



Netlinks, March 2006

A Publication of Ruotolo Associates Inc.

*“A Full Service Fundraising and Public Relations Firm Serving the Non-Profit Community since 1979”*

## CONTENTS

- Non-Profit Governance
- FirstClass®: Helping Non-Profits Build Community
- Philanthropic Association Celebrates Anniversary With a New Name
- Staff Highlights
- Upcoming Events
- Current Client Listing

## NON-PROFIT GOVERNANCE:

### A SUMMARY OF THE 2005 NACD NOT-FOR-PROFIT GOVERNANCE SURVEY

By George C. Ruotolo, Jr., CFRE

Chairman and Chief Executive Officer

The National Association of Corporate Directors (NACD) recently published an article in *Directors Monthly*. I was pleased to co-author the article with Roger Raber, president and chief executive officer of the National Association of Corporate Directors, and Charles Gould, president of Volunteers of America.



The report highlighted the results of a 60-question survey, on which I consulted, of approximately 200 leading not-for-profit organizations. The 52 organizations that responded to the survey included the American Lung Association, the Susan G. Komen Breast Cancer Foundation, the American Red Cross, and National Public Radio, Inc. These organizations are categorized as large, established, “household name” charities. The average revenues for these non-profits are \$344 million; the reported average total donor contributions are \$88 million; the average number of employees is 2,669; the average board size is 37 members. Simultaneously, a survey on governance was administered to 114 trustees who serve on one or more not-for-profit boards.

Similar to their for-profit counterparts, non-profits are also feeling the pressure to restructure their governance policies. In light of the Enron, Tyco and WorldCom scandals and subsequent Senate hearings, non-profits are considering issues, including risk oversight, compensation, conflict of interest, etc.

### An excerpt of the survey results follows:

- 100 percent carry director and officer liability insurance
- 98 percent have a written conflict of interest policy
- 92 percent engage in fundraising
  - 9 in 10 require board members to contribute to the organization
  - 7 in 10 have documented fundraising strategy and specify expectations for trustees, including fostering greater donor engagement

- 86 percent have a code of ethics
- 85 percent have governance guidelines for their boards
- 81 percent have a governance committee
- 90 percent of respondents called governance “extremely important” or “very important”

However, some of the responses indicated the need for improvement in other areas:

- 70 percent have an independent compensation committee or have a policy for avoiding unreasonable compensation
- 23 percent have a formal CEO succession plan
- Less than 70 percent document expectations for the board, including making personal contributions and fostering donor cultivation

Ruotolo Associates recognizes that good governance practices by non-profits directly impact the organization’s ability to promote its mission and reinforce philanthropic efforts. Our work with our clients is becoming increasingly comprehensive, particularly in the areas of board development and governance. We feel compelled to look at volunteer as well as staff leadership to maximize fundraising efforts.

We encourage all non-profit organizations to examine their own policies, in comparison to the results of the recent survey as well as in response to the following questions:

- ***How often does my board meet?***
  - Non-profit boards, on average, meet six times annually.
  - Directors spend an average of 96 hours on board meetings and activities and 76 hours on committee meetings and related tasks.
- ***Does my organization hold executive sessions? How often and how are these meetings utilized?***
  - Many non-profit organizations average two executive sessions per year while public companies average five executive sessions each year.
  - 29 percent of respondents did not meet in executive session, while another 29 percent met only once during one year.
- ***Does my organization have a board evaluation process in place?***
  - 60 percent of survey respondents indicated that they administer full board evaluations, while 35 percent conduct individual director assessments.
- ***What board committees does my organization have in place?***
  - 9 in 10 have an audit committee.
  - 8 in 10 have a compensation committee.
  - 8 in 10 have a governance/nominating committee.
- ***Does my organization provide an educational retreat for new and existing board members on an annual basis?***
  - 86 percent of respondents provide an orientation for new trustees/directors.
  - 60 percent of respondents provide continuing education for existing trustees/directors.
  - Based on recommendations proposed in Sarbanes-Oxley, boards should consider coordinating an annual retreat. With more extensive meeting agendas and a greater focus on director education, boards should consider the desirability of an annual multi-day retreat at which there is a full review of the organization’s financial statements, strategy, and long-range plans.
- ***Is my organization’s board actively engaged in fundraising?***
  - 84 percent of survey respondents expect trustees to make personal contributions to the organization.
  - 92 percent of survey respondents engage in fundraising activities.
  - 68 percent of respondents have a documented fundraising strategy.
  - 40 percent of respondents use fundraising as a criterion when evaluating the performance of the board.

