



The Latest Trends & How to Master Them

Follow these steps to put your organization in front of the curve.

By Aikyna Finch

To meet today's challenges, you must be on the cutting edge. Here are trends most likely to affect you, along with action steps and resources to make sure you're ready:

Fundraising approaches are changing.

The gala fundraiser, while still useful for relationship-building, is no longer a central way for nonprofits to raise money. Even before the recession hit, the most successful nonprofits had turned to methods that offer greater returns, such as the use of technology, earned income, planned gifts, and contracts requiring board members to raise funds and give their own money.

Action Steps to Take: Pinpoint a service your organization offers (or could offer), and charge a fee to provide it. Consider starting a business to earn money and advance your mission. Use the latest online fundraising and social-media tools, which make it easy for people to give. Before they join your board, have people sign a contract clarifying how much fundraising and personal giving are required.

Articles to Read (www.snpo.org/members): 10 Ways to Raise More Funds over the Internet (Vol. 24, No. 4). Why You Need to Be More Entrepreneurial & How to Get Started (Vol. 19, No. 6). Make Social-Media Fundraising Work for You (Vol. 27, No. 2). Bring a List of Names to the Next Meeting (Vol. 24, No. 5). How to Market Planned Giving to Donors (Vol. 22, No. 6).

Nonprofit unionization is gaining support.

Unions are showing great interest in organizing nonprofit workers. Although many nonprofit employees like the idea, nonprofit managers are resisting it. According to one study, for example, most nonprofit managers feel unionization would complicate the job of running their organizations. They also believe nonprofit employees aren't as disgruntled as those in the business sector and, thus, unions aren't as necessary.¹

Action Steps to Take: Be prepared for the possibility of unionization, and offer fair compensation to all employees. If you can't provide higher salaries, make up for it with such "perks" as flexible working conditions, access to training, and opportunities for self-improvement.

Articles to Read (www.snpo.org/members): Compensation in Nonprofit Organizations (Vol. 19, No. 1). Vacation Time: More than an Administrative Matter (Vol. 24, No. 2). Use Employee Ownership to Motivate People & Gain Revenue (Vol. 22, No. 4).

Reliance on consultants is mushrooming.

Almost all nonprofit organizations have used consultants or plan to do so in the near future. Consultants can provide valuable expertise, and it often makes more economic sense to hire a short-term consultant than a full-time employee.

But, while an unprecedented number of people are billing themselves

as consultants to nonprofits, not all are qualified. Some of the biggest debacles occur when consultants attempt to transfer for-profit practices directly to nonprofits. Using consultants who are unqualified or poorly matched to the task can leave you worse off than beforehand.

Action Steps to Take: Before hiring a consultant, pinpoint why you need one and what your key objectives are. Look for someone with strong interpersonal skills, ability to tailor approaches to your needs, and experience working with your type of organization. Interview potential consultants, in person if possible or by conference call, to be sure their personalities mesh well with the people with whom they'll be working. During the interview, note whether they listen carefully and ask questions — hallmarks of effective consultants.

Articles to Read (www.snpo.org/members): How to Choose & Work with a Consultant (Vol. 10, No. 2). Outsourcing in the Nonprofit Sector (Vol. 15, No. 5). In Search of the White Knight: Finding the Perfect Consultant (Vol. 17, No. 6).

More accountability and transparency are demanded.

The revised Form 990, which nonprofit organizations must file with the IRS, reflects a heightened belief by the IRS and lawmakers that nonprofits must be open to public scrutiny. Governmental bodies want nonprofits to follow rules such as those outlined in the

Sarbanes-Oxley Act, which provides standards to deter fraud and increase accountability.

Although Sarbanes-Oxley was originally targeted to for-profit companies, nonprofits can't ignore it. Some states require nonprofits to adhere to Sarbanes-Oxley tenets. But even if your state doesn't mandate it by law, you would do well to follow its precepts.

Action Steps to Take: Comply with Sarbanes-Oxley requirements (see "Articles to Read" below), including a conflict-of-interest policy, code of ethics, and whistleblower process. **Arrange for an annual audit**, and create an independent audit committee. **Share financial information** and program outcomes openly with the public. Display your Form 990 on your Web site. **Follow the 33 keys to good governance and ethical practice** developed by Independent Sector (see "33 Keys" in "Articles to Read" below).

