GIFT PLANNING in Canada™

◆ The arts and science of charitable gift planning ◆

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Gift planning has just become a lot easier to manage-- The Essential Solutions Toolkit: A review

BY JENNIFER LAAKKONEN, CFRE

If you are involved in gift planning, then you know it requires dedication, patience, a certain amount of technical knowledge, and a great deal of resources! I have been very fortunate to have as a personal resource and professional mentor, Martha Drake, Executive Director of Advancement – University of Toronto Schools, through the Canadian Association of Gift Planning (CAGP) Mentoring Program. The mentoring program was an invaluable and exceptional experience, and Martha was simply wonderful - generously willing to share her wealth of experience and knowledge. Through Martha and her contacts, I was asked to review a new resource for gift planners, called the Essential Solutions Toolkit by Colleen Bradley.

I spent an afternoon looking over the 80 plus templates and it was like someone pulled back the curtain and revealed the magical "gift planning wizard" and all his secrets. Utilizing the Essential Solutions Toolkit has added tremendous value to my gift planning program and to my confidence as a gift planner. As part of a dynamic organization that is rapidly growing and changing, the timing of this discovery could not have been better!

Almost four years ago I joined the staff of the Northern Cancer Research Foundation (NCRF) in Thunder Bay, Ontario. The NCRF began as a grassroots organization approximately 15 years ago, with special events our claim to fame. Talented and committed volunteers with great event-planning skills were the main reasons we were able to fund the first wet-lab, complete with world class researchers, in our somewhat remote Northwestern Ontario locale. Our President and CEO, Glenn Craig, and the board of directors, continue to work strategically to ensure the sustainability of our mission, which is to support excellence in cancer research, treatment, education and awareness in Northwestern Ontario. Our greatest feat is that all dollars raised, which to date total over $9M, stays in our region. We are truly 100% Northern.

Prior to joining the NCRF I worked for seven years at the local branch of the Alzheimer Society, where I was first introduced to the wonderful and wacky world of fundraising. It was during this time I joined the Lakehead Fundraising Association. I eventually became the president and delved even deeper into the many levels of fundraising. Like most people, I didn't plan on becoming a fund raiser. My education and work experience up until this point was in the recreation field, where at one time I managed a municipally-run community centre. I was drawn to the Alzheimer Society because of the prevalence of Alzheimer disease in my family, so it was very easy to be passionate about my job. As a result, I also became hooked on fund raising and the very satisfying and fulfilling career that it soon became.

In my current position as Senior Development Officer for the NCRF, I am responsible for the development and management of our gift planning program, plus an array of other development activities, such as the ever-popular and often time consuming, special events. Don't get me wrong, I love special events and know they are a necessary aspect of any development program. But they can, and often do, require a great deal of time and resources to ensure goals are achieved and that each year is a little (or a lot) better than the last. So for me, like most people, time is at a premium and I can't afford to waste it. Planning time and the ability to sit and let the creative juices flow is a luxury, yet ironically a necessity if you want to have a successful program or event. This is where the Essential Solutions Toolkit can help.

I began developing our gift planning program over three years ago, but it is still a work in progress. Many of the templates in the Essential Solutions Toolkit are similar to ones that I have either created or "borrowed" from other sources. But what I appreciate about the Toolkit is having all the templates right at my fingertips, rather than having to search through my files or R-Kive boxes full of workshop handouts and articles. I like it when things are simple and uncomplicated, eliminating a lot of the guesswork or the need to reinvent a perfectly good wheel. There are enough opportunities for creativity and innovation in the average gift planner's day, be it writing the perfect thank you letter, planning a cost-effective yet elegant donor reception, or dealing with a disgruntled donor.

In an ideal world, an organization starting a gift planning program would purchase the Essential Solutions Toolkit, set aside a period of time to use the templates provided and develop all their materials, set up a plan and budget for the year, then "ta da", launch their gift planning program and never have to look back. Just tweak things here and there and watch the program grow! In reality, I think many of us are "squeezing in" time to create or copy materials on an as-needed basis. Not ideal when you want a program that is clean, consistent, and effective.

Just short of literally giving step-by-step instructions on how to develop and launch a gift planning program, the Essential Solutions Toolkit provides a sample of almost every letter, form, policy, procedure, and marketing piece that you need to start your gift planning program. Plus, Essential Toolkit also offers conference calls to answer questions or provide guidance, which is really helpful when you've run out of "aha" ideas.

