

Axelson Review

• FOR NONPROFIT LEADERS

INSPIRE. EDUCATE. CONNECT. FALL 2009

What's next? A few post-recession considerations

There have been recessions before. But there is something very different this time around. This time, it is impacting *everyone*. The consequences have been devastating for many nonprofits, and the people they serve. Organizations have lost major funding streams, forcing them to make tough program and staffing cuts. People have lost their jobs, their homes, their ability to pay for bare necessities.

The other thing that is different is that the recession has forced many of us to consider the impact the external environment has on our organization. Strategic planning helps us to consider how the internal and external environments might affect our mission. Beyond the traditional SWOT analysis—which looks at the organization's strengths,



weaknesses, opportunities, and threats—leaders should also carefully examine outside factors (social, technological, economic, and political). In the past, some organizations have considered strategic planning either a luxury or just unnecessary. But in today's economic climate, it is neither.

Leaders who were watching the external environment had a leg up when the recession hit. They could immediately begin scenario planning (creating budgets based on potential reductions). This, combined with their strategic plans, would become the road map

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Special cost savings issue

We are all in the same boat: hours spent examining budgets, trying to find ways to cut costs without affecting programs. We decided to dedicate this *Axelson Review* to creative cost saving tips. Below are a few ways you could trim your budget without feeling the pinch. If you have a tip that could help save nonprofits money, please email it to axelson@northpark.edu.

Crop costs while cropping images

Graphics editing programs are essential for website design and newsletters, but the industry standard costs close to \$700. Free, web-based programs are available that perform the same complex functions as Photoshop and offer the same advanced tools, such as layers and filters. With some programs, you can even import photos from social networking accounts such as Facebook, Flickr, and other sites. Three programs to try: Splashup.com (offers social media integration); Pixlr.com (loaded with filters and effects); and Gimp.org (may be trickier at the start, but it's open source with a large user/developer community). With these image editing tools, everyone looks better, and you'll also look smart.

*Submitted by Christine Cupaiuolo,
Founder and Editor, PopPolitics.com*

Trim your office supply bills

Negotiate with current providers for better prices or terms—especially on the products you use the most. Get group discounts by combining orders with other organizations. Even simple coordination with companies in the same building can bring better terms or prices. Always ask if there is a nonprofit discount with any purchase.

*Submitted by Fieldstone Alliance
(Excerpted from 20 Cost Cutting
Ideas for Nonprofits),
www.fieldstonealliance.org*

Four easy ways to reduce financial fees

FPO Solutions is a financial process outsourcing firm, and we have implemented several cost-saving measures for our nonprofit clients:

- Bank fees for business accounts are typically calculated based on the offsetting balance you have in your account. Negotiate to have the calculation based on an annual average for the full year instead of the daily average balance for each month. The months that you have a high balance will then help offset fees for the months that you have a low balance. (One of our clients saved approximately \$10,000 in one year by making this change.)
- If your payroll is bi-weekly, consider switching to bi-monthly pay periods. This reduces the number of pay periods from 26 to 24, thereby reducing your payroll fees.
- Urge your employees to use direct deposit instead of getting manual paychecks. Not only is this safer for employees, but it also will reduce the payroll fees for issuing manual checks. In addition, most payroll services now offer further fee reductions if you issue paystubs electronically or have them available online instead of printing the paper version.

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**THE AXELSON CENTER
FOR NONPROFIT MANAGEMENT**

at North Park University in Chicago

Special cost savings *(continued from page 1)*

- Unfortunately many nonprofit organizations have had to reduce their workforce. Be sure to contact your insurance broker to have them reduce your workers comp insurance coverage appropriately. Typically this is based on either a budget figure or on past history, so if you have already implemented a reduction your coverage should be reduced as well.

In addition, many of our clients experience a cost savings when transitioning their finance and accounting functions to our Shared Service Center. Our team of professionals can assume these functions quickly and efficiently, leaving your personnel to focus their attention on the primary mission of the organization. And we can reduce your accounting expenses by 10-30 percent.

Submitted by Larisa Morrison, Relationship Manager, FPO Solutions

Corporate partnerships strengthen both missions

When I think about partnerships and what makes for strong ones, especially between nonprofits and the private sector, I remember one of my former bosses. Very succinctly she would quip; “It’s about trust, turf, cash, and credit.” I believe that but there’s more. In difficult economic times and when cost savings is a must, we need to be creative.

I’ve come to understand more intimately that we all have a role to play; we need to leverage our responsibility as citizens too.

