

Board & Administrator

FOR ADMINISTRATORS ONLY

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Editor: Jeff Stratton

Plan now for Katrina's impact on giving

Executive Director **LaDonna Page** (Pasadena, Texas) has seen the impact of Hurricane Katrina firsthand in her local nonprofit community, which is located just southeast of Houston. "We have hundreds of thousands of our Louisiana neighbors in the Houston area right now," Page says. "Many of the local nonprofits have been overwhelmed by the huge donations of not only in-kind materials, but monetary contributions from local businesses and individuals."

While the terrific outpouring of support is moving, it's also likely to affect your organization, no matter where it is located. It's time for you and your board to prepare for Katrina's potential impact on giving to your organization, whether you are planning a campaign, in the midst of one, or preparing for year-end giving appeals.

"I was just talking to our board of directors at a meeting about the impact of Katrina both in terms of

monetary and in-kind contributions we will receive in the future," Page says.

She believes that so many people are contributing that you will need to prepare for the possibility of decreased giving to your organization in the coming months.

'I see many nonprofits facing some tough times ahead because of Katrina and we need to plan for that now.'

— *LaDonna Page*

Executive Director **Sherri Gideon** (Dallas, Texas) says, time will tell. "I know a big area of concern for nonprofits, including the local United Ways, is the impact on annual funding," she says. "Our community has embraced our friends who were affected by the hurricane and we hope they are contributing 'stretch dollars' and will continue to fund our on-going community needs."

In Page's community, many grassroots organizations put on special events that serve as their only annual fundraising event. Businesses that usually support these organizations are already fully committing themselves to supporting the victims of Katrina—and have informed local nonprofits that they are tapped out. "Our annual Livestock Show and Rodeo was just notified that the company that donates supplies and materials for this event will not be able to donate them now, as they are all being used for Katrina relief efforts," Page says.

"I see many nonprofits facing some tough times ahead because of Katrina and we need to plan for that

Compensation survey update

Included in this issue of *Board & Administrator* please find this year's *Annual Survey of Nonprofit Executive Compensation*.

If you have not done so already, I encourage you to take a few minutes to complete the survey and mail it back to me by November 11, 2005. I ask this favor because I will use the results of this survey to create *B&A's 2006 Report on Nonprofit Executive Compensation*. This popular report is an annual feature that comes with your subscription to *Board & Administrator* in the February 2006 issue.

Jeff Stratton, editor

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From The Board Doctor[®]

As editor of *Board & Administrator*, I come across many effective board communication practices. CEO **George Belitsos** (Ames, Iowa) uses a bit of a twist on communication strategy by sending a Monday Morning Greeting to his board, instead of a weekly wrap-up report. It make sense: start the week off



with news about your organization that the board needs to know.

In his CEO Monday Greeting, Belitsos shares good news, challenges facing the organization and organiza-

tional “buzz.” Here’s how Belitsos organized a recent Monday board briefing:

- **Best wishes to a departing long-term employee** with specific praise for her accomplishments and skills.
- **A detailed schedule for his coming week**, Monday through Friday. This included his travel for the week, meetings with stakeholders and donors, and committee meetings.
- **A Buzz of the Week section.** A recent

buzz highlighted Recovery Month activities for National Alcohol and Drug Addiction Recovery Month. This section also included a specific client success story.

- **Bits and Pieces of organizational news and information.** This section allowed Belitsos to thank staff and board members for their efforts and impart developments of interest.
- **A schedule of the week’s organizational events** of interest to the board.
- **Vacation schedules** for members of the nonprofit’s senior management team.
- **A concluding inspirational quote.** An example: “The greatest use of life is to spend it for something that will outlast it.”

Belitsos’ CEO Monday Greeting is detailed and full of noteworthy information about the life of the organization. It’s an effective way to get the week off to a good start in the board communication department.

Sincerely,
Jeff Stratton; 515/963-7972
jeffs@radiks.net

What to do? Board wants lengthy dissent read into the minutes

Here’s a pickle no executive director wants to find herself in: at a board meeting, a board member wishes to have a lengthy statement of opposition to a board decision recorded in the meeting minutes. You just know the meeting length will be extended for another 30 minutes. Meetings consultant **Don Owen** (Wormleysburg, Pa.) suggests these preventive measures:

- **Check with your state’s law to determine what your obligations are.** “The law in your state will control how you handle this,” Owen said.