- 27 percent of respondents have reviewed and approved a donor's bill of rights.
- ***Has my organization adopted governance guidelines?***
  - 86 percent of respondents have adopted a code of ethics, while 85 percent have adopted governance guidelines.
  - 98 percent of respondents have a written conflict of interest policy.
  - 86 percent of respondents make their organization's financial statements publicly available.
  - 76 percent have a "whistleblower" policy.
- ***Does my organization have a clearly defined succession plan?***
  - A mere 23 percent of respondents have a formal CEO succession plan. Of those, 83 percent include development of internal candidates.

The development of best practices and the impact it may have on short- and long-term objectives within each organization is becoming critical in the non-profit world. Recently, I began my term as a board member of a national philanthropic foundation. During my board orientation, new and returning board members were required to sign a document acknowledging the conflict of interest and non-disclosure policies of the foundation, and we will be required to sign such a document on an annual basis. Indeed, each board member in any non-profit organization must participate in strategic planning, fully appreciate the expectations of membership, and subscribe to good governance policies. Only then can the leadership – staff and volunteer – effectively fulfill the mission of the organization.

## **FIRSTCLASS®: HELPING NON-PROFITS BUILD COMMUNITIES**

By Claudia Gentner, Kannon Communications



When they are at their best, non-profit leaders are community builders. They build communities of like-minded individuals who share a common vision, and that vision is so compelling that it motivates positive action that can change the world.

To do this effectively, non-profit leaders must be outstanding communicators. Their message must be heard above the background noise that competes for their constituents' attention. The community is only built by touching the right people at the right time with the right message.

Non-profit leaders know that communication tools are critical to delivering their message ... to building that community. And these communication tools must foster *participation*, not merely *presence*, for a high-functioning, vital community to develop.

FirstClass is a feature-rich, platform-independent, and cost-effective communications and collaboration software solution that enables nonprofits to create collaborative online communities that securely connect people and resources via any Internet-accessible device. FirstClass is e-mail, instant messaging, calendars, contact management, collaboration, document sharing, file storage, web publishing, and voice and fax messaging. Thousands of organizations and millions of users around the world are currently connecting via online communities powered by FirstClass.

For example, FirstClass is thoroughly utilized by The Concord Consortium (<http://www.concord.org>), a non-profit whose mission is to integrate technology into the classroom. The organization creates software, studies how students learn, creates curricula, and teaches teachers online.

At The Concord Consortium, FirstClass is used for e-mail by employees and associates of the organization, who travel extensively, often work from home, and keep odd hours. It's used by project

groups to store their work so all the documents related to any project are available to anyone who needs access, anywhere, anytime. It provides online conferences where discussions about work take place. It also provides online conferences like “The Pub” (a virtual water cooler), “For Sale” (classified ads), and other forums so members can socialize. The Concord Consortium employees use FirstClass Calendars to reserve conference rooms, check out projectors, and coordinate schedules. All of this builds community in an organization that rarely comes together face-to-face.

And just within the past few months, The Concord Consortium has begun to use FirstClass voice services, making this virtual workforce even more effective. Now one telephone number follows everyone around, regardless of where they are. And they can pick up their voice messages by phone, of course, but also via their personal computers. This revolutionizes the way the organization works!

Another FirstClass user is The Southern Maine Down Syndrome Family Network (<http://www.downsyndromemaine.org>), a group of about 80 families, most with children under 12 with Down syndrome. Its focus is educating the public and helping to support families that include a loved one with Down syndrome. FirstClass allows calls to the network’s toll-free number to be transferred to external phone numbers, such as an individual member who agrees to answer emergency calls. This eliminates the need to compromise private telephone numbers so the public can reach the organization. Next week, calls can easily be directed to a different member. This system allows the network to realize its mission every time a new parent of a baby with Down syndrome calls the toll-free number and can speak to a sympathetic member of the virtual organization. For non-emergency calls, the toll-free number allows callers to leave voice mail in e-mail inboxes.

FirstClass offers non-profits many advantages:

- **FirstClass communities are inclusive.** Because FirstClass is easy to use, every constituency can fully participate in a FirstClass community: staff and executives, volunteers and consultants, students and parents, alumni and donors.
- **FirstClass is powerful.** It facilitates almost every kind of communication that organizations can utilize. Because these functions are unified, organizations don’t have to buy several different technologies, pay to integrate them all, and then learn how to use each one – a terribly expensive, time-consuming and frustrating experience for all parties.
- **FirstClass communities are affordable.** FirstClass is available at a reasonable cost, within reach of most non-profits, and doesn’t require highly paid technologists to keep it running. In fact, non-profits especially like the FirstClass software platform because of its low total cost of ownership. When you add up all the costs involved in an Information Technology decision, FirstClass beats its main competition by at least a factor of five.

We are always pleased to provide guidance – in plain English – to clients and friends of Ruotolo Associates about your communications technology challenges. We invite your inquiries.

Claudia Gentner  
Kannon Communications  
(888) 363-7378  
[www.kannoncom.com](http://www.kannoncom.com)  
Community is our business.