Given the trillion-dollar transfer of wealth that is anticipated in the next 30 to 40 years, gift planning is an evolving and growing field with great revenue potential. We have the resources to help us best serve our donors and our organizations, through CAGP conferences, "Key to the Sector" workshops and wonderful publications such as "Gift Planning in Canada". And now we can add to this inspiring and useful list the Essential Solutions Toolkit, a gift planning mentor, of sorts.

For more information: www.pgsolutionsinc.com

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Community radio and Planforgifts.com: A review

BY JENI PIEPGRASS

The arts and science of gift planning constitute a significant chunk of knowledge. For those of us who are new to the field of fundraising, gaining the skills and experience required to implement a planned giving program can be a daunting undertaking.

For any of you out there who find yourselves in this boat, as I did a few months ago, Leslie Howard is here to help with her excellent, comprehensive website, Planforgifts.com.

I officially entered the field of fundraising in January of 2007, when took on my new role as Development Officer with CKUA Radio, Alberta's only province-wide, listener-supported, community radio network. CKUA has a proud 80-year history of broadcasting in Alberta, and defines itself as a home base for music lovers throughout the province and around the world (tune in at www.ckua.com if you're not able to pick up our signal from one of the 17 transmitters in Alberta), offering eclectic 24-hour programming that is driven by a community passionate about music. Our schedule includes folk, jazz, indie-rock, country, funk, blues, classical, and everything in between.

CKUA relies on its donor base for 59% of its operating budget. The balance is raised through the revenue generated by limited advertising, rental, technical services, and support from the provincial government in return for designing, housing, and maintaining Alberta's emergency public warning system. We have a strong track record of successful, semi-annual on-air campaigns which have consistently exceeded their goals. Most recently, the Spring 2007 campaign raised $542,000. We are fortunate to have a large, dedicated donor base, including over 9,000 subscribers making monthly gifts.

CKUA did not have a formal planned giving program when I arrived, but, poised to build on the strength of the annual giving program, CKUA's leadership had identified gift planning as a major priority. I was eager to contribute to achieving this goal. My previous experience in film and television development equipped me with skills in grant-writing, relationship cultivation, and project management, but I found myself lacking in the technical knowledge required to confidently pitch, accept, process, and steward complex planned gifts, and clearly needed to get up to speed.

I soon discovered there is an abundance of introductory learning opportunities (seminars, publications, etc.) that focus on why gift planning is important, and provide an overview of the main gift planning instruments. Beyond that, finding a source to provide clear, detailed how-to information was a challenge. For example, I was quickly able to find information about the benefits to the donor and the charity that came with gifts of publicly traded securities, but when I went looking for procedural information about how to equip my organization to actually accept and process such a gift, I found myself in the dark.

Planforgifts.com is precisely the kind of illumination I was looking for.

Leslie Howard's extensive experience, first in finance and estate planning, and more recently as the Director of Gift Planning for a major hospital foundation, has been effectively translated into a primary how-to source for gift planners. The protocol and procedure information I was struggling to grasp is there in abundance, and much more. Planforgifts.com goes well beyond the nuts and bolts of the various gift instruments, and provides users with a complete tool set that enables policy crafting, inflow projections and gift tracking, effective database mining, meaningful recognition, program marketing, and success measurement. This holistic view of the planned giving program is one of Planforgifts.com's greatest strengths. Not only does it provide the tools to establish an effective planned giving program, but it offers good advice on how to maintain and manage the program as it grows over time. For example, in addition to information about how to develop gifts through bequests, Planforgifts.com includes a section on the gift planner's role in estate administration and how to manage the actualization of a planned gift.

Because of the depth of information available, the user looking for a quick answer or solution may be frustrated. Be prepared to invest some time reading, comprehending, and extrapolating the advice to the nuances of your organization and its donor base. But, the site design is intuitive and easy to navigate, with easy to print pages for those of us who prefer paper for reading and note-making as a part of the learning process.

Planforgifts.com organizes the bulk of its information under two headings: "Strategic Plan" and "Tool Kit". In most cases this separation is logical and serves the material well, but on a few occasions it results in the duplication of information which can bury important new tidbits not offered elsewhere on the site. For example, there are marketing sections in both the "Strategic Plan" and "Tool Kit" sections of the site; the latter is largely the same information your find in the former, but way down the page there is some new, valuable information about tribute/commemorative giving which could easily be missed. To truly get the most out of Planforgifts.com, a significant time commitment and focus on the material is required.

