

The Nonprofit Founder's Club Podcast Transcript

[00:00:00] Welcome to the Nonprofit Founders Club. This is a meaty episode. So download the transcript so you can highlight and take notes on your ideas to implement. All right. We have been talking about the build a non-profit framework and in case you missed it we talked about last episode, the [00:00:30] overall framework.

[00:00:31] And today we are diving deep into the infrastructure leg of that framework. There are nine steps that fall into the infrastructure pillar, and that is the topic for today's episode. The nine steps were born after I tried Googling start a nonprofit and found tons [00:01:00] of information on the actual steps to create a nonprofit and nothing about what happens once you have your 5

[00:01:08] 0 1C3. I hear that over and over from Founders too there is a sentiment of now what. It was out of my frustration that I sat down and researched why new nonprofits fail the first year. My research showed over and [00:01:30] over that lack of infrastructure and lack of funding were the two main reasons nonprofits fail.

[00:01:37] So I began asking what infrastructure builds. I mean, let's go ahead and kill two birds with one stone. Right? So what needs to be in place to create a nonprofit that can easily find funding? And that's when the nine steps were formulated. [00:02:00] They are the foundations of the infrastructure pillar of the build and non-profit framework.

[00:02:07] So let's go deeper today. The first area of the framework is management and it all starts with your board. You cannot do this alone. So get your board together. Odds are you have [00:02:30] your necessary three members of your board because that's the minimum you need to get your tax exempt status. But you've probably built in more than three into your bylaws.

[00:02:43] So now is the time to start expanding that board to start getting all of the board members that are in your bylaws. So let's talk about the importance [00:03:00] of your board by starting with their responsibilities. If

you're really new to board work, then you probably don't don't know or understand what your board's responsibilities are.

[00:03:15] So let's talk about that. I saw someone post on Facebook once passion should be a given like water being wet, but the power of the board. Is [00:03:30] in their individual and collective hands to make great things happen with goals and tools and strategies. Passion is kindling strategy is fire love that quote about your board and how there is passion.

[00:03:51] There needs to be passionate. Strategy. So what do we do with [00:04:00] boards? What are their responsibilities? Well, their primary goal or responsibility is to steer the ship and by ship, I mean the organization. And so they're going to do that by putting together a strategic plan. Now, the way I teach. I have the founder put together the first strategic plan simply because that's something you can do while you're waiting on a full board or while you're waiting on some other things, you [00:04:30] know the organization better than anyone else at this point.

[00:04:33] So by a founder putting together the strategic plan right now I think that that is a good use of time. And then what you will do is once you have your board, you will be able to present that strategic plan to the board and say, this is what I'm thinking. What, what is your input? And then you would approve the strategic plan at some [00:05:00] point.

[00:05:01] So but then going forward after that first strategic plan, your board should be involved. Making that plan. So that's why as part of steering the ship, because your strategic plan is your roadmap, right? The next thing that is your board's responsibility is to set goals for the overall organization.

[00:05:25] And so that would need to be something that you would do [00:05:30] probably once a year. And that might come at a budget time setting those goals and priorities. The organization next, they need to provide a roadmap and we have three different roadmaps that Founders should have in a new organization.

[00:05:50] That is your strategic plan. We've talked about that one. The second one is your fundraising plan. You should have a fundraising plan in [00:06:00] place. It is the map of how you are going to get funding for your organization. And then the last roadmap is your program development document. This document will lay out your program.

[00:06:18] And if you use my program development template, You have the 10 common grant questions answered in that template. So [00:06:30] when you get ready for grants, which you aren't right now, but when you get there writing that proposal is going to be so much easier because you're going to have all the information you need right there.

[00:06:42] Okay. The next thing. Boards are responsible for is to be the leader of the organization. So they're going to lead with their experience and expertise and they are going to lead with their wallet. No one, [00:07:00] no one wants to follow someone that is asking them to do something they aren't willing to do themselves.

[00:07:08] So they have to be willing to give. If they are asking others to give, they have to be willing to give and have to be able to tell people why they give all right next, there are some legal and fiduciary responsibilities that the board [00:07:30] has. And so we will talk more about that a little bit later, but just know when you ask someone to be on a board, There it's a heavy thing.

