This is why now, perhaps more than ever, we must practice sound and responsible governance. We must be thoughtful, engaged, and prepared to give more of our time, talent, and, yes, even treasure than we may have imagined. The recovery of our nation, our communities, our neighbors, depends on it.

In this issue of *Board Member*, you'll find an article by BoardSource's board chair, Barry D. Gaberman, that suggests how nonprofit boards might begin leading their organizations through these tough times.

Two decades ago, another group of nonprofit leaders recognized the importance of good governance. I refer to the men and women who founded BoardSource. In late October, BoardSource thanked and feted these visionary and inspiring individuals at our annual leadership forum.

BoardSource has grown to become the premier voice of nonprofit governance. As you navigate your organization through the current crisis, please look to us for guidance. We have 20 years of unparalleled experience helping nonprofits tackle challenging situations.

LINDA C. CROMPTON
President & CEO, BoardSource

CONTRIBUTE ARTICLES TO *Board Member*®

Do you have an exceptional board story or practice to share? Please send an e-mail to editor@boardsource.org.

Up the Down Staircase



LARRY G. RAFF
President
Copley Harris Company, Inc.
Danvers, MA

Now, more than ever, we must turn development staff goals into board priorities.

The financial crisis currently unfolding around us will have a profound impact on every nonprofit organization's ability to meet its development goals. Many people, however, do not realize that raising funds can be a challenge even in prosperous times. According to the BoardSource *Nonprofit Governance Index 2007*, fundraising ranks dead last among areas of board performance. That now has to change. All hands are needed on deck! But how can a chief development officer increase his or her board's fundraising performance? A development assessment followed by a board planning retreat is one answer. While expending precious financial resources on these activities may not seem prudent at this time of fiscal uncertainty, your board may decide your organization needs to redouble its fundraising efforts and can use the assessment and retreat to plan how to do so. Consider hiring a consultant to help, however, because the two-pronged approach requires a large investment of time.

Conducting a development assessment

A development assessment entails scrutinizing and critiquing your organization's development program — its operations, procedures, policies, staffing, and past performance. It has two steps: taking an inventory of the current program and surveying your leadership.

Begin by gathering the following materials:

- organizational charts
- board member names and biographies
- minutes of board meetings and development committee meetings
- financial information including annual reports and development budgets
- organizational strategic plan
- recently conducted studies that relate to development
- materials that relate to past or current fundraising campaigns
- examples of grant proposals and direct mail pieces



- promotional brochures and media clippings
- gift data from the development database for the past three to five years
- currently used cases for support
- development staff job descriptions and resumes

An in-depth review of the above materials will help you and/or your consultant “take the pulse” of your organization and assess its fundraising effectiveness to date.

Consider the following as you conduct the assessment and formulate recommendations:

- *Mission and vision* — Does your development program have mission and vision statements independent of the organization? If not, consider preparing such statements for your board to review and adopt at the planning retreat.
- *Historic analysis of performance* — For greater usefulness, detail this performance by program and by constituency.
- *Constituency analysis* — By assessing your current sources of support and participation levels, you’ll be better able to make reasonable growth projections within each of them.
- *Cost/benefit analysis* — This provides you with a good indication of which components of

your fundraising program are profitable.

- *Cases for support* — These should be reviewed and updated at least annually.
- *Environmental impact* — What philanthropic, demographic, and economic trends should you consider when formulating fundraising strategies?

You and your consultant also should compare your development program to best practices of other organizations, broken down by key development categories. For example, the gift and grant revenue from your annual fund or grants program and the return on investment of the program can be compared to the results of similar organizations to give you perspective on your fundraising potential. While some professional associations offer benchmarking data, the most effective way to collect data is to contact comparable organizations and ask their development leaders probing questions.

Once you have completed the analysis phase of your development audit, you are ready to conduct a confidential survey of your fundraising leadership — board members, development staff, and senior team members — to explore their opinions and perceptions about your development program’s strengths and weaknesses, their expectations, and their interest in helping grow the program. A survey can be sent to each participant and returned to you or your consultant. An alternative is to conduct one-on-one interviews with the participants. This approach often works best when conducted by a consultant to ensure confidentiality and greater objectivity.

Board planning retreat

Once the assessment is complete, you and/or your consultant should write a report that outlines key observations and recommendations by categories ranging from leadership to development operations to donor constituency strategies. The report can be distilled to a short slide presentation to be delivered at the board retreat.

When planning the retreat’s agenda, keep the following objectives in mind:

- Clarify expectations of staff and board.
- Confirm priorities.
- Develop goals.
- Improve methods and procedures to work more effectively as a team.
- Motivate, create buy-in, and build consensus.
- Make plans to move forward.

By laying bare the breadth and complexity of your development program, board members will better appreciate what it takes to raise money for your organization. Use the retreat to speak directly to them regarding their responsibility to the development process. Give examples of how individuals in the room have helped secure large gifts to the organization, while including two or three simple things that each board member can do to contribute to the success of the development program.

The Country School is one organization that has conducted an audit and board planning retreat. And by developing an action plan based on the recommendations that grew out of the process, the school was able to turn development staff goals and objectives into board-level priorities. “Thanks to an objective and intensive audit, a strong development plan, and board training, The Country School raised more money than ever before this year, despite an adverse economy,” said Steve Danenberg, headmaster.

The hard work has paid off for The Country School — as it can for your organization during these tough economic times.

RESOURCES:

“Fund-Raising Strategies for Troubled Times” by Holly Hall. *The Chronicle of Philanthropy*, February 7, 2008.

Fundraising Responsibilities of Nonprofit Boards, Second Edition by James M. Greenfield. BoardSource, 2009.