



A GUIDE TO STRENGTHENING YOUR NONPROFIT

Sound Plans and Policies

This manual was designed as a resource for nonprofit organizations. These guidelines are not intended to be definitive or comprehensive, but rather a starting point for evaluating existing policies or creating new ones that strengthen a nonprofit's ability to better serve our community.

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ORGANIZATION POLICIES AND PROCEDURES

DEFINITION

Most organizations should have policies and procedures that cover such subjects as financial management, personnel, sexual harassment, and program administration. Many organizations have field-specific policies on such subjects as client confidentiality and work with minors.

BEST PRACTICES

Goals:

1. To provide written documentation of organizational expectations and practice;
2. To ensure consistency, discipline, and accountability in the execution of the organization's mission and objectives; and
3. To aid in creating "institutional memory."

Features:

1. Include more than personnel policies;
2. Write in user-friendly terms that are easily understood;
3. Review at least annually by board and staff for revisions, edits, corrections, or updates;
4. Reference a system of accountability by which internal or external findings are communicated to appropriate parties; and
5. Include a staff/board training element, with annual staff recertification if necessary, and step-by-step instructions to assist with smooth transition through staff turnover.
6. Demonstrate compliance with the Sarbanes-Oxley Act of 2002 with sections on whistle-blower protection and document destruction. (define or delete)

Reference Appendix A-1 and A-2 to review the major categories for which nonprofit organizations have policies and procedures as well as esoteric or mission-based categories of policies and procedures.



FUNDRAISING PLAN

DEFINITION

A fundraising plan demonstrates that the organization, and specifically its development director, knows what actions to take, where to go for funds, for what projects, and for what amounts. It also gives the board, the executive director, and the funders a good sense of how an organization is doing from a fundraising standpoint, without having to wait until year end. It describes how you will broaden your funding source base beyond grants to include some of the following: direct mail, special events, major gifts, endowment planning, earned income, and planned giving.

BEST PRACTICES

Goals:

1. To emphasize the importance of intentional and planned development for the well-being of the nonprofit; and
2. To help develop written procedures for developing fundraising plans that can sustain staff turnover and volunteer fluctuations.

Features:

1. Go beyond monetary goals alone;
2. Go beyond a page from the strategic plan; and
3. Demonstrate strategic thinking about annual and long-range development plan to advance the organization.

Possible Elements:

1. Development Committee composition and leadership;
2. Agency philosophy of development;
3. Development director's job description with measures and outcomes;
4. Development goals for each activity;
5. Tasks associated with each goal;
6. Assignments of who is responsible for each task that moves toward the goal;
7. Percent of growth in each goal area as related to previous year;
8. Board training for development;
9. Board reporting format or procedure;
10. Calendar of annual due dates for all agency development activities;
11. Board personal gifts to agency; and
12. Agency plan for development staff.

To determine your level of success, it is necessary to evaluate your fundraising activities. This evaluation should compare the dollar goal with the amount raised, seek feedback from members about their thoughts of the event, and include recommendations for future fundraising activities.



STRATEGIC PLAN

DEFINITION

A strategic plan provides an organization with opportunities both to measure its current effectiveness and to plan future actions in pursuit of its mission. A strategic plan is a formal document that communicates an agency's goals, directions, and outcomes to various audiences. The strategic plan defines what a nonprofit is and intends to be, as well as the principles guiding it. It outlines agency goals and objectives, producing strategies that lead to priority-based decisions.

BEST PRACTICES

Goals:

1. Chart organizational growth over a defined time period;
2. Cover multiple management areas (board, staff, communications, services, finance, and development, etc.);
3. Involve key stakeholders in development and execution (e.g., staff, board, constituents, volunteers, donors, community leaders, consultants).

Features:

1. Define both goals and objectives, responsibilities and deadlines; and
2. Include strategies on how to reach key goals and objectives.
3. Require regular checks on progress and updating as necessary.

BOARD SELECTION CRITERIA

DEFINITION

Written board selection criteria indicate the board's purpose as well as organizational needs and selection procedures. Such criteria serve as a mechanism for filling empty slots, replacing departing members, and ensuring both diversity and talent on the board.

BEST PRACTICES

Goals:

1. To emphasize the importance of board development and composition in the well-being of nonprofits;
2. To clarify needs and gaps to both current and prospective members; and
3. To help nonprofits develop a clear procedure for board development so that times of staff and board transition run smoothly.