[00:07:42] There is really something that you are asking them to do, and it should be taken very seriously. All right. There are some tax liabilities that board members will have. And so let's talk about that [00:08:00] just a little bit too. This is important. So board members can incur tax liabilities in certain circumstances.

[00:08:10] So if the IRS takes a look at your organization and finds that the pay for the nonprofit team is excessive. Now this might not apply right now, but it will. Individual members of the board can be held liable. The tax law even has a provision that hits charities with an [00:08:30] excise tax of 20% on compensation above \$1 million for a nonprofit's

[00:08:37] top five highest paid employees. Now this is just one of the tax liabilities the board can take on, but for more information consult, your tax professional may not apply right now, but you need to be aware of these things. Because like I said, being on a board is not something to take.

[00:09:00] Now the board is also required to report financials on local, state and federal levels.

[00:09:08] So not doing this can make you lose your tax exempt status at best. So these are things that your board needs to be doing. There's also a duty of care. So board members have a legal responsibility to serve the organization

in a similar manner [00:09:30] than any other reasonable person of legal age would behave.

[00:09:36] If they have to do it in a way that is, and they have to do it in a way that is not reckless. For example, a misuse of funds voting themselves a bonus after a profitable one. Fundraising campaign that is a misuse of funds. So they have a legal responsibility to [00:10:00] make sound decisions. They also have a duty of loyalty. This means each member separately, and as a group of the board has a responsibility of loyalty to the non-profit. The way that a board member demonstrates his or her commitment is not by personally gaining from the access or information they obtain.

[00:10:28] That's an example. [00:10:30] Alright, duty of obedience. All board members have a legal responsibility to remain faithful and obedient to the organization's mission. Vision and goals. Nonprofits are tax-exempt and boards are entrusted by society to ensure the financial integrity of a group. All right. So here [00:11:00] are some action steps to protect the nonprofit.

[00:11:04] So annual board training and onboarding. This is so important. Many times I find board members don't really understand what they've gotten themselves into. So by doing an annual training, Doing onboarding as they come on will definitely help in this respect. So what are some of the things [00:11:30] that you would want to train or onboard your members?

[00:11:34] All right. So first of all, the bylaws, they need a copy of the bylaws. They need to have read the bylaws. They need to understand the bylaws. There's the strategic plan and goals. If you already have. Those things on paper and in place, they need to know that they need to see that they need to know them, the mission of the organization, the vision for the organization, the fundraising plan, [00:12:00] job description, especially if they are officers, the expectations of the organization for their board members, a code of ethics and To make it easy nonprofit founders, you has a free board training.

[00:12:19] So find the link in the resources section, and you can get that free training that would satisfy your annual training. [00:12:30] Okay. Next you need insurance. Not a lot of people understand that. There are some states that require it. You'd have insurance, even if you have all volunteers like in Georgia, where I am Georgia requires a workman's comp insurance.

[00:12:52] If you have three people in your organization, volunteer or not, you have to have workman's comp [00:13:00] . It is the law. So make sure you have

those things that keep you legal. Talk to an attorney and a CPA about any of those things, any of the things that we're talking about that you really need an in-depth information on, I am not an attorney.

[00:13:19] I am not a CPA. So please consult those professionals. All right. So how does fundraising and [00:13:30] the board connect? So fundraising begins with the board and the fundraising committee, board members lead by giving people don't like to talk about this, but it has to be said, board members should be getting in donations and, or giving themselves it's what leaders do.

[00:13:54] They should help execute plans, especially if you are a working board, which if [00:14:00] you are a new nonprofit, your board is a working board. So they need to help execute those plans. This might mean participating in a fundraising or rolling up their sleeves and doing the work when you are a new nonprofit. They should also not think small, like a civic organization, they will help you think of fundraisers that will bring in larger [00:14:30] amounts of money.

[00:14:31] So no more events of the month. I was actually part of a board, a new nonprofits board, where this was a problem. Everyone on the board. When they came up with fundraisers for the nonprofit, it was the fundraiser of the month. One month they would say, oh, so-and-so is doing a 5k. We need to do a 5k next month.

[00:14:58] You don't put together a [00:15:00] 5k in a month. Can't happen, but that's what they wanted. Or, you know, let's go sell donuts. These are small thinking fundraisers, and they're not going to get you very far. So your board needs to start thinking on larger scales. Fundraising plan will help you do that. All right.