- **Don’t count on Roberts Rules of Order for guidance.** Roberts says a minimal record of the minutes is acceptable.
- **Get a policy into place if you don’t currently have one.** “Your board has to decide how to handle this issue in its policy,” Owen said. If the policy of the board is for minimal detail in the meeting minutes, the board should enforce its policy. “Otherwise the board chair will be asking if there are any objections to reading a four-page speech into the minutes,” Owen said. ■

“Trustees” support board as fundraising guild

In addition to a governing board, Executive Director **Linda Osmundson** says her organization has a fund development group they call “Trustees.” The 30-plus Trustees are responsible for one high-level special event each year.

While the Trustees have no governing responsibilities, the group gives prominent individuals in the St. Petersburg, Fla., community an opportunity to support its good work.

A Trustees arrangement is a way of thinking strategically about your organization’s role in the community and how outside-the-box strategies can improve your financial picture.

“Our Trustees are people with well-known names in the community,” Osmundson says. A trustee’s role is to attend four planning meetings each year and sponsor tables at the nonprofit’s annual December Peace Breakfast. The Trustees are each expected to bring nine of their friends who can make a donation to the event. Osmundson says her organization annually raises \$250,000 at a one-hour breakfast.

In addition to financial support, Osmundson says there are other strategic

reasons for the Trustees’ existence.

In a community with fierce competition for attracting quality board members, the Trustees group gives the nonprofit an opportunity to attract prominent citizens and involve them in the organization. In addition, Osmundson says her organization—Community Action Stops Abuse—was not always comfortable with men in leadership roles. “Joining the Trustees provided a way for men to support us without having a major governance role,” she says.

The distinction between the roles of the governing board and Trustees is clarified in a board policy (see below). “Our board consists of people who have the time and commitment to do the actual work of governance for CASA,” Osmundson says. The Trustees’ role is to bring in money and new faces to the nonprofit.

The Trustees guild also gives board members who reach their term limits an opportunity to remain involved with the nonprofit. “It’s a way for us to retain some of our best folks,” Osmundson says. “We are always hopeful that some of the Trustees will become more interested in our work and want to join the board.” ■

Policy on Trustees clarifies role

- The CASA Board Chair shall appoint a Chair of the Trustees and shall have the power to disband the Trustees upon majority vote of the Board of Directors.
- The Chair of the Trustees shall appoint other such trustees as needed to carry out the annual goals of the Trustees. The goals of the Trustees shall not be in conflict with the philosophy and mission of CASA.
- The Trustees shall serve in a strictly advisory capacity and shall assist CASA in raising operating and other needed funds and services. The Trustees shall have no governance functions.
- A member of the CASA Board of Directors shall be appointed as a liaison to the Trustees. The Executive Director or her designee shall serve as staff to the Trustees.
- The Executive Director shall present the Trustees with a semi-annual status report on CASA.
- The names of members of the Trustees may be listed on reports and publications of the agency. ■

Source: Executive Director Linda Osmundson, Community Action Stops Abuse, St. Petersburg, Fla.

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now,” Page says. “If it does happen, we’ll be glad we prepared for it. If that doesn’t happen...great!”

You’ll need to communicate fully and effectively with your board, stakeholders and donors to weather Katrina’s impact locally. You’ll find strategies for connecting your mission to Katrina inside this issue of *Board & Administrator*.

You may also want to visit the website of **Jerold Panas**, Linzy & Partners for their article, “How to be successful in terribly tough times.” This resource was

written after 911 and offers 13 suggestions for nonprofits who face the challenge of raising money to support operations after a traumatic event.

It makes the point that no organization will succeed without the strength and commitment of its board. Your job is to make sure the board understands that you cannot expect success in trying times without the board’s help.

Read the article at: www.panaslinzy.com/pages/features.html. ■

Board briefings require straight talk about Katrina’s impact

Now is the time to communicate with your board about the potential impact of Katrina on your own organization’s fundraising, says **Terry Axelrod**, founder, Raising More Money (Seattle, Wash.).

“These board briefings should be right-from-the-heart chats that explain what you’re worried about, and what the impact of Katrina might be,” she says.

Axelrod says she’s been in touch with nonprofit execs who send daily e-mails to their boards and donors explaining the local impact of the hurricane. “It’s impacted everybody,” she says.

The key is to make a personal, local connection. “One development director sends a daily e-mail updating board members and donors with specific information.” These briefings feature news about the number of families being housed locally or a person from New Orleans who was able to visit a local dentist thanks to the organization’s support, Axelrod says. ■

Minimize Katrina’s impact on your finances

Your organization may not have been bashed by Hurricane Katrina, but you should expect to feel its potential impact—in decreased results from fundraising efforts like traditional year-end appeals.

