

Nonprofit News

How Nonprofit Leaders Can Use Strategy and Technology to Enhance Organization's Performance By Harrison Coerver

Many membership organizations and not-for-profits are struggling to maintain their relevance in today's fast changing environment. Unprecedented competition, higher expectations, accelerating technology, changing preferences and time pressures are all converging to create a challenging landscape. At the root of the problem: weak, hidebound board leadership.

Given the strong role that not-for-profit boards have in directing their organizations, it is difficult for volunteer leaders to not to take responsibility for the plight of these groups. Many boards of membership and voluntary organizations share three characteristics that hamstring their leadership.

First, most boards are not composed for performance. Directors are selected based on who they know, what interest they represent or how long they have been hanging around. Let's face it; many on boards are along for the ride. They have superficial levels of involvement and they engage in "social loafing" -- the propensity of those in large groups to default to a smaller group to carry the workload. While there are leaders on boards, there are not enough of them.

Second, board leadership rarely holds themselves or their peers accountable. Admittedly, it is difficult to challenge a non-performing director that is volunteering their time. But, tolerating slackers marginalizes the efforts of true leaders intent on advancing the organization's mission.

Third, tradition -- not strategy -- is the master of most non-profits. This year's board does what last year's board did. Officers perpetuate time-honored programs and legacy processes. There is a lot of talk about "strategic boards" and "strategic thinking," but most nonprofits are driven by convention and "the way we've always done it" mentality. Traditions have a stranglehold on most tax exempts.

Membership, civic, and charitable organizations are in a race for relevance. To win, it requires leadership that can craft and execute strategy: skillful, creative, and disciplined use of resources to achieve their objectives. Strategy doesn't just happen. It requires leadership, focus, and work. Successful nonprofits will embrace the following three approaches to succeed:

1. Small, competency-based boards with rigorous director selection

Most boards are too large. They are cumbersome and consume an inordinate amount of staff time. A five-member board is likely to be most effective in many cases. And, directors need to be carefully selected based on predetermined criteria. For starters, ask "What are the major opportunities and challenges we will encounter in the next five years?" Then ask, "What kind of directors will be best suited to govern ("direct and control") the organization given those opportunities and challenges?"

This takes time and effort, but think of the time and effort costs of underperforming boards. It will be well worth the

Spring
2013

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Leadership

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effort. For those who pushback at a five member board, please show me a large board where the Executive Committee does not do the lion's share of the work anyway.

2. Strategy-driven vs. tradition-driven governance. Boards that perform will recognize the risks associated with clinging to obsolete programs and processes that once served them well, but now threaten their relevance. They will assess their true strengths and areas where they excel, and concentrate their scarce resources on them like never before. To do so will require them to say "no"—something politicians can't do, but leaders know they must. Losing focus in today's environment is a prescription for failure.

Directors on effective boards will eliminate waste by understanding the cost of an activity and effort that doesn't deliver value or advance the organization towards its mission. They will eliminate unproductive effort, just as manufacturers eliminated waste in the production process to compete in global markets. Many tax-exempts are overweight and out of shape, yet vying with lean and nimble competitors.

Non-profit leaders of tomorrow will know that purposefully discontinuing programs and activities that have outlived their usefulness frees up resources for innovation. They can't continue to add new services, events, and initiatives year after year without spreading resources too thin and

marginalizing performance in all of them. Leaders will learn that at times you need to "shrink to grow" as did General Motors when it eliminated Pontiac, Oldsmobile, Saturn, Saab, and Hummer to focus on Cadillac and Chevrolet.

3. The technology imperative Many associations and non-profits have been slow to adopt technology in a world that is rapidly going digital. Members, donors, policymakers, and volunteers alike are constantly using technology from apps to streaming video to social media. They expect non-profits to use the same technologies they are accustomed to in their day-to-day lives. Ignoring the imperative and potential of technology is a short cut to irrelevance.

Change is particularly difficult when organizations have decades of operating based on long-standing traditions. But, as someone tweeted recently during my keynote speech, "If you don't like change, you'll like irrelevance even less." Association and not-for-profit leaders will understand the tradeoffs involved and make the necessary changes with a sense of urgency.

Harrison Coerver is an internationally recognized strategy and planning consultant and bestselling co-author of [Race for Relevance: 5 Radical Changes for Associations](http://www.raceforrelevance.com) (www.raceforrelevance.com) and [Road to Relevance: 5 Strategies for Competitive Associations](http://www.roadtorelevance.com) (www.roadtorelevance.com). He can be reached at harrison@harrisoncoerver.com, 239.281.1691

Nonprofit Finance Fund: 2013 State of the Sector

The Nonprofit Finance Fund (NFF) has just released its 2013 State of the Sector report. Once again, there is plenty of great information for organizations to use to benchmark their own performance.

As a consulting firm affiliated with a certified public accounting firm, we paid particular attention to the financial benchmarks and would recommend that organizations do the same.