Another very useful feature found on Planforgifts.com is the downloadable templates section, offering .pdfs and .docs (for easy adaptation) of a wide range of gift planning tools, including policy templates, gift acceptance and processing tools, tracking mechanisms, marketing materials and stewardship models. This valuable resource enables gift planners to build on existing knowledge and experience and avoid re-inventing the wheel.

Planforgifts.com is rounded out with a relatively short list of other online resources for further information. Given the complexity of some giving instruments, and the frequency with which Planforgifts.com encourages the user to seek expert advice when evaluating or processing the more complicated types of planned gifts, there is definitely room for growth in this section. Resources from supporting industries, or links to professional associations (i.e. insurance brokers, property appraisers, estate planners) to give users a starting point for building out their pool of professional advisors would be a good addition to this section.

All in all, Planforgifts.com offers a depth of information I have not been able to identify anywhere else to date. The site goes well beyond the various giving instruments and how they work to offer the user a comprehensive overview of all the components a strong planned giving program should have. And, the price is very reasonable - only $10 a month plus GST and that is reduced to $7 a month for CAGP-ACPDP members. Planforgifts.com also offers a special rate for group memberships with 5 or more people. Considering the value the information on Planforgifts.com can generate for an organization, the benefits of membership far outweigh the costs.

For more information: www.planforgifts.com

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Strategic Volunteer Management

BY SUE KENNEDY AND
DR. JOHN A. BULMAN, CM

We have been asked to share with you our thoughts and experience about using volunteers effectively in your planned giving program. This inherently presumes that you agree volunteers could and even should be used in this area of fund development.

It just so happens we both strongly value volunteer participation and support the notion in a strategic sense. We both work hard in ensuring the collaborative effort is ultimately successful amidst the challenges and the opportunities we've encountered over the past few years in our work with The University of Winnipeg Foundation.

> *"Volunteers are not paid, not because they are useless, but because they are priceless." - Voltaire*

So…let's begin at April 1, 2003 when The University of Winnipeg Foundation was born. The University may be celebrating its 40th year in September, 2007, but its Foundation is just 4 years young and in a definite growth spurt.

Needs and Objectives

"Where do we start?" This was a familiar refrain 4 years ago. The Foundation was getting established and along with it an understanding of and commitment to gift planning as part of its future activities.

In these early stages we needed to put the structural framework of the program in place within the context of The Foundation.

We needed assistance with:

- establishing gift acceptance policies;
- governance matters, including terms of reference for committee membership (eg., terms of reference and a Volunteer Confidentiality Agreement);
- developing marketing materials for donors (eg., Annual Report and Legacy Circle brochure).

This stage in our program development required us to define and describe unique skill sets for a special team of volunteers, mostly Board members. They provided professional guidance, with their legal, accounting, and tax knowledge, to set the program up.

Volunteers were then recruited to provide additional resources at start up and because they provided specific expertise that wasn't otherwise available among an initial staff of 4.

The Foundation has progressed into the next stage of our gift planning program, with dedicated staff, and we have actively recruited 2 distinct teams to help us achieve our program goals at this stage.

1. Core Committee – recruited to assist in further developing the program, exploring our world of alumni prospects, making donor contacts, and helping to make the "ask";

2. Professional Advisory Council – recruited to assist in the technical aspects of gift planning and realized gifts, where needed, and hopefully help us in creating an awareness of our program as a way of supporting education, and The University of Winnipeg in particular, as they come across clients who value education and are looking for ways to leave a legacy.

But you may already have an established gift planning program and require expertise with a totally different skill set in developing or even enhancing donor recognition and stewardship programs.

In any stage, a key element in a successful and enduring relationship or partnership between staff and volunteers is a clear understanding of each person's needs and expectations and, with a bit of luck, a good match of abilities to the requirements at each stage in the development of your program.

Volunteer Roles

Selection, recruitment, and training of volunteers are the keys to effective use of this valuable resource.

There is nothing worse than wasting that valuable commodity – your volunteer's personal commitment of time and energy in supporting your program.

Volunteers need to be clear on the organization's mission and its message, and the role they will play in achieving the program objectives.

Terms of reference outlining the responsibilities and expectations of the committee/role are invaluable and critical in recruiting potential candidates.

One of the inherent challenges in recruiting planned giving volunteers is the long-term nature of the work and the deep relationships that may develop over many years. Volunteers are not a long-term resource, so stewardship necessarily becomes a staff role, although volunteers can still be valuable in opening doors and enhancing staff credibility with a potential donor.