## PHILANTHROPIC ASSOCIATION CELEBRATES ANNIVERSARY WITH A NEW NAME

The American Association of Fundraising Counsel is celebrating its 70<sup>th</sup> anniversary with a name change: Giving Institute: Leading Consultants to Non-Profits.



In a *Chicago Tribune* article, George C. Ruotolo, Jr., chairman and chief executive officer of Ruotolo Associates and the acting chair of the Giving Institute, said the new name reflects the expanding role of fundraising consultants, who help non-profits with strategic planning, brand management, staff training, executive searches, and board governance as well as raising money.

Additionally, the new name acknowledges that several of the 35 member firms work internationally or are headquartered outside the United States. Member firms embrace the highest ethical standards and maintain a strict code of fair practices.

The Giving Institute's new name also coordinates with the title of its foundation. The Giving USA Foundation was founded in 1985 by the AAFRC (now Giving Institute) to advance research, education, and public understanding of philanthropy. The foundation's annual publication, "Giving USA," tracks contributions to non-profits in different subsections or categories of service. The June publication of Giving USA 2005, which analyzed data for 2004, was the 50<sup>th</sup> anniversary of that document.

## STAFF HIGHLIGHTS

### 2005 TIM MANNING CULTURE OF EXCELLENCE AWARD WINNER: CLARAN AUG



For the first time in the firm's history, Ruotolo Associates presented the prestigious Tim Manning Culture of Excellence Award to an individual who has contributed to the company's success "behind the scenes." Claran Aug, wife of vice president Dr. Gene Aug, accepted the 17<sup>th</sup> annual award at the firm's December holiday celebration for the support she has provided to Gene throughout his 15 years with Ruotolo Associates. "No employee has traveled so far from home and lived out of a suitcase more than Gene, who averages more than 160 days away each year," said George C. Ruotolo, Jr., the firm's chairman and chief executive officer, when presenting the award to

Claran. "Gene has been able to serve clients well because he has a special person in his life supporting him."

George added that Claran's work as a Catholic school teacher for the past 23 years and dedication to volunteerism exemplifies the spirit of our late and dear friend, Tim Manning, and his commitment to philanthropy. Claran and Gene have four children and four grandchildren.

## NEW ASSOCIATES JOIN FIRM

Ruotolo Associates welcomes **Alison White** to the firm's Midwest Division. Alison is working with Dr. Gene Aug, vice president, and George C. Ruotolo, Jr., chairman and chief executive officer, on a feasibility study for Mercy Hospital of Tiffin in Tiffin, Ohio. Alison has more than 20 years of experience in fund development, strategic planning, and marketing programs for historical, cultural, land trust conservation, sports facilities, human service, and healthcare organizations, as well as elementary and higher education. She has an extensive background in capital and endowment campaigns, corporate and foundation relation programs, grant administration, annual fund programs, and special event planning. During her career, Alison has managed or played significant roles in campaigns with combined goals that approached more than \$100 million. Her areas of expertise include planning studies, campaign design and management, development assessments, and formulating leadership gift strategies. Alison has also assisted clients in redefining and restructuring boards of trustees, helping establish them as preeminent forces in their communities. A resident of Fort Collins, Colo., Alison is a member of the Association of Fundraising Professionals and served three terms as President of the Northern Colorado chapter.



**Janice Deputy**, who recently joined Ruotolo Associates' Washington, D.C. division, has worked as a consultant to non-profit organizations for more than 20 years. She is currently working with Theresa Shubeck, senior vice president, on projects for The Prince William Interfaith Volunteer Caregivers in Manassas, Va., and the National Council on Problem Gambling in Washington, D.C. Janice's experience includes work with major museums, regional theaters, and other cultural sites to environmental organizations, schools, community development groups, and social service agencies. She has counseled organizations on issues of leadership transition and board development, led processes to develop organizational infrastructure, trained staff and board in fundraising techniques, and established fundraising plans that have led to great increases in annual giving. Janice also has expertise in start-up organizations and has successfully established development offices for a major art museum as well as a number of small and mid-size performing arts institutions. She has been commissioned to conduct studies, including an analysis of public and private support for performing arts organizations in the United States; a survey of opportunities for Canadian performing artists in the U.S.; and an assessment of current arts funding programs of a large New York foundation. Janice has also provided professional services to major foundations and government funding agencies and has served as an advisor and manager for grant-making programs under the auspices of The Pew Charitable Trusts and The Wallace-Readers Digest Funds.