Articles to Read (www.snpo.org/members): **10+ Self-Audit Tips for Nonprofit Accountability** (Vol. 22, No. 4). **The Sarbanes-Oxley Act & Nonprofits: But I Thought That Didn't Apply to Us** (Vol. 22, No. 5). **Nonprofits without Audit Committees Risk Disaster** (Vol. 22, No. 2). **33 Keys to Building a Trustworthy Organization** (Vol. 26, No. 3).

Collaboration and relationship-building are crucial.

Many of today's complex problems can best be solved through a collaboration of entities. That may mean partnering with other nonprofit to pool resources, offer programs together, or share space. Often it entails a strategic alliance or joint venture with a for-profit or governmental group. Sometimes it means merging with another organization. Whatever type of collaboration is needed, the key is taking time to build solid relationships and being open to possibilities.

Action Steps to Take: Create a culture that embraces sharing. **Never embark on a project** without

Take time to pinpoint exactly why you need expert advice.

considering what collaboration can bring to the endeavor. **Make proactive efforts** to partner with corporations. **Begin a partnership** with your nearest university or college. Contact departments (such as marketing or computer science) whose students and faculty can help you with your work.

Articles to Read (www.snpo.org/members): **High-End Strategic Alliances as Fundraising Opportunities** (Vol. 19, No. 5). **Take the Collaboration Quiz** (Vol. 24, No. 3). **Six Keys to Successful Nonprofit-Academic Collaboration** (Vol. 21, No. 1). **Making the Business-Nonprofit Partnership a Win-Win** (Vol. 22, No. 1).

Board members must live up to the highest standards.

In recent rulings, the IRS states that nonprofits must have an engaged, knowledgeable board of directors. Board members must be active in overseeing the organization's activities and managing its finances, maximizing economic return and minimizing risk.

Action Steps to Take: Provide board members with plenty of training about your organization, the skills needed to govern it, and board members' changing role. **Be sure your board** adopts long-term financial policies, a risk-management program, and a written code of conduct. **Don't distract board members** with trivial matters; they should focus on the crucial issues that will determine the organization's future. **Periodically, have the board** do a self-assessment.

Articles to Read (www.snpo.org/members): **The Board's First Duty: Accountability** (Vol. 18, No. 6). **Long-Range Financial Planning: The Board's Role** (Vol. 11, No. 6). **Expectations for Board Members Are Changing** (Vol. 19, No. 3). **How to Assess and Improve Your Board's Performance** (Vol. 24, No. 1).

Donors are insisting on making decisions.

Today's donors want to dictate how their money is used and have a say in the organization's decision-making process. Technology makes it easier for donors to take this role. Proactive nonprofits have embraced the change by including all stakeholders, including donors, in decision-making.

Action Steps to Take: Spend time building relationships with donors. Strong bonds will help them feel they have a voice while letting you retain control over how funds are used. **Use tools** such as online polls to give donors input. Offer them as many ways as possible to interact and connect. Let contributors know how their money was used, as precisely as you can.

Articles to Read (www.snpo.org/members): **Relationship Marketing: Guaranteeing the Future** (Vol. 14, No. 5). **33 Top Tips for Building Donor Bonds** (Vol. 26, No. 1). **Using E-Mail & the Web to Acquire & Cultivate Donors** (Vol. 21, No. 1). **Is It Time to Consider New Ways to Communicate?** (Vol. 25, No. 4).

CEOs need a broader range of abilities.

As a CEO, you need to be both manager and leader. You need empathy, cultural competence, and self-knowledge. You must be a good coach, team builder, visionary, and change agent. Your emotional quotient (EQ) — your knack for reading emotions in yourself and others — is perhaps the greatest predictor of your leadership success.

Action Steps to Take: Master the skills to coach people, build teams, and communicate across cultures. **Balance strategic practices** with intangibles such as values, intuition, vision, and trust.

Articles to Read (www.snpo.org/members): **12 Heuristics that Will Raise Your EQ** (Vol. 26, No. 4). **Leading from Feeling: Coaching Tools for Interpersonal & Organizational Excellence** (Vol. 27, No. 1). **Zen and the Art of Team Building** (Vol. 20, No. 1). **Cultural Competence: What Does It Mean for You?** (Vol. 26, No. 5).

continued on page 20

Rather than “fixing” problems, forward-looking nonprofit leaders work toward wellness.

The line between nonprofit and for-profit is blurring.