Carefully selected volunteers can add great value to your program as their long-term connections with your organization can expand the reach into both your organization and the broader community. Volunteers can provide expertise and understanding of the needs in the community and how these needs might relate back to your organization's goals.

To summarize:

- Understand what the objectives are;
- Understand the role each volunteer will play;
- Recruit volunteers with the skills and motivation to match your organization's needs;
- Be crystal-clear on their roles and the timeframes to ensure the volunteers are prepared to and able to carry out all the requirements of their assignment;
- Monitor progress and provide support when necessary, but don't micro-manage your volunteers;
- Learn from your mistakes and celebrate your success;
- Thank and recognize their efforts.

Valuing Volunteers

The Foundation's staff agrees with the view that selection, recruitment, and training of volunteers are the keys to effective use of a valuable resource. John and several of the Core volunteers were "inherited" by the Foundation, having previously served the University in other vital roles. Their wise counsel, long standing relationships, and commitment to The University of Winnipeg are widely valued and appreciated. There is really no better 'champion" for the gift planning program than individuals with a similar level of contribution, involvement, and engagement with the institution.

John has become Sue's "sounding board", with the committee members serving as an in-house "focus group" on many occasions. Their opinions and comments have proved invaluable in many ways as we've stumbled through our first few years together.

We have gone on to recruit other equally valuable volunteers as we begin to reach out in the next stage, for example staff and faculty who are well known and respected within the University, and either are nearing retirement or recently retired. We have even managed to recruit a longtime volunteer who recently left us a legacy gift. She is thrilled to be involved and feels she can help us educate and build awareness throughout the campus, and even the community, about our program.

This group of volunteers is expected to demonstrate their value as we progress into a more active phase of "asking" for a legacy gift, as they can open the doors and their request as a volunteer who personally and passionately supports the institution lends much more weight than any paid staff. Prospective donors will see the commitment of the volunteer through their personal time and likely financial resources.

Peer to peer solicitation – one of the basic fundraising principles – continues to be an important key, primarily because it works so well.

Under the category of "special expertise" would be our recently recruited Professional Advisory Committee. This group is comprised of 8 professionals involved in the area of planned giving and includes an investment advisor, financial planner, trust officer, lawyer, and accountant. They will not meet more than a few times a year but are willing to help us out on an "as needed" basis, as complicated gifts are realized or we speak with prospective and current donors who might have technical questions of us.

We provided them with an orientation that included:

- an opportunity to learn about some of the current projects and strategic direction at The University of Winnipeg;
- an opportunity to get acquainted with each other, with the Core Committee, and The Foundation's senior staff;
- an opportunity to ask questions and provide feedback on whether we appeared to be headed in the right direction in these early stages of our program development.

Supporting Volunteers

First and foremost, the overall program objectives should be reviewed and be understood, with "buy-in" by the volunteers. What are you asking the volunteer to do…and in what timeframe?

Provide appropriate orientation and training, customized to the volunteer. Some volunteers will be more comfortable than others in asking people to consider a gift, or perhaps some volunteers will have a deeper knowledge of your organization than others.

To help facilitate the call and the "ask" provide as much appropriate background research on the prospect/donor as you are able, including:

- what, if any, connection is there to your organization (alumni? longtime donor?);
- history of giving—lifetime, and consistency of gifts;
- what is the potential capacity for giving?

RESEARCH! RESEARCH! RESEARCH!

Your database, and its management, is also critical to an efficient, effective gift planning program, from prospecting to stewardship of your donors and volunteer management.

Database management:
some definitions of 'database':

"a comprehensive collection of related data organized for convenient access, generally in a computer."

-or-

"A collection of data arranged for ease and speed of search and retrieval. Also called data bank."

-or, quite simply,

"an organized body of related information".

What is your organization's capacity? A manual spreadsheet or a fully integrated system? Not everyone has access to a state of the art computer system, but this need not be an obstacle to effective gift planning.

Some questions you need to be asking….

- what's in your database?
- what information/intelligence are you (and other staff and volunteers) collecting for each record?
- are you using it, and how effective is it? (eg., campus retirement interviews – good example of both a prospecting tool and background research to populate the individual record)
- what coding is possible, and what are the reporting needs and requirements – for you, the organization, and your Board?
- can you track activity and link it to program goals?
- are you avoiding GIGO syndrome (Garbage In, Garbage Out)?