Features:

1. Go beyond the section in the bylaws that describes board composition;
2. Go beyond job descriptions for board members;
3. Demonstrate strategic thinking about board composition;
4. Ensure board members are in place to advance the organization; and
5. Include ongoing as well as seasonal activities around board development.

Possible Elements:

1. Nominating Committee composition, leadership, process, and timeline;
2. Agency philosophy of board development;
3. Process for analyzing board's current composition (strengths and weaknesses);
4. Process for strategically balancing the board so that the knowledge and skills needed by the organization are present on the board;
5. Process for strategically developing a diverse board;
6. Board voting procedure and/or timeline;
7. Board application form and board member role in identifying and recruiting new board members;
8. Board member recruitment and orientation process;
9. Board member job description or roles and responsibilities; and
10. Board member conflict of interest statement;
11. Publicity of new board members to the broader community.

Reference Appendix B-1 for general board selection criteria.

MANAGEMENT / LEADERSHIP SUCCESSION PLAN

DEFINITION

A management/leadership succession plan helps to ensure that an organization's activities continue as usual should the executive director be unable to complete her/his duties. It should address who will take over the executive director's duties, including budgeting and program administration.

BEST PRACTICES

Goals:

1. To ensure a smooth transition through a change in leadership;
2. To guide the board of directors through a change in leadership; and
3. To guide the internal and external message through leadership change with the intent of preserving the nonprofit's community reputation.

In Advance:

1. Write and annually update CEO's job description with qualifications;
2. Annually evaluate CEO so that board members understand the requirements and qualifications needed;
3. Develop an administrative calendar with all major recurring activities throughout the year;
4. Develop written policies and procedures for all organizational operations; and
5. Organize CEO's office so others can locate important information easily (keys to office and files should be secure but accessible by select staff member and/or board member).

Immediate Action:

1. Identify an operations team (likely staff, board, consultant) to function as temporary administrative decision makers;
2. Identify an interim staff structure. This could include requesting an interim CEO, appointing a board member as CEO, or appointing a staff member to have temporary decision-making authority;
3. Tend to security issues including signature authorizations, locks, codes, passwords, credit cards, and technology;
4. Identify, to the extent possible, major deadlines; and
5. Assess financial obligations, liabilities, and contracts. Request a special audit, if indicated.

continued →



BEST PRACTICES, CONTINUED

Manage the Message:

1. Develop an internal and external message regarding the leadership transition;
2. Inform internal organization (board of directors);
3. Inform the staff and share the transition plan;
4. Designate spokesperson to respond to inquiries;
5. Reassure key stakeholders that a management and transition plan are in place; and
6. Where there is a contractual obligation, notify and advise of leadership change.

During Transition:

1. Identify a transition team (likely staff, board, consultant) to focus on the transition;
2. Identify funding available for transition needs;
3. Appoint a search committee to hire, orient, and train a new CEO. Identify in policy the composition of the search committee and chair (may include staff, board members, consultant, CEO from another nonprofit organization).
4. Identify in policy the full scope of work expected from the search committee from hiring to orientation;
5. Conduct an organizational analysis to identify strengths, weaknesses, opportunities, and challenges; and
6. Update organization's strategic plan to inform the hiring process.

Training New CEO:

1. Search committee should remain engaged in the training and orientation process for the first year of the new CEO's work;
2. Schedule at least the first two weeks of new CEO's employment with transition team still managing daily operations.
3. During the two weeks, schedule orientation meetings for new CEO;
4. Identify and make necessary formal introductions (funders, contract managers);
5. Provide an updated policies and procedures manual; and
6. Engage departing CEO, as appropriate.

Reference Appendix C-1 for a succession plan sample.



CONFLICT OF INTEREST POLICY

DEFINITION

A conflict of interest policy demonstrates an effort by your agency to prevent perceived, potential, or actual conflicts of interest in your operations.

BEST PRACTICES

Goals:

1. To preclude self-dealing and other conflicts by board members; and
2. To insulate the organization from perceptions of improper conduct.

In Advance:

1. Consider staff as well as board, and possibly volunteers;
2. Require individuals to fully disclose potential conflicts, ie: a signed document;
3. Require board members to abstain from discussion/voting on issues with which they have a conflict; and
4. Comply with applicable state laws.



APPENDIX A-1

Organization Policies and Procedures

I. BOARD

Beyond the board bylaws, policies and procedures should exist surrounding the board functions. Inspired by the 2002 Sarbanes-Oxley Act, many nonprofits are now developing a board member conflict of interest policy that is updated annually. In some instances, especially with health care organizations, a more intensive code of ethics is also in place to help deal with ethical dilemmas.