For example, 42% of respondents reported that they do not have the right mix of financial resources to thrive and be effective in the next three years.

Has your organization completed an analysis of your funding mix? Is your board discussing ways to diversify funding streams over the next several years?

One of the key responsibilities of the board is to ensure the organization has adequate resources to fulfill its mission and another is to protect assets and provide financial oversight (BoardSource), so understanding and managing resources is critical.

We encourage executive staff and board members to make time during your board meeting to address financial strategies—beyond a review of your regular reports.

For more information on creating financial strategies for sustainability, contact Cindy Bergvall, CPA cbergvall@bbco-cpa.com



Nonprofit University-May 16, 2013

Program 8:00 am—4:00 pm

8:00-8:30 am Registration and Breakfast

8:30-10:00 am Speed Networking

10:15-11:45 AM Session I

1. *The Power of Heads, Hearts and Hands in Advancing Your Mission* -Sarah Whetstone and Kristen Fisher/ North Penn United Way
2. *Energizing Your Board Orientation*-Cindy Bergvall & Liz Vibber/Catalyst Ctr for Nonprofit Management
3. *Leveraging Collaborations to Strengthen Capacity* - Russell Johnson/North Penn Community Health Fnd; Robin Burstein/Peak Center; Suzan Gould/Manna on Main

12:45-2:15 PM Session II

1. *The Universe of Planning Giving: Moving into your Donor's Orbit*-Susan Fisher CFP, CGPA/First Savings Bank
2. *Discovering the Leader You Are*-Dave Raible/Generocity
3. *What Social Media Can Do for Your Organization*-Chuck Hall/The Faucet Group

2:30-4:00 PM Session III

1. *Fundraising Trends: Using Donor Pages*-Julie Blatt/DonorPerfect
2. *Daring to Create the Future*-Ifeoma U. Aduba/A Woman's Place
3. *Servant Leadership: Be Non-traditional by Putting Your Team First*-Jamie Haddon, United Way Bucks County

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Cost: \$25 pp
Includes continental
breakfast & lunch

To Register visit:
www.catalystnonprofit.com/training.htm

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Board Boot Camp

July 18, 2013
Livengrin Foundation—Bensalem, PA

September 18, 2013
Independence Visitors' Center-
Philadelphia, PA

The **Board Boot Camp** program has been designed for both new and experienced board members to learn or refresh their skills on being an effective nonprofit board member. This does not happen by accident, but rather by thoughtful and consistent attention to the role of board members in your organization.

During this intensive session we will share industry best practices in terms of governance, planning and management.

\$35 1st person;
\$15 each add'l/same organization

Registration fee includes light dinner and Board Governance Toolkit CD

Register for either session at:
www.catalystnonprofit.com/training.htm

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| 5:00-5:30 pm | Registration & Lite Dinner |
| 5:30-6:10 | General Duties of All Board Members |
| 6:10-6:50 | Freshman Session
Understanding Strategic Planning |
| | Advanced Session
Advanced Strategic Planning |
| 6:50-7:00 | Break |
| 7:00-7:40 | Freshman Session
Fundamentals of Fundraising for Boards |
| | Advanced Session
Understanding Data & Finances as a Key to Capacity Building |
| 7:40-8:20 | Freshman Session
Financial Oversight for Boards |
| | Advanced Session
The Vital Role of Engagement-CEO & Board |
| 8:30 pm | Adjourn |



The Catalyst Center Around Town

May 10, 2013

Diversify Your Funding Streams to Create Financial Sustainability

Cindy Bergvall, CPA
AFP-Franklin Forum

You've heard the adage "don't put all your eggs in one basket". Organizations that follow this principle in their fundraising practices build a sustainable organization which is better able to weather hard times. Diversification can be related to a number of characteristics: the type of organization, the relationship with the donor; giving history of the donor; and even the options for giving.

Register at www.afpgpc.org

June 5, 2013

Form 990, It's Not Just a Tax Return. Using Your 990 as a Fundraising Tool

Anastasia Devlin, CPA
Lehigh Valley Forum on Fundraising and Philanthropy

If your organization is only thinking of your Form 990 as an IRS report and not a powerful fundraising tool, than you may be missing a valuable

opportunity. 990s are viewed by foundations, donors, and prospective donors—make sure that your organization is showcasing the great work it is doing and not just reporting facts and figures. For more information: epachap@ptd.net

June 19, 2013

Fundraising Practices: Track It Right! Book it Right! Report it Right!

Cindy Bergvall, CPA—Bee, Bergvall & Co./Catalyst Ctr
Liz Vibber, MS—Bee, Bergvall & Co./Catalyst Ctr
Tish Mogan—PANO

What is the right way to account for special events? When are government dollars considered program revenue and when are they fundraising revenue? What IS a fundraising expense? This session answers these questions and provides suggestions for managing anyone who assists you in fundraising, including board members, staff, consultants and volunteers. For more information: lvibber@bbco-cpa.com

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Spring 2013

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