Volunteer management and support:

- All your activity will need to be monitored to keep you on track to achieve your program goals – both short-term and long-term. Regular team meetings work well for this communication.
- Reporting activity and success to your volunteers, other staff, and Board members provides motivation to your volunteers, documents the number of calls/approaches, number of bequest expectancies, or other gifts secured.
- Identifying prospect assignments so volunteers and staff aren't tripping over each other (prospect clearance).

Other areas of support to consider:

Ongoing education about your organization: its strategic direction, new projects, benefactors or recipients of service…in our case it's the many stories about our students or faculty members and the processes or "steps" that are required to cultivate and secure a planned gift.

Ongoing education about planned giving in general, for example last year's announcement that the Federal Government had eliminated the tax on the capital gain of publicly traded securities when donated to charity.

Why DO people volunteer?

Understanding WHY people volunteer helps you determine where best to employ this resource within your organization. What skill sets and interests do they bring to the table, and where is the best fit?

There are likely as many reasons WHY people volunteer as there are volunteers -- but let's look at some common motivations.

- People want to make a difference in their community – to improve life in some way, through health, safety, living conditions, etc.
- Volunteers have deep rooted generational family connections to the community.
- Newcomers want to integrate and meet people within the community and get to know their new home. (These are the volunteers that will be more interested in getting out and interacting with others rather

than engage in researching issues in smaller focus groups, for example.)

Volunteers who are interested in a community profile for business reasons will likely prefer to make more public presentations and actively meet with prospective donors. Recognition is more important to this volunteer, both within your organization and in the community.

Others simply got involved at some point in an organization and have grown with the organization, every step of the way. Their personal passion and commitment runs deep and is invaluable to the organization. They are the true ambassadors.

Finally, our communities offer incredible opportunities for people to get involved and learn and grow beyond their day to day lives and careers. Some volunteers are content to lend their professional expertise on Boards, etc. whereas many others will want to do something "completely different" from their chosen professional careers.

We can return to the first point – people want to simply "make a difference" in some way. They want their investment of time and energy to translate into some tangible "good". Volunteers want to help another person, or an organization, or their community. Volunteers in gift planning want to create legacies to support their organizations in the future. And people generally don't leave legacies unless they've been asked.

According to the *Leave a Legacy* website…

> 81% of Canadians contribute to the nonprofit groups of their choice throughout their lifetimes.
>
> But only 7% of people continue that support through a gift in their will.

Research also tells us that….

> 34% of Canadians stated they would consider making a charitable bequest if they were asked and if they were made aware of the benefits to them and their community. That's almost five times as many people who would consider leaving a bequest if they were asked.
>
> If only 20 % of Canadians left a charitable bequest, the current number of charitable bequests would be almost triple. Imagine what the impact to charitable organizations would be if the 80% of Canadians who give during their lifetimes also made a charitable gift through their estate plans.

It's now up to all of us to provide the goals and opportunities for community involvement and celebrate the successes and contributions along the way.

And it never hurts to have a little FUN along the way!!

Conclusion

What are the challenges and opportunities of involving volunteers in planned giving?

Some **challenges** might be:

1. Volunteers are not a long-term resource, certainly not as individuals. This may challenge the continuity of any program and the stewardship of donors.
2. Volunteers make demands on staff time – they don't replace staff.
3. Fundraising staff may take for granted that volunteers will feel comfortable with the "ask" – and not devote adequate time for recruitment, training, and orientation. This will challenge the very success of the program and its related activities in the long term.

So, how CAN volunteers strengthen our gift planning programs?

Some **opportunities** might include:

1. Supporting staff roles
2. Opening doors

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Planned Giving Solutions Inc.

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3. Creating and stewarding relationships
4. Acting as advisors, often with specific professional skill sets
5. Championing and promoting your program with passion
6. Bringing a big-picture perspective

So…should you or shouldn't you engage volunteers?

We hope we've been able to convince you that if you're not currently utilizing volunteer resources in your programs you might consider a shift.

If you do already engage volunteers in your program delivery we hope that we've been able to provide you with some additional "food for thought" in areas where you might not be utilizing them as effectively as you might like to or could in the future.

This paper was adapted from a presentation to the Kaizen 2007 Conference held in Winnipeg in June 2007.