Board policies and procedure may include:

- Bylaws
- Board Structure
- Code of Ethics
- Conflict of Interest
- Meeting Schedule
- Rotation Schedule
- Staff-Board Relations
- Performance Review of CEO or President
- Evaluation of the Performance of the Board
- Board Self-Assessment

II. FISCAL MANAGEMENT

Fiscal management policies and procedures should provide guidance in handling the fiscal affairs of your nonprofit. In most cases, the financial officer and/or the board-designated fiscal management committee should review these policies annually to ensure that basic fiscal management goals are met.

Fiscal management policies and procedure may include:

- Operating Budget Cycle
- Statement of Financial Position
- Budget (current fiscal year)
- Authorized Signatures
- Purchasing
 - Purchasing Operations
 - Purchase of Goods & Services
 - Purchase Orders
 - Cash Purchases
- Internal Controls
- Internal/External Auditing
- Acceptance of Gifts/Donations
- Accounting Method
- Financial Reports
- Credit Card Management
- Investments
- Operating Fund
 - Risk Tolerance
 - Limitations of Investments
 - Liquidity Objectives
 - Performance Monitoring
 - Selection of Investment Manager
- Endowment Fund
 - Investment Structure
 - Growth Objectives & Limitations on Spending
- Petty Cash
- Quality Standards & Inspections
- Lease Approval
- Annual Activities

III. HUMAN RESOURCES

Personnel policies should be in compliance with state and federal laws. In addition, these should be reviewed regularly to ensure that they meet the needs of the organization. These should include approved policies and procedures governing the work and actions of its employees and volunteers. Some organizations have a separate set of volunteer policies and procedures. Last, the Sarbanes-Oxley Act of 2002 requires that nonprofit organizations have a whistle-blower protection policy.

Human resources policies and procedure may include:

- Equal Employment Opportunity
- Work Schedules/Work Hours
- Classification of Employees
- Disclosure of Wrongful Conduct & Protections from Reprisal (Whistle-Blower Protection)
- Employee Benefits
- Personal Leaves of Absence
 - Sick Leave
 - Disability Leave
 - Medical Leave
 - Vacations
 - Holidays & Personal Days
 - Funeral Leave
 - Military Leave
 - Voting
 - Jury Duty
 - Inclement Weather
 - Unpaid Personal Leave
- Employment of Relatives Membership
- Medical Insurance
- Workers' Compensation
- Retirement Plans
- Travel and Other Expense Reimbursement
- Performance Reviews and/or Advancement
- Performance Issues
- Grievance Procedures
- Confidentiality of Employee/Volunteer/Client
- Conflict of Interest
- Separation
- Gifts/Bribes
- Sexual Harassment and Employment Discrimination
- Professional Activities, Training, and Growth
- Drug-Free Workplace
- Work Attire
- Handgun/Weapons Policy
- Smoking Policy
- Special Services
 - Parking
 - Counseling
 - Health Club



IV. INFORMATION SYSTEMS

A nonprofit should have policies and procedures that describe how all organizational information is gathered and stored, how and what information is archived, and to whom information is made available. Further, the Sarbanes-Oxley Act of 2002 requires that nonprofit organizations have a document destruction policy.

Information systems policies and procedure may include:

- Handling Telephone Calls
- Use of Meeting Rooms
- Distribution of Keys
- Incoming & Outgoing Mail
- File Maintenance
- Purchasing Office Supplies
- Facility Tours
- Public Information (Annual Report, IRS 990 Tax Form, etc)

V. OFFICE MANAGEMENT

Basic policies and procedures on daily office activities can help ensure that anyone coming in contact with your organization via phone, e-mail, or in person is treated according to the mission and values of your organization.

Office management policies and procedures may include:

- Handling Telephone Calls
- Use of Meeting Rooms
- Distribution of Keys
- Incoming & Outgoing Mail
- File Maintenance
- Purchasing Office Supplies
- Facility Tours
- Public Information
(Annual Report, IRS 990 Tax Form, etc)

VI. VOLUNTEER MANAGEMENT

Ideally, policies and procedures should be adopted before a volunteer program is implemented. If this was not the case, you should immediately create policies that protect the organization, its staff, board, clients, and the volunteers themselves.