How you respond to this now will be key to minimizing the future impact to your organization.

Terry Axelrod, founder, Raising More Money (Seattle, Wash.) suggests nonprofits tell stakeholders their “essential story” and link it to Katrina relief efforts to strengthen their local fundraising efforts.

“Your essential story is a testimonial that characterizes your work and its impact on the individuals your organization serves,” Axelrod says.

“Even in Iowa or in Seattle, for example, people have a link to what happened in New Orleans. Supporters of an arts group will have family and friends who have been affected by this.”

Use the news coverage to your advantage to tie your essential story to Katrina. These human interest stories can connect Katrina to your organization’s mission locally. A domestic violence nonprofit, for example, can tie increased stress levels to rising domestic violence and make the point: “This is what we deal with every day,” Axelrod says.

“Your donors really need a sense of what their gift means locally,” she says.

Another thing to consider is what Axelrod calls the “extra pocket scenario.” “We saw this after 911,” Axelrod says. “People seem to have an extra pocket of money that they give from out of compassion.”

Local nonprofits not directly affected by Katrina that have been doing their homework and building relationships with donors will be in a stronger position to tap into this extra pocket of money, Axelrod says. ■

RMM offers conference calls for post-Katrina guidance

Terry Axelrod, founder of Raising More Money, says that conference calls on how to use the RMM model post-Katrina will be available in the next several months.

The Raising More Money fundraising model coaches nonprofits to implement a mission-based system for raising sustainable funding from individual donors.

You may wish to participate in a conference call to learn more about how to position your fundraising efforts in a post-hurricane environment.

Check www.raisingmoremoney.com for announcements on special post-Katrina resources and conference call dates. ■

Funders may direct grant money to Katrina relief

Local nonprofits not directly involved in the Katrina response or not in affected areas can still expect some impact, says Executive Director Greg Cantori (Baltimore, Md.). Cantori is administrator of a foundation that makes grants to nonprofits.

“Local nonprofits may see their grant money reduced

as many funders are diverting money to the relief effort,” he says. How to respond? If you are incurring expenses or losing staff due to the hurricane, you are in an excellent position to make that known to your funders, Cantori says. “The key to this is clear, factual and proactive communication with your donors.” ■

Board training packs punch when homegrown

For the past 20 years, *Board & Administrator* has recommended that board education be a part of each board meeting agenda. A steady diet of board development ensures a board is cohesive and understands its role.

Executive Director Lynda Timbers (Roseville, Calif.), who developed her own approach to effective board education, uses this strategy:

Timbers and her board spend 15-20 minutes every month, early on the agenda, on board education.

Training topics vary.

They've included:

- **A review** of the nonprofit's sources of funding like grants, donations and contracts.
- **Program requirements.** For example, for the nonprofit's low-income home energy assistance program, Timbers will download information from federal and state web sites and provide the board with a review.
- **Client case studies.** Timbers uses information from her state association or develops a case study based on a client her organization serves.
- **Policy review.** Timbers and her board may discuss the board/staff contact policy. If relevant, she may

add an item to the agenda asking the board to approve a policy they've discussed.

‘The training sessions also help to bring cohesiveness to the board.’

— Lynda Timbers

- **Board & Administrator discussions.** “I have found *B&A* to be an extremely valuable tool and component of our board training,” Timbers says. “There are many instances when the timing of *B&A* articles corresponded to particular issues we are facing at the time.”

The board development portion of the meeting agenda has become a valuable session, Timbers says. “Refreshers on board policies are critical for the board and give them a historical perspective on our programs that's valuable. The training sessions also help to bring cohesiveness to the board—it puts every board member on the same page and reduces the potential for problems in the future.” ■

Funding News

Allstate Foundation

The Allstate Foundation supports national and local organizations that serve within three focus areas: safe and vital communities; tolerance, inclusion and diversity; and economic empowerment.

The foundation has no deadlines for submission and proposals may be submitted throughout the calendar year. Awards vary by project.

The Allstate Foundation makes grants to nonprofit, tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code

Contact: National organizations that serve multiple U.S. regions, or have a national proposal, should submit proposals directly to The Allstate Foundation, Executive Director, 2775 Sanders Road, Suite F4 Northbrook, IL 60062-6127, Internet, www.allstate.com/community/PageRender.asp?Page=foundationfunding.htm. See Web site for information on regional and local grants. ■

Banfield Charitable Trust

The Banfield Charitable Trust strives to help pets and their families by providing opportunities to bring people together with the skills, equipment and commitment needed to provide for a better quality of life. Areas of interest include preventative health care for pets, educating children about pet health care, teaching a reverence for life and the bond between people and animals, and veterinary education programs.

