

AGENDA**WEEK 9, MARCH 25****LEAD 7300 MANAGEMENT OF NONPROFIT ORGANIZATIONS****ARMSTRONG ATLANTIC STATE UNIVERSITY**

1. Guest speakers for April 8: Telfair Museums Director and HR Manager (Mary Nestor-Harper)
2. A “perfect storm.” A probable growth area for the nonprofits to provide services is 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. About twice as many people were born in this generation as 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. Here is the bad news: Aside from the large numbers of Boomers, they live longer, so they will need more money 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 \$200 per month in retirement income. Many Americans have only \$1,000 in savings. It appears that most members of the Post War 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. 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. How will nonprofit organizations respond to this growing need?
3. 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. What will be the impact on nonprofits as

the base of donors shrinks? Will they merge with other organizations? Will they shut down?

4. You prepared a Writing Assignment for WEEK 9 *Financial Controls Plan*. 100 points. Due WEEK 9. Let's discuss.

You are Carol Caring. About a year ago, you graduated from the master's degree program in Professional Communications and Leadership at Armstrong. Until a week ago, you were working for a nonprofit organization, Clean Water for Georgia, as their number three staff person (pay \$40,000 per year). Unfortunately, because of the budget fights in Congress, the federal funds were cut off, Clean Water was completely shut down, and you lost your job. A couple of days later, you were at a professional meeting, and you heard about a job opening as the Assistant Director (the number 2 staff person in the organization) at the Low Country Environmental Protection Society. You submitted a resume, and you were invited in for an interview.

You are interviewing with Emily Elegant, the Executive Director (the number one staff person in the organization). Emily makes the following comments. "Like any organization, we have our strengths and weaknesses. For example, my main role here is to be the "face" that the public sees, and to raise funds. These duties are going pretty well, because we raised over \$9 million last year from dues and donations. I am paid over \$100,000 per year; it is a good job for me.

"Then there is the bad news. The reason why the position is vacant is we had to terminate our Assistant Director, Marry Money. The Assistant Director oversees daily operations of the organization. In particular, the Assistant Director is the chief financial officer of the organization. The job pays \$85,000 per year. We fired Mary because she was sloppy and negligent. We don't believe that she was doing anything crooked. However, speaking frankly, her accounting system was so poor that we can't figure out what was going on during the past year. Low Country Environmental should be run like the \$9 million per year organization that we are, not like a \$900 per year Girl Scout troop.

"If you were to become our Assistant Director, it must be your first priority to introduce a system of financial controls. You are one of three finalists in the selection process. As part of the candidate selection process, I am asking each person to write a 600-word paper on what you would do to bring our system of financial controls up to an adequate standard for a nonprofit organization of our size and type. Please e-mail your Financial Controls Plan to me in two days. If I like it, I will invite you to a second interview next week with our Executive Committee, which is made up of the Chair and four members of the Board of

Directors. The decision to hire you will be made by me, in consultation with the Executive Committee. If the selection process moves quickly, you could be on the payroll within two weeks.”

You respond, “I am interested in the job. I will prepare the Financial Controls Plan that you have requested, and I will have it back to you via e-mail within two days.”

Your undergraduate degree was in Environmental Science, and it provided no training in organizational finance. Fortunately, your graduate work at Armstrong provided some useful background. You took the course in Managing Nonprofit Organizations. You recall that you used the textbook edited by Heyman. You recall that Chapter 13 included some material on financial controls. Perhaps the Heyman textbook could provide a basis for the paper that you will be writing for Emily. You can use other references if you wish.

5. To prepare for WEEK 9, we asked you to read the following material.
 - Part Four. Nonprofit technology and IT. Pages 217-220.
 - Chapter 14. The technology foundation: hardware and software. Pages 221-238.
 - Chapter 15, A cooperative approach to web design
 - Chapter 16, Online community building: how to wire a network to support your nonprofit’s mission
 - Chapter 17, Constituent relationship management
 - 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

6. To prepare for WEEK 10 class, read the following material. Come to class prepared to discuss.
 - 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.

7. Writing assignment for Week 10. WA10A. *IT Plan*. 600 words. 100 points. Due WEEK 10.

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 (like 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 the 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.