-Editor

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BEING a Governor: A Process for Board Development

KEITH SEEL AND ANDRÉE IFFRIG

This excerpt is from a booklet which builds on a research project funded through a Community Support Centre Grant from Volunteer Canada. The research was conducted by the Institute for Nonprofit Studies at Mount Royal College, in Calgary, Alberta. The booklet includes pre- and post-project questionnaires, a discussion of Peer Learning Circles (PLCs) referred to in the May issue of GPIC, sample agendas, worksheets for each competency of governance, and a Glossary of Terms.

Introduction

If you're like the majority of people serving on a governance board, you spend part of every meeting with other governors pouring over financial figures, worrying about funding, and making sure your organization is transparent and ethical in all its practices. If this is the sum total of your board experience, we suggest you've been missing out on the more rewarding aspects of governance. We believe governance can be a meaningful personal exercise and have a profound impact on the organization and its community.

Let us state up front, that financial oversight and stewardship as well as other fiduciary responsibilities are the primary responsibilities of being a governor… but they are not the only ones. Our research on attitudes and approaches to governance, together with our personal experience serving on boards, have convinced us that governance can and should be more than an exercise in accountability and transparency. We've discovered that governance boards are more effective when members are willing to engage in a process of reflection, discussion and discovery about what it means to govern. This booklet is intended to ignite that willingness and debate.

Many governance volunteers join the board of a nonprofit agency hoping to make a significant contribution. All too soon, the demands made on them as board members and the board's conventional ways of getting things done erode their enthusiasm. They end up preoccupied with fiduciary matters – are the books balanced, will the agency raise enough money? – rather than exploring the agency's role in its community. Concerns with sustainability get boiled down to examining ledgers instead of the longer-term wellbeing of the organization.

It's our belief that many governance volunteers would welcome the opportunity to make a more significant contribution to their agency. Changing entrenched attitudes about what constitutes the business of the board is no easy feat, but it is possible. Participatory approaches offer a means for challenging conventional ideas and creating conditions for change.

This guide begins with the question, "What does it mean to govern?" The peer learning circle methodology we recommend for exploring this issue helps board members tap into their collective understanding to come up with answers. Ultimately, this process of reflection, discussion and discovery creates new ways of working together for board members. It leads to innovative thinking and strategic decision making. The board gains a broader perspective on its role and that of the organization in responding to the external environment.

What this guide could do for your board

What relationships does your board need to develop in order to ensure that your agency's mission is fulfilled? What would your board have to do so that your organization is really meeting the needs of those it claims to serve, now and five years down the road? This guide will help move you to a level beyond reviewing budgets and approving motions, to a place where you can grapple with these larger questions.

Beyond Budgets and Motions

A governance board can concern itself with much broader terms of reference than reviewing budgets and making motions. If your experience as a board member has been with boards that narrowly defined their mandate in this way, you may only just have scratched your potential as a governance volunteer. The first step in reaching your potential is to understand what might be keeping the boards you've served on from aiming higher with expectations for board performance. As a second step, we'll examine the need for change and what the bigger picture looks like for governance boards.

Boards today operate in an environment that demands increased accountability to a variety of parties concerned with the success of the organization: government authorities, funders, clients, staff, individual donors and the community. Changes in procedures for hiring, retaining and nurturing employees, as well as regulatory changes and shifts in social policy make for a more complex operational environment. Add the lack of clarity about the roles and responsibilities of the board vis-à-vis the community and the organization, and you can see that governance is a challenging activity .

From our research, we've ascertained that most literature on governance is focused on the following set of responsibilities for governance boards:

- Fiduciary – reviewing financial statements, ensuring the organization is solvent and behaving in an ethical manner, exercising legal accountabilities and dealing with liabilities
- Task and process – setting agendas, running meetings, making and passing motions, and dealing with employment issues
- Strategic – reviewing, revising or drafting organizational values, setting goals, planning for the future from a financial perspective and meeting projected growth targets

If you wanted to come to a deeper understanding of what it means to govern, you'd be hard pressed to find direction. There is a paucity of learning guides that actually address the question, *What does it mean to be a governor?* To complicate things, the answer to this question might not be readily summed up in a book. The best way to understand it is through an experiential and participatory approach.

Demanding times for governors

The fallout from large corporate financial scandals like Enron and WorldCom and some bad press about nonprofits that were also negligent or downright fraudulent have led to increasing demands for organizational accountability by regulators and funders. The upshot is legislation like the Sarbanes Oxley Act, American legislation which is having an impact in Canadian board rooms in both the private and nonprofit sectors. The act requires all publicly-traded companies to submit an annual report of the effectiveness of their internal accounting controls to the Securities Exchange Commission.

