

AGENDA

WEEK 10, APRIL 1

LEAD 7300 MANAGEMENT OF NONPROFIT ORGANIZATIONS

ARMSTRONG ATLANTIC STATE UNIVERSITY

1. Guest Speaker for April 1: Russ Simpson, Savannah Community Foundation.
2. Guest speakers for April 8: Telfair Museums Director and HR Manager (Mary Nestor-Harper)
3. Guest speaker for April 15. Melissa Emery. Board Chair of the Savannah Philharmonic. President of the Skidaway Island chapter of Kiwanis, a service club.
4. Comments on WA9A, Financial Controls Plan. Most papers did a good job of discussing things like establishing a baseline, audits and board oversight. Some papers were weak in addressing the core problem: What system of financial controls should be adopted so that the staff people can track the money on a day-to-day basis? Where does the money come from and when? Is any of it restricted? Where and how do we store the money? Bank accounts? Investments? Where and when do we spend the money? Do we have enough cash reserve to buffer the peaks and valleys of receipts and expenditures? Monthly cash flow. Monthly P & L. Annual balance sheet. How is the organization doing with respect to IRS compliance? Did the prior CFO submit the required annual form?
5. News clips
 - *Komen awards \$320,000 to local nonprofits* (SMN 3/28/14). The foundation, focused on breast cancer, raises money and distributes some of it to local organizations that provide education, diagnostic and other services. Note that, in this situation, a nonprofit is giving money to nonprofits. Handout
 - *Why fund-raising is fun* (NYT 3/30/14). This is an editorial written by president of a conservative organization. Handout
 - *How volunteering can take you to the corner office*. Author Chris Taylor for Reuters. Find it by Googling the title. The author interviewed CEOs of big nonprofits (Doctors without Borders, Care USA, American Red Cross, United Way Worldwide) and talked with them about their first job, which was often in a volunteer role. This article was identified by a classmate.
6. Recommended book: *The emperor of all maladies, a biography of cancer*. Dr. Siddhartha Mukherjee. Handout.

7. More on the “perfect storm.” A probable growth area is for the nonprofits to provide services arising from Baby Boomers who do not have enough money to retire. Beginning after WWII, the US birth rate jumped dramatically. I am a member of the Post War Baby Boom Generation, people born between 1946 and 1964. Many more people were born in this generation than the generation before or after. Here is the good news: With the help of mortgage lending, most members of my generation were able to buy their own homes. The federal government created three methods to help people save for retirement. Thus, in addition to Social Security, some of my contemporaries were able to save money in IRAs and 401Ks. **At Lockheed Martin Corporation, the average employee has over \$200,000 saved in a 401K (enough to pay an annual retirement income of \$10,000 per year).** Here is the bad news: In addition to the large number of Boomers, the Boomers live longer than the prior generation, so they will need income for a longer period during retirement. Most of the Boomers bought too many consumer goods, and they ran up big balances on their credit cards. Also, many of the Boomers who had saved significant funds in IRAs and 401Ks lost half of their savings in the 2008 stock market crash that occurred at the beginning of the Great Recession. We have friends who are financial planners, and they frequently express concerns that most of their clients have only about \$50,000 in IRAs, and this can only produce about \$2,500 per year in retirement income. There are reports that many Americans have only \$1,000 in savings. It appears that many members of the Baby Boom generation do not have enough money to retire. In response, will the Boomers continue working after they reach age 65? **It is said that 65 percent of the Boomer generation plans to work for pay after they retire, but only 27 percent are actually working for pay. So 40 percent of the retired Baby Boomers are probably underfunded. It is estimated that there are about 80 million Baby Boomers. That means 32 million of them are underfunded. That amounts to about ten percent of the US population.** Many employers do not like to hire older people, so it is harder for them to get work. Meanwhile, because so many Boomers are remaining in the workplace, it is more difficult for young people to get jobs, and the unemployment rate has remained high in the US in the wake of the Great Recession. **Recall that there are four ways that our society responds to a need: action by government, action by for-profit organizations, action by nonprofit organizations, and self-help. How will nonprofit organizations respond to this growing need?**
8. Related problem. If Generation X and Y are smaller than the Boomer generation, that means there will be fewer taxpayers supporting Social Security. It also means there will be fewer career age donors supporting nonprofit organizations. Meanwhile, because the taxpayers are generally opposed to tax increases, government is not likely to step forward and provide more grant money to nonprofits. **Our textbook indicates that, for the past 40 years, there has been a downward trend in the proportion of “giving” that comes**

from the government. What will be the impact on nonprofits as the base of donors shrinks? Will they merge with other organizations? Will they shut down?

