



The Newsletter Exclusively for Members of Nonprofit Boards of Directors

Short enough to read over a caramel macchiato, the Board Café offers a menu of ideas, opinion, news, and resources to help board members give and get the most out of board service. CompassPoint Nonprofit Services. Chef / Writer: Jan Masaoka, March 18, 2002. Ready-to-print version at: <http://www.boardcafe.org>.

Yesterday I spent an afternoon with leaders of Silicon Valley companies and government agencies discussing their disenchantments with the nonprofit boards they are on. All of them feel it's an important way to give back to the community, but there was also a remarkably strong current of frustration and wasted effort. The greatest aggravation came from repeated experiences of being asked onto boards to contribute their expertise, only to discover that the only things desired from them were actually large personal donations and fundraising. Has this happened to you? Or have you seen it happening on a board you're on? I hope this issue's main course article, "Should the Board Raise Money?" will be helpful. –Jan Masaoka

PLANNING YOUR SUMMER VACATION?

How about spending two weeks building bookshelves in Bolivian schools? Tracking black rhino foraging patterns in Kenya? Maintaining trails in a Montana national forest? Teaching English in Italy? Documenting human rights violations in Guatemala? Excavating ruins with other seniors in Mexico? *Volunteer Vacations: Short Term Adventures that will Benefit You and Others* is a comprehensive guide by Bill McMillon to this terrific idea. You can buy it at your favorite online bookstore or at Energize, Inc. 1-800-395-9800, <http://www.energizeinc.com>. (Also a good brief article at http://www.lgefco.org/magazine/0200_a.htm.)

NEW TERM FOR NONPROFIT ORGANIZATIONS

The word "nonprofit" has been unsatisfactory for a long time. It says what the organization does NOT do—make profits for its owners. And, although when people say "nonprofit" they usually think of community organizations working for the common good, there are technically other kinds of nonprofits, too, such as trade associations, labor unions, and associations of football team owners, that have some of the benefits of community nonprofits, but not all. Maybe it's time for a new word. The term "public benefit corporation" is gaining some momentum in this area. We might, for example, describe the Hispanic Scholarship Fund as a public benefit corporation, and as part of the public benefit sector. The Clean Air Coalition might put it on the bottom of their letterhead: "A public benefit corporation." Let's experiment with bringing this term into the way we talk and write . . . perhaps this movement will grow and help clarify what we do.

Now for this month's "Main Course" at the Board Café:

The Board Should Raise Money: True or False?

by Jan Masaoka

The all-too-common scenario: the executive director is frustrated because she thinks it's the duty of the board to raise money—but they aren't. A few board members agree and they say (or bring in a consultant to say) something like: "Every member must give, get, or get out." As board members we typically have three reactions simultaneously. First, we resent being required to do something when we were not told of this requirement when we were invited to join the board. Second, we feel guilty anyway. Third, we doubt we could succeed at raising money, even if we were to try. It's as if we were invited to a potluck, arrived with a dish, and then scolded for not having brought the right dish.

To untangle this knot, it's helpful to think of the board as having two roles: a Governance role where the board acts as a body to ensure accountability, and a support role where board members support the organization, acting as

individuals, through volunteering and donating. Ensuring that the organization has a realistic strategy for raising funds is a critical governance responsibility of the board of directors. But that strategy may or may not include individual fundraising by board members. The strategy for raising funds will probably include a combination of efforts: fees-for-service (such as tuitions, service fees, registration fees, tickets), special events, mail fundraising campaigns, government contracts, and individual major donor gifts.

There are four crucial rules to fundraising on the board:

1. As a body, the board is responsible for approving and monitoring performance of a revenue strategy that will sustain the organization's work.
2. In the context of that plan, as individuals, each board member must do something to help implement that strategy.
3. No one has to do everything, and
4. Expectations must be clearly and fairly communicated to new board members during the recruitment process.

In other words, there should be methods that take advantage of each of the individual strengths that board members have and are willing to contribute.

The board's Governance responsibility is to ensure that a suitable financial or revenue strategy is in place. This strategy must have three characteristics: a) it will result in funding needed by the organization for its work; b) it will provide funding for emergency reserve, evening out cash flow and organizational investments (such as in new computers or carpeting, or a publicity campaign); and c) it is in line with the organization's ethics and values (for example, whether or not a community center should accept donations from beer companies).

For a breast cancer awareness center, the board may consider several funding strategies, such as a) a combination of foundation grants and an annual dinner/dance; b) a combination of participating in a combined breast cancer walk-a-thon and publication sales; c) mail appeals combined with major individual gifts; d) government contracts combined with foundation grants, etc. This board may decide to adopt a strategy of participating in the walk-a-thon, selling publications, and soliciting major individual donations. This decision is based on what is realistic for their current board and staff as well as the opportunities most open to them.

As a result, board members in their Support responsibilities agree that each board member will participate in one or more activities. One board member agrees to bring 10 volunteers to help at the walk-a-thon. Another will send out email publicity about publications to book editors and bookstores. A third agrees to hold a party at her house and ask her friends to attend for \$1,500 each. Each board member is, in a way comfortable to her, supporting either the contributions component or the earned-income component of the revenue strategy.

In short, the board's Governance responsibility is fulfilled by its choosing and monitoring a revenue plan, while individuals support the organization by participating in the plan's implementation. Clarifying this distinction, as well as the expectations of board members, will go a long way towards calmer, less charged, more productive discussions about fundraising.

Related Board Café articles (archived at <http://www.boardcafe.org>):

Five Things One Board Member Can Do to Raise \$100 to \$5,000 (May 99)

Easy Ways to Communicate Expectations about Money (Feb 1998)

Board Member Agreement (March 01)

Next month in the Board Café: The Diversity Issue on Nonprofit Boards

You are reading the BOARD CAFÉ, published monthly by CompassPoint Nonprofit Services: 706 Mission Street, 5th Floor, San Francisco, CA 94103; (phone) 415-541-9000; (fax) 415-541-7708; Silicon Valley office: 1922 The Alameda, San Jose, CA 95126; (phone) 408-248-9505; (e-mail) boardcafe@compasspoint.org, (website)

<http://www.compasspoint.org/index.html>. We welcome your comments and contributions to the BOARD CAFÉ.

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