**Katherine Falk**, CFRE, brings 28 years of experience in non-profit management and development to Ruotolo Associates' Mid-Atlantic team. Katherine assisted Theresa Shubeck and George C. Ruotolo, Jr., on a project for the Woods Services Foundation in Langhorne, Penn. During her career, she has worked with education, arts, health, social service, religious, and international organizations in the United States and abroad on comprehensive fundraising and development programs. Her work has included the creation of organized development programs, development of long-range and strategic plans, major gift acquisition, capital campaign planning, feasibility studies, writing, and campaign management. Katherine lives in Newtown, Penn.

## **GEORGE C. RUOTOLO, JR., NAMED ACTING CHAIR OF GIVING INSTITUTE, ATTENDS WHITE HOUSE CONFERENCE**

In December, Ruotolo Associates' chairman and chief executive officer, George C. Ruotolo, Jr., was named acting chair of the Giving Institute: Leading Consultants to Non-Profits. George, who was serving as vice chair, replaced former chair C. Ray Clements, who stepped down for personal reasons. George is expected to continue in this position through the end of 2006.



On March 9, George represented the Giving Institute at the White House Faith-Based and Community Initiatives National Conference. President George W. Bush was the conference's keynote speaker. During the event, President Bush praised the philanthropic community. "One of the things that always strengthens my belief in our future is my understanding of how many acts of kindness take place on a daily basis in the United States – and it doesn't require any government edict or government law," said the President. "People really care about the future of our country; millions of our citizens weep when they know somebody hurts. ... I thank you for really strengthening the heart of the United States of America."

### **UPCOMING EVENTS**

April 2-5, 2006  
Association of Fundraising Professionals  
43<sup>rd</sup> International Conference on Fundraising  
Georgia World Congress Center in Atlanta

June 23, 2006  
Association of Fundraising Professionals  
Greater New York Chapter  
Fund Raising Day in New York  
The New York Marriott Marquis

July 13-16, 2006  
Giving Institute 2006 Summer Institute  
Silverado Resort, Napa, California

October 1-4, 2006  
National Catholic Development Conference  
Chicago Marriott Hotel – Downtown

October 1-4, 2006  
International Catholic Stewardship Conference  
Hynes Convention Center and Sheraton Boston Hotel



### **CURRENT CLIENT LISTING**

- Archbishop Stepinac High School, White Plains, NY
- Blessed Stephen Bellesini, O.S.A. Academy, Lawrence, MA

- Brooklyn Friends School, Brooklyn, NY
- Casita Maria, Inc., Bronx, NY
- Cathedral High School/John XXIII Middle School, St. Cloud, MN
- Church of St. Michael & St. George, St. Louis, MO
- Church of the Presentation, Upper Saddle River, NJ
- Diocese of Brooklyn, Brooklyn, NY
- E.C. Scranton Memorial Library, Madison, CT
- Estes Park Medical Center Foundation, Estes Park, CO
- Green-Wood Historic Fund, Brooklyn, NY
- Institute for Violence Prevention, Inc., New York, NY
- Little Sisters of the Assumption, Walden, NY
- Mercy Hospital of Tiffin, Tiffin, OH
- Mount St. Charles Academy, Woonsocket, RI
- Mount St. John Home and School for Boys, Deep River, CT
- Mu Alumni Association, Hoboken, NJ
- National Council on Problem Gambling, Washington, D.C.
- New Jersey SEEDS, Newark, NJ
- Niagara University, Niagara University, NY
- Northeast Family YMCA, Haverhill, MA
- Notre Dame High School, Easton, PA
- Our Lady of Perpetual Help Parish, Bernardsville, NJ
- Our Lady of Perpetual Help Parish, Oakland, NJ
- Our Lady of the Lake Parish, Sparta, NJ
- Palisades Medical Center Foundation, North Bergen, NJ
- Pearle L. Crawford Memorial Library, Dudley, MA
- Prince William Interfaith Volunteer Caregivers, Manassas, VA
- Queen of Peace High School, North Arlington, NJ
- Sacred Heart Parish, Bloomfield, NJ
- St. James Episcopal Church, Cambridge, MA
- St. John the Evangelist Parish, North Chelmsford, MA
- St. John Villa Academy, Staten Island, NY
- St. Joseph's Parish, Medway, MA
- St. Mary's Parish, Holliston, MA
- St. Raphael Academy, Pawtucket, RI
- Ste Jeanne d'Arc School, Lowell, MA
- The Children's Home, Cromwell, CT
- The Friendship Service Center, Inc., New Britain, CT
- The Susan G. Komen Breast Cancer Foundation – North Jersey Affiliate, Summit, NJ
- VNA Care Network, Inc., Worcester, MA
- Woods Services Foundation, Langhorne, PA

*Netlinks* is published quarterly by George C. Ruotolo, Jr., chairman and chief executive officer of Ruotolo Associates. The newsletter is written and edited by Liz Campbell, associate. To learn more about the firm, visit our website at [www.ruotoloassoc.com](http://www.ruotoloassoc.com).