9. You prepared a Writing Assignment for Week 10. WA10A. *IT Plan*. 600 words. 100 points. Let's discuss.

You are Colleen Communicator. You are 25 years old. You earned a Bachelor's degree in Journalism and Communications. You earned a Master's degree in Professional Communications and Leadership from Armstrong. You were recently hired as Communications Director for the Savannah Area Historic Preservation Commission, a nonprofit charity that saves interesting old buildings from demolition by the forces of modernization. You come to work on your first day on the job, and you are invited to meet with the Executive Director, Holly Historian. She makes some interesting comments.

"When we interviewed you, we told you that this was a newly created job. What we did not tell you was that we created the position of Communications Director because we have some problems that need to be solved. The Commission was created about 50 years ago with a bequest from Margaret Money-maker, an heiress of Industrial Revolution era "old money," who was Georgia's first billionaire. The Commission has done some good work over the years, but I would not describe us a 'ball of fire.' I think that there are a couple of reasons why the atmosphere around here is so sedentary.

"First, the strong funding stream brought in staff people who were historians like me. How many people do you know with a history degree that can land a paying job as a historian? Not many. Virtually every staff member is a historian, so we do not have a broad skill set among our staff people. Our staff people spend most of their time writing histories of interesting old buildings (e.g., "The Smith house was built on the location of Georgia's first sugar cane processing mill"). These research papers are published in scholarly journals, and they are sometimes of interest to the architectural community. History is useful work, but our charter is much broader than creating historical records. For example, we are chartered to behave like a Nature Conservancy for old buildings. When a historic building that is in poor condition comes up for sale, we try to buy it, use volunteers to fix it up, and sell it to someone who wants to use it productively while taking loving care of it; this role for the Commission is called "stewardship." On a related note, we historians tend to be weak in matters related to IT, and some staffers do not routinely use the computers on their desks. I believe that our being "IT challenged" tends to limit what the Commission can accomplish.

“There is a second problem. Most of the staff people and most of the volunteers are well above the median age for the US, which is 37 years old. Our staff averages 55 years old, and our volunteers average 60 years old. Most of our staff people and volunteers are no longer physically fit enough to work on our architectural restoration projects, which are done on weekends by volunteers (similar to Habitat for Humanity).

“I hired you for two reasons. First, you are not a historian, and we need to hire people who have skills and education outside the history profession. Second, you are much younger than the other staff people, and we need some younger perspective here. We need to recruit younger staff people, younger donors, younger volunteers, and younger board members.

“With that as background, here is what I want you to do. As a 20-something, you probably have strong skills in computers, smart phones, web sites, social media, etc. I want you to launch a broad spectrum, Internet-based communication system for us. I want it to be aggressive and multifaceted. Mostly, I want it to be energetic. I want you to either build a web site or hire a contractor to build one for us. Maybe we should collect e-mail addresses of all of our donors and members and use your new IT system to send invitations and newsletters to them. Maybe we should be on Face Book. Maybe we should be on LinkedIn. Maybe we should be on Twitter. Maybe we should use time lapse photography to record one of our architectural rehab projects, turn it into a video, and get it onto YouTube. Maybe all of our staff members should be carrying smart phones and using text messaging.

There is another thing that might be an opportunity. I occasionally receive advertisements indicating that the Commission should adopt a constituent relationship management software platform (CRM). Should we be using CRM software to manage the Commission?

“Aside from improving communications to the population of younger local supporters, your system should help link us up with local academic and nonprofit organizations that share our interests (i.e., potential strategic partners). For example, Savannah Tech runs a program for students who want to become professional craft persons on historic preservation projects. We need to use your new IT tools to pull them into our circle of volunteers.

“I want you to write a plan for me to review. Let’s call it the ‘IT Plan.’ Aside from the things I have suggested, you can add anything else to the IT Plan that you think I should review. Make it 600 words long. Bring it to me in two days. If the Board approves your plan, I will give you a bonus: an extra week of paid vacation.”