Deadlines are ongoing. Awards in 2005 include: \$6,000 to Nebraska Poodle Rescue, Omaha, Neb.; and \$10,000 to Ohio State University College of Veterinary Medicine, Columbus.

Banfield Charitable Trust is looking for community wide projects that improve the quality of life for pets and their families.

Contact: Requests should be submitted in writing to Banfield Charitable Trust, 11815 NE Glenn Widing Drive, Portland, OR 97220; phone, 866/802-0566; Internet, www.banfieldcharitabletrust.net. ■

The Janus Foundation

The Janus Foundation's approach to funding hopes to make a substantive difference that goes beyond the act of financial contribution. The foundation looks to develop partnerships with nonprofit organizations that are innovative and visionary in reaching those they serve. The Janus Foundation has chosen to focus on three giving areas: at-risk youth through education,

community service and volunteerism.

Grant proposals are reviewed monthly and there is no deadline for submission. Funds vary by project. Any funding requests above \$10,000 may be subject to a site visit by a member of The Janus Foundation grant selection committee.

Grants are made to nonprofit organizations. The foundation prefers to support specific programs rather than general operating funds and capital campaigns. The foundation generally does not fund organizations with more than 30 percent of individual program costs, or more than 10 percent of the organization's annual budget.

Contact: The Janus Foundation, 151 Detroit Street, Denver, CO 80206; e-mail, janusfoundation@janus.com; Internet, www3.janus.com/Janus/Retail/StaticPage?jsp=jsp/Janushome/JanusFoundation.jsp. ■

Lawrence M. Gelb Foundation Inc.

The independent Lawrence M. Gelb Foundation focuses most of its support in the areas of private secondary or higher education. Cultural programs and hospitals may at times also receive assistance.

There are no deadlines. In 2003, more than \$2.5 million was awarded for 121 grants from \$500 to \$450,000. Average grants were between \$1,000 and \$50,000.

Giving is on a national basis. Use a letter as an initial approach. Grants for individuals are not considered and an application form is not required.

Contact: Robert M. Kaufman, Secretary-Treasurer, The Lawrence M. Gelb Foundation, Inc., 1585 Broadway, 22nd Fl., New York, NY 10036-8299. ■

Public Welfare Foundation Inc.

The Public Welfare Foundation is a grant-making organization that supports nonprofits working to provide services to disadvantaged populations. Areas of interest include criminal justice, disadvantaged elderly and youth and the environment.

Requests for funding may be submitted at any time during the year. Funds vary by project. In 2004, giving activities exceeded \$18 million for grants.

The foundation does not accept requests to fund scholarships, graduate work, individuals, government projects, academic research or foreign study.

Contact: New applicants must first submit an online proposal. For more information, visit www.publicwelfare.org/first_time/first_time.asp. ■

Tips from the Trenches

Prevent board grandstanding

Administrator **John Metallo** (Middleburgh, N.Y.) says the most annoying board habit he faces is when members ask questions of the administrator at meetings to which they already know the answer in an attempt to undermine the executive director.

“That’s just grandstanding,” Metallo says. “The board member who asks you at a meeting who got the bid for some job is really asking, ‘Why didn’t my neighbor get that job?’”

So how to respond when a board member puts you on the spot? Metallo says your best approach is to answer the question professionally, but then follow up by meeting with the board member and the board chair.

“I’m not going to walk away from a meeting looking like I don’t know what I’m doing,” Metallo says. “But if this is something that happens with that board member a lot, I’m going to speak with the board member and have the board chair along to explain how this sort of behavior is damaging to all of us.” ■

Agenda memo summarizes key points

For each meeting, CEO **Cindy Shattuck** prepares an agenda cover memo to summarize agenda items. It’s an effective way to direct the board’s attention to key points and communicate effectively.

“The memo is a numbered list of comments which follow the order of the meeting agenda,” says Shattuck (Oklahoma City, Okla.) She puts boldface type on the main topic of her comments, and this bold-type statement matches the agenda topic.

For example, if the board is taking action on its Investment Policies and Guidelines at the meeting, Shattuck bolds those words. “I will also note whether an exhibit or handout is enclosed as background on the item,” she says. “I try to make my comments brief, but informative.” ■

State of the state meeting kicks off board’s year

Executive Director **Rick Riccio** (Albany, N.Y.) says his board’s first meeting of the year is a dinner meeting with a guest speaker who discusses issues relevant to the organization’s mission.