Nonprofit boards have responded to increased demands for accountability by focusing more on the fiduciary aspects of board governance rather than others which are just as important for the long-term wellbeing of the organization . Increasing calls for professionalism in managing money, people and outcomes has led to a need for enhancing capacity within the organization and on the board.

A variety of factors reinforce how the board behaves and where it focuses its attention. Beliefs about governance are reproduced through successive generations of board members. This makes changing beliefs difficult. Most nonprofit organizations tend to be conservative when it comes to change. There is an organizational culture in place and traditions take precedence over new ideas about how to govern or run the organization. When the topic of what it means to govern is raised, it tends to be through a process-based perspective, with the intent of improving the way meetings are conducted or how specific tasks are carried out. This stands in contrast to the grassroots, board-member, and experience-based perspective we believe is more productive in the long run .

Governors often come from boards in the for-profit world. Making the transition to the nonprofit sector can be difficult, complicated and unsuccessful if the differences between the two sectors and board expectations are not recognized. Social service agencies, for instance, need to be constantly challenging themselves with the questions:

- Are we relevant, and do we really make a difference?
- What are the social impacts we deliver?
- Does our economic base fit with our values and is it driving the kinds of programs and services we want to deliver?

A for-profit board is more concerned with maintaining shareholder value than with social impacts. We would expect the boards of nonprofit organizations to interpret their understanding of governance in a different way than corporate boards.

These points are a reminder that nonprofit organizations and their boards face changing times. Given the pressing social issues in communities and your agency's mandate to address some aspect of these, we believe it's time to reframe our understanding of what it means to govern. Rather than equating governance with strictly fiduciary accountability, we could broaden our definition to include accountability in relation to social problems. In this case, governance is a function of:

1. How the board determines its accountability to the agency's clients and the wider community, and
2. The processes it adopts to achieve a collective understanding of purpose in alignment with the organization's mission.

This "big picture" view of governance can lead to new insights about how the organization directs its energies for the future. A new vision may emerge, with greater clarity about the organization's passion, what it alone can excel at, and ways to achieve broader social impact.

Getting "change ready" is no mean feat. Large organizations in all sectors have spent untold dollars on change initiatives, only to be frustrated and frequently unsuccessful. We believe nonprofit boards of governance have a unique opportunity to move through change by recognizing that governing is a "participatory activity" in which governors can explore collectively how to enhance the performance of the board.

There is value in exploring beyond the usual confines or tacit understanding of what it means to serve on a governance board, through participatory approaches that develop a shared understanding among board members of their role on behalf of the organization. Peer learning circles represent one such incremental approach.

Summary of key points

1. If you would reach your potential as a governance volunteer, take time to examine the current culture of your board and its definition of, and practices around accountability.
2. If you want to come to a deeper understanding of what governance is, ask the question, *What does it mean to be a governor?*
3. Nonprofit boards are different from governance boards in the for-profit sector. Their accountabilities are necessarily different.
4. To remain relevant and able to respond to changing circumstances, governance boards in the nonprofit sector will have to change.
5. Changing the board's understanding of governance is an incremental process best conducted with a participatory approach.

The Six Competencies of Governance

If your board is like most governance boards in the nonprofit sector, it's composed of individuals with diverse skill sets and approaches to working together. Some governors will have considerable experience; others may be relative newcomers to a governance board. This diversity can be a real asset to the organization, but only if board members find a way to learn from each other's differences. Appreciating diverse skills and board competencies contributes to building the board's capacity in collaborating and finding solutions.

Governance has been defined as "a collective effort through smooth and suitable processes" to advance the best interests of the organization. Strengthening these processes in spite of (or because of) individual differences is essential for the board's collaboration to be productive and add value to the organization.

Extensive research on aspects of board governance has resulted in the identification of six distinct competencies which underlie board behaviour. We believe a board must possess all six to govern ably. These competencies have the following dimensions: contextual, educational, interpersonal, analytic, political and strategic.

Six competencies of governance

To be effective and add value to your organization, your board needs to build its capacity in two areas:

1. Your capacity to learn, analyze, decide and act, and
2. Your capacity in terms of managing internal dynamics on the board and responding to the organization's political climate.