[00:15:23] Now question, everybody wants to know how do you find [00:15:30] board members? Well, first of all, you figure out what skill set that you and your organization need. So how do you find board members? Figure out what skill sets you and your organization needs.

[00:16:00] Don't stack the skills. I see this in so many boards. So what do I mean by stacking skills? Stacking skills happens when you have too many people with the same skill set, you will have a large gap in what you have and what you need.

[00:16:22] An example would be having two or three marketing people, but no one with bookkeeping or organization skills. [00:16:30] So don't stack your skills, make your list and contact people once you know what skill sets you need. That's what you do. So make a list of 20 people, have your board help you make this list and make sure when you talk to these people, you are sharing your vision and your passion because it will be contagious.[00:17:00]

[00:17:00] When you're making your list, you start with people, you know, and then you ask your board for people. They know that's where you start next. You have a strategic plan. The strategic plan will help you decide who you are as an organization and where you want to go. Do not skip this step. It includes a minimum.

[00:17:29] Here is [00:17:30] the table of contents for a strategic plan. You're going to have an executive summary, an organization description, your mission statement, your vision statement, your value statement and your goals and strategies. That is a very basic and simple strategic plan. And that is the outline for it.

[00:17:53] Okay. The free nonprofit founders club, Facebook group has [00:18:00] a template for a strategic plan available to its members. So if you want the actual template, join the Nonprofit Founders Club free Facebook group, the paid membership Nonprofit Founder Society has a lesson that walks you through the process of writing your Strategic Plan.

[00:18:22] So if you want a little bit more hand holding you can join the membership and get that lesson to [00:18:30] walk you through that strategic plan. So I'll put those links in the resource list. All right. So now think big picture on this step. It should be a five year plan. Where do you want to be in five years?

[00:18:50] This is truly a 30,000 foot view. It has milestones for each goal, but that is as far as a strategic [00:19:00] plan goes, think of it as a zoomed out view of Google maps. It has a pin of where you are and a pin of where you want to be and a line connecting them. But no other information. You will need to attach a five-year strategic plan

[00:19:22] when you start applying for grants in a few years. So this is really an important step. Some [00:19:30] examples of things you may want to accomplish in the next five years may be a physical location, a program to

further your mission to raise X amount of money or to be grant ready in year three. All right. Now we are moving on to the tactical plan and.

[00:19:50] The tactical plan is a step by step action plan to your five-year goals. Now, going back to my Google maps analogy, [00:20:00] this is when you put in your location and your destination and click directions. So you're going to write out each goal in your strategic plan and ask yourself, what will we need to do this year towards the goal?

[00:20:17] So an example would be. A strategic goal to be grant ready in three years. All right.

[00:20:27] Then the action steps would [00:20:30] include deciding what project you would want to fund through grants and measure outcomes. For two to three years, it would also include getting the documentation together that grants require. Right now, you're going to write a budget to go with your tactical plan. This will become your yearly budget.

[00:20:51] It's also called your general operating budget. I will add here that your [00:21:00] fundraising committee can be working on the fundraising plan during this step. They will want to add their budget to your general operating. All right. Next, we have program development. The program you develop now will be your signature program.

[00:21:20] It will be the program that is deeply rooted in your mission and known in the community. Now I have a template that helps you create a [00:21:30] program that will be grant ready, and I'll put that link in the resources section for you. So let's take a closer look at a program. So we start with establishing the background of the program.

[00:21:45] This will help keep you away from the, because we've always done it mentality. Keep in mind that programs have a lifespan, and will eventually evolve or need to be dropped. [00:22:00] Putting on paper. The purpose for the program will help you organize and will help your organization, make the decisions to evolve or discontinue the program.

[00:22:13] Next you will want to record the need and how you discovered the need in the community that led you to start the program. Some organizations will commission a needs assessment. Sometimes it can be as easy as serving

your clients or potential. [00:22:30] To see which needs are most important to your ideal client.

[00:22:36] Last, you will get into the nuts and bolts of the program. You will want to establish a budget for who the program serves, how services will be delivered, the staff needed and how you will evaluate the effectiveness of your program. All right. So the second area of the framework is [00:23:00] policies and procedures.

[00:23:00] And we're going to talk about that now. So we have management policies and procedures. Now a policy is a written set of rules that all board members, staff, and volunteers have to follow. Procedures are steps to follow, to get a result, a desired result. This is important to know. Some examples of policies needed by the IRS form nine 90 [00:23:30] and your first policies you will need include.