“We have a speaker address the board about the various issues we’re facing in child welfare, followed by a dinner,” Riccio says.

“I think it’s important for the board to hear the state of the state from professionals outside the organization.” ■

Hook the board on books

An Ankeny, Iowa board and its administrator, **Kent Mutchler**, study one book in-depth each year as a team to concentrate on issues affecting the organization.

“We’ve studied one book a year since I’ve been here,” Mutchler says. The organization’s top administrators, along with the board and administrator, read the same book.

“We try to take these books about one chapter each month and discuss them at administrative meetings and board work sessions,” Mutchler says. “I prepare an outline as we go which has information summary statements to get discussion going and to lead us into how the information might help us to better serve our stakeholders.”

The first book the board read was “Bowling Alone,” by **Robert D. Putnam**, which Mutchler says helped the board gain information on the changing world, the importance of a sense of belonging and tips to help plan for growth in the community.

The next year, the book was **James Scott’s** “Seeing Like a State,” which helped the board and staff better understand the growth of communities and issues that might impact the Ankeny community’s growth.

The third year, they read “The Tipping Point,” by **Malcolm Gladwell**, which helped the board and staff better understand change and how it affects improvement.

This year, they are reading **Jim Collins’** “Good to Great,” to learn more about system dynamics, change and leadership.

“The book study has proved to be a great way to arrive at some common beliefs for our groups, focus on points for planning the future of our organization, and get us into some pretty meaningful discussions on how we can best serve,” Mutchler says. ■

I know you’re out there, and I’d like to hear from you...

E-mail your comments or suggestions to Editor Jeff Stratton at jeffs@radiks.net; or phone me at 515/963-7972. ■

Make your case to vote

Why would an executive director want to be an equal with her board members by serving as a voting member of the board?

For one thing, it would be impossible for the board to call a meeting and exclude you.

If this is something that interests you, an Iowa President/CEO with 25 years experience as a voting board member has a couple of suggestions for making the case.

1. **Have a reason for your desire for a status change.** “You have to tell the board what you want—even though that might make them uncomfortable,” he says.
“For me, I told the board it would make me feel more respected, and more like an equal if I was a voting member of the board.”
2. **Don’t ask until you have the proper board composition.** “That means recruiting board members who are with corporations that have their CEOs as a voting member of the board. If your community doesn’t have that type of business community, then you seek out and recruit people to the board who have power and influence.
“That’s typically not a junior high school counselor, but business owners and bankers.
“The argument against a title change like this basically boils down to conflict of interest. That’s why the board has a conflict of interest policy—and I’ve always abstained on board action regarding my own compensation.”

Pros/Cons of ED as voting member

If you, your board and organization appear ready to move to a governance model like what for-profit businesses use—where the CEO is a member of the board as well as the top employee—consider these pros and cons.

Pros:

Stature. The change can give you increased recognition and a peer relationship with the board.

Business focus. A change in your title and responsibilities can provide more respect for you and your nonprofit from the local business community.

Efficiency. The title change can give you the authority to make quicker decisions when opportunities and challenges arise.

Job security. It’s difficult for a board to terminate a peer.

Cons:

Conflict of interest. How will your performance be reviewed? How will changes in your salary be handled? As a voting board member, you would need to exclude yourself from such decisions.

Legality. State charity law varies on the matter. You would need to determine if it’s legal in your state.

Funding sources. Grantors and other funders may object and view the change as a conflict of interest.

Bylaws. Your organization’s bylaws would need to be changed and reported to the IRS on your annual IRS Form 990. ■

Board focuses governance with “planning day”

Administrator **David Rideout** (Claresholm, Alberta, Canada) says the board devotes one day each month to the business of planning for the organization.

“We’ve found this practice to be very helpful in giving board members an opportunity for dialogue that facilitates their governance work,” Rideout says.

The board uses its planning sessions to explore topics affecting the organization’s mission, professional development, discussing agendas for upcoming meetings and brainstorming strategies to help the board meet the organization’s goals.

Board members lead the planning sessions, Rideout says. For example, Board Member A will chair one month’s session, while Board Member B records brief

notes of the meeting’s discussion. The next month, Board Member B leads the session, while Board Member C serves as recorder.

This pattern gives each board member an opportunity to chair a session. “Our experience with this leadership rotation confirms that it is a valuable learning experience, particularly for new board members,” Rideout says.

Rideout attends each monthly planning session, and invites staff to attend as needed, depending on the topic.

Tip: Decision-making legitimately belongs at the formal monthly board meeting, and Rideout says the board understands it can’t make decisions or adopt any resolutions at these planning sessions. ■