

INFP

**Promoting Good
Governance among
Nonprofit Boards**

**Foundations Extending
Help to Families in Need**

Conducting a Competitive Analysis

Despite having different goals than for-profit companies, nonprofit organizations can hardly afford to ignore the competitive landscape in which they operate. Including a competitive analysis in your strategic planning process can improve the chances that your organization will be successful in fulfilling its mission and in meeting the needs of its target audience, while also securing the funding it requires to continue its work into the future.

To conduct a competitive analysis, begin by taking an inventory of the types of resources for which you and other nonprofit groups must compete. Just as for-profit companies face competition for customers, not-for-profit groups must deal with

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Promoting Good Governance among Nonprofit Boards

In response to reports of abuse of power by executives, good governance has become a priority at organizations of all kinds. In both the for-profit and not-for-profit sectors, the board of directors is charged with ensuring that the organization accomplishes its objectives in ways that are both lawful and consistent with the ethical norms of the society in which it operates. To empower and encourage your group's board members to fulfill their governance and fiduciary duties, it is essential to have in place a framework that promotes sound, responsible practices among board members and management, at all levels of the organization.

The backbone of any governance structure is a mission statement that is clear, precise, and current. A mission statement typically consists of a concise explanation of why your organization exists. The statement should be inspirational, without overreaching or resorting to generalities. Even if your group already has a mission statement in place, it should be reviewed regularly to verify that the statement's wording continues to reflect your organization's purpose. In addition to composing a mission statement, your organization may want to consider drawing up a vision statement that can serve as a guide for where your organization expects to be within a given time period (usually 5 or 10 years). Both the mission and vision statements can help your organization remain focused on its true goals.

A board can only be effective in meeting its governance responsibilities if its members have the background and experience necessary to exercise such oversight. The board members and management of your organization should discuss what qualities, personal traits, and skill sets are important for board members. Based on these discussions, a list of criteria for selecting new board members may be drawn up. This list can serve as guidance during the nomination and selection process.

Even people with all the qualifications necessary to serve as effective board members may benefit from a reminder of how to properly exercise their governance and fiduciary duties. Standing board members should talk to new board members about the particular governance issues facing the organization. Board members

should discuss regularly how well they are meeting their governance and fiduciary responsibilities. Additionally, some nonprofits appoint an audit committee responsible for monitoring the board's activities and ensuring that its members are complying with all relevant laws and regulations.

To help ensure that board members understand what is expected of them, your organization may want to consider putting in place a code of conduct that defines standards of behavior for members. This code should specifically address issues surrounding conflicts of interest, as any perceived conflicts can result in serious damage to your group's reputation. Your organization may also want to establish policies for dealing with conflicts of interest as they arise.

Board members cannot know what is happening at the ground level of the organization without regular updates. Boards should communicate frequently with the CEO and other members of the management team about the progress of day-to-day operations, especially about any ethical or legal concerns that could affect the larger organization. In addition to these communications, management should compile progress reports for board members to read and discuss during board meetings, highlighting the points that merit particular attention.

Despite their oversight functions, board members are ultimately accountable to all the organization's stakeholders, including management, staff, volunteers, contributors, clients, and members of the public. Board members should communicate with stakeholders regularly via email, printed newsletters, or other media. These reports can serve as forums for updating stakeholders about the organization's activities and performance, as well as for airing any larger issues relating to financial management or legal matters.

Finally, it can be useful to conduct formal assessments of the performance of individual board members. A system of regular performance assessments can both identify hidden issues that need to be addressed and serve as a means of dealing with personality conflicts or performance problems that might otherwise be too sensitive to discuss. ♦

CONDUCTING A COMPETITIVE ANALYSIS

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competition for the often scarce resources needed to operate their programs and serve their clients. These resources include private donations, grants, government support, and volunteers. Use this inventory to identify which resources are especially important to your organization and the areas where the shortfalls are particularly problematic. Understanding the gaps in your resources can serve as a starting point for developing strategies for overcoming these constraints.

Unlike in the for-profit business world, the funding sources that nonprofits rely on, and the clients they serve, are not identical. While for-profit businesses market their services to potential customers, nonprofits must strive to make themselves as attractive as possible to potential supporters. As a result, charities and other nonprofits run the risk of becoming more focused on keeping their contributors happy than on meeting the needs of their clients. Increasingly, however, accountability is being demanded of nonprofit groups, with grants and other forms of financing being awarded based on the proven ability of an organization to effectively serve its clients.

Any competitive analysis should, therefore, include an assessment of your group's record on fulfilling its mission and delivering valuable services to clients. Unless your group can demonstrate that its work is having a positive impact within the target community, its ability to attract funding will be limited. The analysis should assess not only whether your organization is meeting its goals, but also whether it is able to provide tangible proof of its effectiveness. Evidence of your achievements may include, for example, statistics on the outcomes of particular programs, case studies of outstanding successes, financial figures, and the organization's track record of support within the community.

A competitive analysis can be especially useful in determining whether the services your group is offering are meeting needs that are not already being addressed by other nonprofits. To better

determine whether your organization is adding value or is duplicating the efforts of other charities, consider consulting the MacMillan Matrix, a tool designed to help not-for-profit organizations assess their competitive position. Where such overlaps exist, nonprofits often find themselves competing for the same resources, leaving them frequently short of funding and making it difficult for them to operate effectively.

Employing this model and similar tools can make it easier for organizations to compare their own activities with those of other nonprofits, enabling them to evaluate more accurately whether their group is in the best position to offer certain services, whether they are taking on more work than they can handle, or whether restricting themselves to performing services not provided by other groups would better meet the needs of their clients.

A competitive analysis may, for example, reveal that your organization would be better off limiting its activities to areas

where other groups are not providing sufficient services, or where your organization has particular expertise and a record of success. If the analysis shows that needs in a certain area are great and that no single group has the resources to adequately meet those needs, consider collaborating with other nonprofits, at least on certain projects. Smaller not-for-profit groups may find that, collectively, they have the skill sets and financial backing necessary to tackle challenges they would be unable to handle on their own.

Remember that, in the nonprofit world, other charitable organizations are not your enemies. If your analysis shows that certain groups are performing especially well in particular areas, study these successes, and think about how you can emulate them. In some cases, you may be able to find out more about these organizations by forming partnerships and learning their secrets in the course of building cooperative relationships. ♦



Foundations Extending Help to Families in Need

In response to the economic downturn, many foundations are stepping up their aid to families and other groups in need, according to a recent survey conducted by the Council on Foundations.

The survey of 320 members of the Council on Foundations showed that 86% are in favor of grantmaking that aids families, provides human services, assists lower income populations, or supports economic development.

Results also indicated that 31% of foundations have increased the value of their grantmaking in these areas over the past year, and 5% started making grants for such assistance this year. When asked about their plans for next year, 37% of the foundations surveyed said they expect to increase their grantmaking for assistance to families in economic distress.

Some 15% of respondents said they are supporting activities specifically related to the

subprime mortgage crisis, while 9% said they anticipate adding or providing more support to struggling homeowners next year.

A majority (55%) of all the foundations surveyed reported that the stock market decline will have no effect on their ability to maintain their current level of grantmaking in the coming year. However, community foundations were more likely to report that their grantmaking for next year will be negatively affected by economic conditions than corporate foundations, independent foundations, and family foundations.

Of the foundations increasing their grantmaking to assist families and low-income groups, 60% reported that the stock market decline will not affect their ability to make grants, while 40% said they expect a decline in their overall grantmaking, even though they will be increasing their aid to families. ✧

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