You recall that, at Armstrong, you completed a course in Managing Nonprofit Organizations. The Heyman textbook included some chapters that discussed these IT tools. You can use other references if you like.

10. To prepare for WEEK 10, we asked you to read the following material.

- Fundraising. Page 287-290
- Chapter 18, Fundraising: knowing when to do what. Page 291-308
- Chapter 19, Individual donor and major gift strategies: the 83% solution to fundraising. Page 309-324
- Chapter 20, How to seek a grant. Page 325-340
- Chapter 21, Online fundraising. Page 341- 356
- Chapter 31, Getting your board to fundraise. Page 519-532.

11. To prepare for WEEK 11 class, read the following material. Come to class prepared to discuss.

- Chapter 22, Online peer-to-peer fundraising. Pages 357-372
- Chapter 23, Cause-related marketing. Pages 373-387
- Chapter 24, Social enterprise 101: an overview of the basic principles. Page 389-403

12. Writing assignment. WA11A. *Board Role in Fundraising*. Due WEEK 11. Prepare a paper on the following topic. 600 words. 100 points.

You are Debbie Drummer. You work on a contract basis as a fund raiser and management consultant to nonprofit organizations. You were recently retained on a two-month consulting contract by Carol Careful, the Executive Director of a Savannah-based charity called ExcellentEducation.edu. They identify high school students who are potential dropouts, and they conduct intervention activities (e.g., they provide tutors, they provide part-time jobs for students) that help keep kids in school. The results of their program have been outstanding, and virtually no student who has come into their program has quit high school before graduation.

A board of directors luncheon meeting is held at a fancy restaurant, and you are asked to attend. The current board includes only wealthy people who volunteer their time as supporters of education. None of the board members are actively involved in fund raising for ExcellentEducation. The board includes no people from the business community and no professionals from the educational community. As you sit at the big board table in a private dining room, Rene Rich, Chairwoman of the board begins to speak. She is a “peanut heiress” who is on boards of seven charities in town.

Rene explains, “Debbie, during recent years, there has been a number of developments that have had a negative effect on fundraising. The board of directors believes we need to respond to the shrinkage in our funding stream. Your predecessor as Director of Individual and Corporate Fundraising, Laura Lowkey, left us recently. She was such a dear little thing. Our Executive Director believed that we should develop a relationship with a consultant, and she hired you. So let us welcome you aboard with a toast of champagne. I hope you enjoyed the luncheon; I love the Chateaubriand. The wine cellar is excellent here, and I love the flower arrangements.” Rene does not offer any comments regarding what the board of directors wants you to do.

After the board of directors meeting, you meet with your client, the Executive Director. Carol Careful makes some interesting comments. “This situation is very frustrating. The people on the board are nice, caring people. They are generous folks, and they write big checks every year. But they seem to treat these board meetings as social occasions, not work. The board members are not businesslike. We are supposed to have 15 board members, but only nine board seats are currently filled. The board is making no effort to fill the six vacant seats. There are several board committees, but none of them is active. The board has not established projects and activities for its committees. For example, the Board’s Fund Raising Committee has not met in six months. The current board members do not do the things that a board should be doing. They are doing nothing about fund raising other than writing checks and delegating the other fundraising responsibilities to staff people. The reason why Laura Lowkey quit was fear -- she was terrified to go to the board and tell them the truth, that they are a dysfunctional board.

“The reason I hired you, a contractor, is because you won’t worry about losing your job, so you will tell them the truth. I want you to write a position paper. Make it 600 words long. Explain how the board should be structured. Explain what sort of people we need to add to the board. Explain what committees the board should have in operation. Explain what the board committees should be doing in terms of projects and activities. Explain that committees can include board members and other volunteers from the community. Explain that, if a volunteer from the community serves on a committee, that can be a stepping stone to future board membership. Explain what the board members of a typical charity do to raise money. Put anything else into your recommendation paper that you believe the board should do. When they meet next month, plan to give them a presentation. If they agree to adopt your plan, I will offer you the job that was vacated by Laura Lowkey. It pays \$75,000 per year.”

Fortunately, you recently graduated from Armstrong Atlantic State University, where you earned a master’s degree in Professional Communications and Leadership. One of your courses was Management of Nonprofit organizations. The Heyman textbook included some material that might be useful in building the position paper. You can use other references if you like.