Volunteer Management Policies and Procedure May Include:

- Volunteer Rights & Responsibilities
- Scope of Volunteer Involvement
- Representation of the Agency
- Client Confidentiality
- Volunteer Recruitment and Selection
 - Position Descriptions
 - Recruitment and Use of Minors
 - Health Screening
 - Criminal Records Check
 - Length of Service
- Volunteer Training and Development
 - Orientation
 - On-the-Job Training
- Volunteer Supervision & Evaluation
- Volunteer Support & Recognition



APPENDIX A-2

Mission-Specific Policies and Procedures

I. HOUSING OR RENTAL

The housing or rental policies and procedures you develop will need to include those necessary to be in compliance with state and federal laws.

Housing and rental policies and procedures may include:

- Fair Housing Policy
- Rules and Regulations
- Eligibility for Admission
 - Family Composition
 - Income Limits
 - Applying for Admission
 - Final Determination & Notification of Eligibility
 - Grounds for Denial of Admission
- Occupancy Standards
- Income Considerations & Determination of Total Tenant Payment
 - Definition of Annual Income
 - Definition of Assets
- Locating Suitable Housing
- Eligible Type of Housing

II. SCHOOL OR UNIVERSITY

Schools, colleges, and universities will have created written policies and procedures as part of their accreditation process or in setting up their charter.

School or university policies and procedures may include:

- General School Administration
- University
 - Policy on Nondiscrimination
 - Board of Trustees
- Faculty Senate
 - Committees
- Faculty
 - Services
- Library
 - Multimedia
 - Use of Facilities, Food Service and Reserving Rooms
 - Maintenance
 - Computer Services
 - Publications
- Athletics
 - Ticket Disbursement
 - Use of Athletic Facilities
- Faculty and Student Administration
 - Faculty-Student Relations
 - Instructions
 - Academic Honesty
 - Admission to Classes
 - Student Absences
 - Disruptive Behavior
 - Student Convocations
 - Examinations
 - Class Records
 - Procedures for Submitting Grades
 - Graduation Honors
 - Student Educational Records
 - Health Information Records
 - Scholastic Probation and Dismissal
 - Repetition of Courses
 - Career Services
 - Exchange Programs

- Crisis Plan
 - Natural Disasters
 - Earthquake
 - Tornado
 - Fire Alarm
 - Hostage
 - Bomb/Gun Threat
 - Accident Response and Prevention
- Building and Grounds Security
- Student Transportation Services
 - Field Trips
 - Transportation in Private Vehicles/Common Carriers

III. TRANSPORTATION

The purpose of transportation policies is to ensure the safe operation of organization vehicles and the safety of drivers and passengers. Clear policies and procedures will also help minimize uninsured losses, damages, and claims when implementing your mission requires the transportation of clients.

- Transportation Guidelines for Drivers
 - Appropriate and Approved Use of Vehicles
 - Driver Requirements
 - Authorized Passengers
 - Vehicle Insurance
- Vehicle Maintenance
- Guidelines for Passengers



APPENDIX B-1

General Board Selection Criteria

I. GENERAL BOARD INFORMATION (FOUND IN BYLAWS)

The housing or rental policies and procedures you develop will need to include those necessary to be in compliance with state and federal laws.

A. Executive Board Description

1. Specific duties
2. Members of the board

B. General Description of the Board

1. Number of directors
2. Term length/term limits
3. Removal process
4. Number of regular board meetings
5. Description of annual meeting or retreat
6. Special meetings

C. Committee Descriptions

1. Types and number of standing committees
2. Types and number of ad hoc committees

D. Nominating Committee Procedure

1. Responsibilities of the nominating committee
2. The role of the executive committee
3. Process in nominating individuals to the board of directors
4. Election process

II. BOARD COMPOSITION (NOT FOUND IN BYLAWS)

This section describes what process should be used to identify individuals that could potentially serve on the board. The makeup of the board or board composition becomes important if certain representation, professional skills, or personal characteristics are needed. Some nonprofits develop a matrix or worksheet identifying the current skills, abilities, or knowledge on the board and then use it to find individuals who fill the gaps. In some instances, individuals are asked to complete a board of directors membership application form to help this process along.