Arguments about whether nonprofits should manage themselves like businesses are largely in the past. Any nonprofit refusing to adopt businesslike procedures most likely passed away long ago. Today, no nonprofit can afford to ignore the principles of good business, including a marketing mentality, an enterprising and competitive spirit, and financial savvy. Likewise, smart corporations and government entities have realized they need to emulate such nonprofit approaches as cultivating passion for a mission, listening to the community, and fostering a compassionate workplace. As each sector borrows more from the others, this blurring of boundaries will accelerate.

Action Steps to Take: Make use of what the for-profit sector has to offer. You may be surprised at how much you can gain from books and conferences aimed at improving businesses. Create networks across sectors. Join groups, such as the Rotary, where you’ll meet business leaders. You’ll find that nonprofits and small businesses have much in common. Practice a new perspective in which you consider every group part of a continuum from profit-oriented to mission-oriented.

Articles to Read (www.snpo.org/members): **The Nonprofit Sector Doesn’t Exist: A New Way of Viewing the Social Economy** (Vol. 26, No. 2). **Famous Last Words of Failed Nonprofit Entrepreneurs** (Vol. 15, No. 4). **Is It OK to Compete?** (Vol. 21, No. 4).

Continuous learning has become essential.

The most effective nonprofits have become learning organizations, in which people constantly absorb new ideas, change behavior to

reflect new information, and improve performance and self-awareness.

Action Steps to Take: Develop learning goals for your organization and staff. Provide a wide array of training opportunities for staff and board members. Be a lifelong learner yourself, not only within your field but in a broad spectrum of realms.

Articles to Read (www.snpo.org/members): **The Nonprofit Executive as Chief Learning Officer** (Vol. 16, No. 2). **Using Training Strategically** (Vol. 14, No. 4). **Not Taught in Business Schools: How to Cultivate Creative Leading** (Vol. 24, No. 5).

Capacity-building has become a core focus.

Increasingly, funders are giving money to support organizational capacity — a nonprofit’s ability to sustain itself, achieve its goals, and have an impact. Capacity-building leaders work to improve the organization’s overall health and fitness rather than “fixing” problems. They’re diligent in evaluating the outcomes of their work.

Action Steps to Take: Learn more about boosting your organization’s capacity by reading the “Building Capacity” department in each issue of *Nonprofit World* (page 24 of this issue).

Survey your board, staff, clients, and other stakeholders to identify your organization’s core strengths and areas for improvement. Constantly evaluate the outcomes of your organization’s work, and make changes based on the results.

Articles to Read (www.snpo.org/members): **Using Your Outcome Measurement System** (Vol. 18, No. 1). **Challenges and Opportunities in Nonprofit Capacity Building** (Vol. 26, No. 3). **Performance-Based Management Builds Funding & Support** (Vol. 23, No. 6). **Four Steps to Evaluation Success** (Vol. 23, No. 2). **The Best Ways to Increase Efficiency** (Vol. 27, No. 1).

The nonprofit sector is experiencing a leadership crisis.

Fewer people are expressing interest in leading nonprofit organizations. Low pay, high stress, and long hours are reasons cited

for shying away from nonprofit leadership roles. This situation is intensifying as baby boomers retire, yet few nonprofit organizations have succession plans in place. Without such plans, organizations tend to drift when the CEO leaves, and they may never recover.

The most effective nonprofits have become learning organizations.

According to one study, it’s rare for nonprofits to choose an insider to succeed a retiring executive.² This lack of upward mobility within the organization often causes employees to lose motivation and leave prematurely.

Action Steps to Take: Make your organization inviting to talented young leaders by providing opportunities for career growth and work-life balance. Create a succession plan so you won’t be blindsided if leaders leave. Mentor people within the organization to develop new leaders. Give them leadership training and opportunities to practice leading. ■

Articles to Read (www.snpo.org/members): **Planning for Leadership Succession: Are You Ready?** (Vol. 22, No. 4). **Don’t Overlook Your Best Successor** (Vol. 25, No. 2). **What’s the Future of Nonprofit Leadership?** (Vol. 26, No. 3). **12 Self-Renewal Steps for Executive Directors** (Vol. 15, No. 3). **Manage for Today, Mentor for Tomorrow** (Vol. 23, No. 5).

Footnotes

¹Peters, Jeanne B., & Masaoka, Jan, “A House Divided: How Nonprofits Experience Union Drives,” *Nonprofit Management & Leadership*, 10(3), 305.

²Santora, Joseph, “Seconds-in-Command as Logical Heir Apparents,” *Nonprofit World*, 23 (2).

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