[00:23:35] All right. Get your pen and paper ready. We are going through the list. There are none of them. So first is the conflict of interest policy. You'll find this on the part six section. There's a question on the IRS form nine 90. So you need the conflict of interest policy. You'll need the executive [00:24:00] compensation approval process.

[00:24:02] You'll need the document retention and destruction policy. You'll need a gift acceptance policy meeting minutes document practices. Review process of form nine 90 by the board of directors, you'll need a whistleblower policy, a joint venture policy, if [00:24:30] applicable, it may not be applicable to your nonprofit and another if applicable is a policies regarding chapters, affiliates, and branches, that may not be something that you have to worry about.

[00:24:44] Okay. So those are the policies and procedures that you need the very first. All right. So examples of systems that you might want to set up right now are accounting. So how to [00:25:00] record income and expenses, and then the application process for your program, how does someone apply for your services? All right.

[00:25:10] Now, we go into the fundraising policies and procedures. These systems are different from the previous step. These are your fundraising and marketing systems. So examples are handling a donation. This is incredibly important. [00:25:30] So when it comes in, how's it handled? What is the

process to get it? In your hands to, in the bank, the IRS and auditors have procedures.

[00:25:41] They look at this one, this is what the IRS and auditors are gonna look at. So credibly important. So for example, the person who deposits the donation cannot handle any other part of the process. Like. The donation or [00:26:00] recording it. That's one of those things that auditors look at and the IRS.

[00:26:04] So your policy needs to include that information. All right. So then determine how you will communicate with your donors. Will you use email direct mail? How will your donor be acknowledged or thanked for their donation? So you're going to think through these processes and write them. Now we get [00:26:30] to fundraising foundations.

[00:26:33] This is your website, your social media. You will want a professional looking website with online giving capabilities. This website should include a minimum of a home page, a donation page about us and a page with upcoming events. Now. Sign up for one social media platform. Just one, I [00:27:00] suggest Facebook simply because so many people are on there.

[00:27:04] Start with one and keep it simple. Be consistent by posting three times a week to start. Once you get people on that one. Social media platform. And you start understanding your ideal donor. You may want to branch out to other social media platforms, but until you've refined some of your data, one social media [00:27:30] platform is all you need.

[00:27:31] So make sure there is someone assigned to update the website and social media, once you have them done, that is very important. Nobody likes going to a website or a, or a social media page. And finding there's nothing current. It will make people wonder if you're still in business. All right.

[00:27:55] The next thing under the fundraising foundations [00:28:00] is your ideal donor. You're going to use your fundraising marketing committee for this step. This step can start. As soon as this strategic plan is complete. The ideal donor is the person most likely to donate to your cause. So understanding who this person is, will help you find, attract and talk to them.

[00:28:25] It is the whole purpose for defining [00:28:30] your ideal donor. So this doesn't have to be a long drawn out process. If you want more information, join the nonprofit founders club. Facebook. Because we had a

five day challenge that is in there all the time. And you can take that challenge and get that ideal donor identified and check that off your list.

[00:28:55] All right, next, we have the fundraising essentials and they are the things [00:29:00] that.

[00:29:04] Next we have the fundraising essentials and they are the things that need to be completed before your organization gets a donation. They include. Payment processor who will process credit card and online payments. You'll need to sign up, sign up and submit your information. And this can take some time depending on who you [00:29:30] choose.

[00:29:30] Next. You'll need a donation page. You'll need a page on your website where people can donate 35% of donation. Donors will give 35% more online than by any other means. So this is an incredibly important thing for you to get done is your donation page. [00:30:00] Next, you have an email service provider. This is a separate entity that will hold your emails.

[00:30:08] That will. B how you send out mass emails. And this is where you will begin collecting email addresses of potential donors and actual donors. Next, you need accounting software. You may set those up in the management section or in your policies and [00:30:30] procedures, but if you don't, then you must have one.

[00:30:33] By the time you get to this part. And last we have the donor database. This is where your donor information will be housed. Most nonprofits start out with an Excel spreadsheet, but there are other options. So take a look at those. All right. That's an in-depth look [00:31:00] at the infrastructure leg of the framework.

[00:31:02] This leg allows you to set up the infrastructure needed to raise funds. So now it's time to get to work.