Better solutions are created when governors become willing to deepen their understanding of the following aspects:

- Organizational culture
- Roles and responsibilities of board members
- Promoting inclusiveness among governors
- Encouraging experimentation and accepting ambiguity
- Respecting, consulting and communicating with other parties who have an interest in the organization
- Envisioning a direction and shaping strategy

Contextual Dimension of Governance

The contextual dimension of governance is the way in which the board understands and takes into account the culture and norms of the organization it governs. Specifically, the board:

- Adapts to the distinctive characteristics and culture of the organization's environment
- Relies on the organization's mission, values, and tradition as a guide for decisions
- Acts so as to exemplify and reinforce the organization's values (Chait et al., Improving the Performance of Governing Boards, 1996, p. 7)

Educational Dimension of Governance

The board takes the necessary steps to ensure that directors are knowledgeable about the organization, the professions it may work with, and the board's roles, responsibilities, and performance. The board:

- Consciously creates opportunities for director education and development
- Regularly seeks information and feedback on its own performance
- Pauses periodically for self-reflection to diagnose its strengths and limitations, and to examine its mistakes (Chait et al, *Improving the Performance of Governance Boards*, 1996, p. 7)

Interpersonal Dimension of Governance

The board nurtures the development of trustees as a working group, attends to the board's collective welfare, and fosters a sense of cohesiveness. The board:

- Creates a sense of inclusiveness among trustees
- Develops group goals
- Recognizes group achievements
- Identifies and cultivates leadership within the board (Chait et

al, *Improving the Performance of Governance Boards*, 1996, p. 7)

Analytical Dimension of Governance
The board recognizes the complexities and subtleties of issues and accepts ambiguity and uncertainty as healthy preconditions for critical discussion. The board specifically:

- Approaches matters from a broad organizational outlook
- Dissects and examines all aspects of multifaceted issues
- Raises doubts, explores tradeoffs, and encourages the expression of differences of opinion (Chait et al, 1996, *Improving the Performance of Government*, p. 7)

Political Dimension of Governance
The board accepts as a primary responsibility the need to develop and maintain healthy relationships among major stakeholders and constituencies. The board:

- Respects the integrity of the governance process and the legitimate roles and responsibilities of other stakeholders
- Consults often and communicates directly with key constituencies
- Attempts to minimize conflict and win/lose situations (Chait et al, *Improving the Performance of Government*, 1996, p. 8)

Strategic Dimension of Governance
The board helps the organization envision a direction and shape a strategy. The board:

- Cultivates and concentrates on processes that sharpen institutional priorities
- Organizes itself and conducts its business in light of the institution's strategic priorities
- Anticipates potential problems and acts before issues become crises
- Anticipates potential problems and acts before matters become urgent (Chait et al, *Improving the Performance of Government*, 1996, p. 8)

The direct link to the electronic posting on the website of the Institute is http://www.mtroyal.ca/nonprofitinstitute/governanceguide.pdf.

THE LAST WORD

In the April issue of GPIC, we introduced the creators of two web-based resources for gift planners: Colleen Bradley (Essential Solutions Toolkit) and Leslie Howard (Planforgifts.com). We thought both products showed great potential, so we assigned two relatively new gift planners to review them.

Our reviewers and first-time contributors to GPIC, Jennifer Laakonen and Jeni Piepgrass, both face unique challenges in their gift planning. They come to their current positions with varied and valuable experience, but have never been involved in creating a new gift planning program.

The universe of resources available to the new gift planner has remained static for many years. Conferences, RoundTables, publications, and manuals remain ubiquitous, but we thought a web-based array of templates and forms might offer a new dimension to the learning curve.

The enthusiasm in our contributors' reviews validates our assumption. As they describe their respective organizational, professional, and personal contexts, Jennifer and Jeni can be seen as a microcosm of Canadian gift planning: similar, but different.

They are consistent, however, in their "Aha!" experience using the new products. We should be inspired and motivated by their enthusiasm.

Twenty years ago, those charities with functioning gift planning programs typically used 'boilerplate' language in their documents, usually provided by their legal counsel or a lawyer volunteer. Such language varied widely, much of it was impenetrable legal-ese, and some of it was simply wrong.

In developing their products, Ms. Bradley and Ms. Howard have drawn on the broad expertise that has evolved over the past two decades. The nature of these web-based resources means they can be updated or amended instantly, and that they are at the fingertips of their respective subscribers.

All in all, a great leap forward for gift planning in Canada.

-- JWH webster@jrtwave.com

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