What kind of representation does your current board reflect and what is needed? Here are some things to consider:

A. Board Demographics

1. Ethnic groups
2. Special interest groups (jazz community, grassroots efforts, client representation)

B. Professional Characteristics

1. Expertise (medical, legal, marketing)
2. Senior management position within company
3. Influence corporate spending and philanthropy

C. Personal Characteristics

1. Team oriented
2. Fair and open minded
3. Honest

III. RESPONSIBILITIES AND EXPECTATIONS

This section clearly states the responsibilities and standards expected of any individual elected to serve on the board of directors. Many nonprofits have designed board member job descriptions and contracts to help all board members understand their fiduciary and strategic responsibilities. Responsibilities and expectations fall into three major areas: work, wealth, and wisdom.

A. Work

1. Serve on at least one committee or percentage of committees
2. Attend one program activity per quarter
3. Represent organization at X number of functions per year
4. Attend X number of meetings

B. Wealth

1. Personal contribution of X amount
2. Identify X number of potential donors
3. Purchase table at yearly gala

C. Wisdom

1. Determine and/or assist in fulfilling the organization's mission and vision
2. Select the CEO
3. Oversee effective organizational planning
4. Assess organization's performance

Specific board selection criteria that are dependent on your mission or sector (e.g., hospitals, educational institutions, community development centers) or even an accreditation body might require that you have specific criteria to meet. It is also helpful to review board selection criteria from other nonprofits if you are still unsure about creating your own.



APPENDIX C-1

POLICY STATEMENT

A change in executive leadership is inevitable for all organizations and can be a very challenging time. Therefore, it is the policy of the [ORGANIZATION] to be prepared for an eventual permanent change in leadership—either planned or unplanned—to ensure the stability and accountability of the organization until such time as new permanent leadership is identified. The board of directors shall be responsible for implementing this policy and its related procedures.

It is also the policy of the board to assess the permanent leadership needs of the organization to help ensure the selection of a qualified and capable leader who is representative of the community; who is a good fit for the organization's mission, vision, values, goals and objectives; and who has the necessary skills for the organization. To ensure that the organization's operations are not interrupted while the board of directors assesses the leadership needs and recruits a permanent executive officer, the board will appoint interim executive leadership as described below. The interim chief executive officer shall ensure that the organization continues to operate without disruption and that all organizational commitments previously made are adequately executed, including, but not limited to, loans approved, reports due, contracts, licenses, certifications, memberships, obligations to lenders or investors of the [ORGANIZATION], and others.

It is also the policy of the [ORGANIZATION] to develop a diverse pool of candidates and consider at least three finalist candidates for its permanent CEO position. The [ORGANIZATION] shall implement an external recruitment and selection process while at the same time encouraging the professional development and advancement of current employees. The interim CEO and any other interested internal candidates are encouraged to submit their qualifications for review and consideration by the transition committee according to the guidelines established for the search and recruitment process.

PROCEDURES FOR SUCCESSION

For a temporary change in executive leadership (e.g., illness or leave of absence), refer to the organization's Personnel Guidebook. In the event the chief executive officer of the [ORGANIZATION] is no longer able to serve in this position (i.e., leaves the position permanently), the executive committee of the board of directors shall do the following:

1. Within five business days appoint an interim CEO according to the following line of succession:
 - a. chief operating officer (COO) of [ORGANIZATION]
 - b. senior vice president of the parent affiliate of the [ORGANIZATION]
 - c. external consultant (with experience as an interim CEO)

2. Within 15 business days appoint an executive transition committee, in the event that a permanent change in leadership is required. This committee shall comprise at least one member of the executive committee and two members of the board of directors. It shall be the responsibility of this committee to implement the following preliminary transition plan:
 - a. Communicate with key stakeholders regarding actions taken by the board in naming an interim successor, appointing a transition committee, and implementing the succession policy. The organization shall maintain a current list of key stakeholders who must be contacted, such as lenders and investors of the [ORGANIZATION], foundations, government agencies, and others.
 - b. Consider the need for consulting assistance (e.g., transition management or executive search consultant) based on the circumstances of the transition.
 - c. Review the organization's business plan and conduct a brief assessment of organizational strengths, weaknesses, opportunities, and threats to identify priority issues that may need to be addressed during the transition process and to identify attributes and characteristics that are important to consider in the selection of the next permanent leader.
 - d. Establish a time frame and plan for the recruitment and selection process.
 - e. Refer to the CEO Hiring Policy and Procedures in the Personnel Guidebook for additional procedures.

The board should use similar procedures in case of an executive transition that simultaneously involves the chief executive officer and other key management. In such instance, the board may also consider temporarily subcontracting some of the organizational functions to trained consultants or other organizations.