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The Nonprofit Management Center of the Permian Basin exists to provide consulting, training and information supporting the effectiveness of nonprofit organizations.

Board Briefs

Second Quarter 2009

Hot Topic: The People Crisis

by Mark Palmer

For several years there has been a buzz in the nonprofit sector over the anticipated loss of executive leadership nationwide. The issue was brought back to the national stage last month with publication of *Finding Leader's for America's Nonprofits* published by the Bridgespan Group. Their famous and widely quoted 2006 study revealed "a looming deficit in nonprofit leadership" and warned that "the sector would need to attract and develop a leadership population 2.4 times the size of the total number currently employed."

The study published last month describes the situation as worse than originally anticipated. They offer two solutions to this crisis; the cultivation of emerging leaders in our organizations and attracting talent from the for profit sector.

What are you doing to encourage leadership from among the members of the next generation on your staff? Like anything that is done well it must be a deliberate and thoughtful process.

What can current leadership do to cultivate the next generation?

- Allow attendance at board meetings, as appropriate, to understand the board/staff dynamic.
- Provide a professional development plan that identifies areas of needed growth and recommends specific training for skill acquisition, especially in the area of financial management.
- Mentor promising talent.
- Expose them to all facets of the organization, strengths and challenges.
- Give competent people the space to grow and support a culture that allows people to fail and learn from it. Make it a priority to provide attractive compensation packages to recruit and retain the best people.
- Include them in decision-making processes whenever feasible.

The Bridgespan study points out the importance of functional skill sets that are transferable across sectors or domains, multidisciplinary project management and the need for adaptability/flexibility.

The transfer of leadership challenge is another opportunity for us to be good stewards of our resources.

(For more information about the studies cited in this article visit www.bridgespan.org)

Form 990 requires questionnaire about relationships, transactions, and independence

by Cyndi Vara

You may not be aware that included in the redesigned Form 990 is a new requirement that all officers, directors, trustees and key employees annually complete a questionnaire that addresses family and business relationships, transactions, and independence. Specifically, there are four questions included in the new Form 990 that require the organization to make a "reasonable effort" to obtain accurate information before answering all questions. The Form 990 instructions go on to state that an organization will have made a "reasonable effort" if a questionnaire is completed annually by all officers, directors, trustees and key employees.

Since the questionnaire relates to relationships and transactions that may have occurred during the tax reporting period, the questionnaire must be completed after year end, and the questionnaire does not replace the annual conflicts of interest statement that organizations are already obtaining from their board members. The new requirement for the annual questionnaire does not apply to those organizations filing Form 990-EZ. More information about this new requirement can be found in the Form 990 instructions available online at www.irs.gov.

A sample questionnaire may be found in the resource section of www.nmc-pb.org.

Receiving a windfall gift: Considering choices and challenges

by Guy McCrary

The Millionaire was a television series that ran in the late 1950s on CBS. Back in those black-and-white days, a million dollars was a fortune. The show's rich, off-screen character employed his trusty valet to give away that grand sum every week to a random, unsuspecting soul, usually of very humble means. The 30-minute plot then followed the recipient in the handling of their sudden wealth. Often, the story was a heartwarming change in the life of the beneficiary; other times, the result of such a sudden gift was imminent disaster.

Great wealth and generous hearts abound in West Texas, and occasionally a nonprofit in our area receives an unexpected gift of significant proportion. Perhaps such a generous gift is in your nonprofit's future. Would the resulting story be one of heartwarming change or imminent disaster?

So here's the question: What would your organization do with an unexpected windfall gift like a million dollars? To help answer this question, let's briefly employ two more.

First*, what are the organization's obligations with respect to the gift?*

- Are there donor restrictions expressed in the donor's conveyance? That is, how does the donor intend this gift to be used?
- How durable does the donor expect the gift to be? Is it intended to buy a building, fix a contemporary need or to be used over time as a permanent resource?

Second*, what opportunities can the organization exploit with the resources provided by the gift?* This answer already may lie within your strategic plan, or it may be a good conversation starter during your next long-range planning session. Some common options include:

- Expanding local programs or services.
- Identifying new clients to serve.
- Improving existing facilities or other capital resources, such as management technology.
- Providing more training for technical staff, management or board members.
- Reducing or eliminating debt.
- Establishing a formal reserve fund for future operating contingencies.
- Creating an endowment for perpetual support of the mission.

As options are explored, the organization's leadership should keep in mind the responsibility to be deliberate in its decisions – perhaps more so than the routine "duty of care." It also may be instructive to revisit Jesus' Parable of the Talents (Matthew 25: 14-30).

May the next gift to your organization be large and full of challenges.

What's IMC and why do you need it?

by Laurie Johnson, APR

Every organization should develop a plan for Intergrated Marketing Communications (IMC) that unites all the components of your marketing message, regardless of the medium used. In other words, if you plan to use newspaper advertising, the theme of your print ad should be reflected on your website. By getting the same marketing message in both mediums, your customer is more likely to comprehend your marketing message and remember your organization.

In developing an IMC plan, an array of traditional and non-traditional delivery mechanisms should be utilized. Traditional advertising includes newspaper, radio, TV, outdoor, etc., along with marketing collateral such as brochures, white papers, and case studies. Non-traditional mediums may include your website, social networks, trade shows, and community events.

In preparing an IMC, you must have a target budget and resources assigned to each element of the plan. Once this is done, you will probably need to pare down the plan to achieve your goals in the allotted budget. Regardless of the scope of your plan, the most important thing to remember is the consistency of your message in all aspects.

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