That’s why when considering how to better engage corporations, nonprofits should remember what matters most to them and the community they serve—their mission; then how to meaningfully engage a company as a real partner, not simply a checkbook.

Companies can provide talent and insight through “skills-based” volunteering or partnering on a mutual goal or outcome. Companies can help leverage their intellectual capital. Beyond the money is a wellspring of opportunities to make meaningful connections through board placements, project based

engagement, and yes, too, straight out money. But that comes once you’ve established “trust, turf, cash, and credit.”

Submitted by Nora Moreno Cargie, Director of Global and Corporate Citizenship, The Boeing Company

It’s time to trim unemployment tax

As a nonprofit, your organization faces challenges on a regular basis. Thanks to federal legislation, 501(c)3 organizations are allowed to opt out of their state tax-rated unemployment system to become a direct reimbursor for unemployment costs. The savings to nonprofits taking advantage of this is significant.

The Unemployment Services Trust (UST) (www.chooseust.org) provides nonprofits with a safe, cost-effective alternative to paying state unemployment taxes only available to nonprofits.

Here are the costs savings you realize as a UST member:

- Eliminate a tax based cost and turn it into a working asset;
- You only pay the state when there is an unemployment claim charged to your organization—this puts you in control of your money;
- The money in your account accrues interest;
- You don’t pay state surcharges unless the state allocates those costs to direct reimbursers;
- You gain the cost savings/risk management services of the nations top claims monitoring services that works to save you from paying unwarranted unemployment claims; and
- Nonprofits paying into the state unemployment tax system are paying \$2.20 for every \$1.00 paid out in claims. UST members are paying in \$1.10 for every \$1.00 paid out in claims.

States allow nonprofits to move out of the state unemployment system once annually on January 1, provided you make notice of your decision to do so by November 30.

Submitted by Cheryl Jones, Account Executive, Unemployment Services Trust

Change newsletter mode and save big dollars

Convert your organization’s newsletters to an electronic format. Send the newsletter by e-mail (rather than postal) to as many people as possible. There are e-services that will allow you to transmit your newsletter to thousands of individual e-mail addresses—for free. You will avoid the cost of printing, stuffing, addressing, and postage. For a typical organization the savings can be \$1 per name per newsletter. Convert 5,000 names to e-addresses, your annual savings for a quarterly newsletter is \$20,000. The newsletter will arrive in the consumer’s e-mail box faster, in full color, for free. This idea is not found in my book because it was originally published before the age of mass e-mailings. However the book contains over 100 other timeless cost-savings ideas.

Greg Dabel, Author, Saving Money in Nonprofit Organizations

Free meeting scheduling software saves time

Doodle.com is a scheduling and polling tool—a freebie—that helps to make scheduling get-togethers considerably simpler than coordinating e-mails. It’s easy to set up. The meeting planner creates a potential schedule, and Doodle sets it up as a survey and sends a link to send to the meeting participants. Then, as the participants fill in the times they’re available, Doodle records their answers and tallies them, so that the planner can see at a glance which times most people would be available.

Submitted by Carol A.N. Martin, Professor, North Park University

Just say no to sales tax

As tax exempt organizations, we are not required to pay most types of sales tax. However, nonprofits may end up paying sales tax because an employee or volunteer needs to make a purchase and doesn’t have their organization’s tax exempt letter with them. Explain to all volunteers and staff that this is an unnecessary expense. Let them know in advance that you are

Special cost savings *(continued from page 2)*

implementing a “No Sales Tax Policy.”

If a volunteer or employee chooses to make a purchase without the tax exempt letter—and therefore incurs sales tax—he or she will be required to reimburse the organization for the sales tax portion of the expense. Although it might be tough at first, employees and volunteers will soon always carry a tax letter with them. The potential savings: 10 percent on all purchases (which could be thousands of dollars a year for some organizations).

Submitted by Christa Beall Diefenbach, Assistant Director, The Axelson Center for Nonprofit Management

Revisit your 403(b) and realize savings

The Treasury Department and IRS jointly issued final regulations governing 403(b) plans and certain Tax-Deferred Annuity (TDA) arrangements. These are the first comprehensive set of plan rules issued in 40 years and are intended to minimize the differences between a 401(k) and 403(b) plan.

With the new regulations being issued, this will give organizations the opportunity to review plan design, and the fees associated with your plan. By working with your current retirement provider, they can give you the overall plan cost that includes the investment, administrative, and any processing fees. This will give you a true total plan cost, and will allow organizations to compare with other retirement plan providers, or negotiate with your current administrator. In today’s difficult economic environment, reviewing your retirement plan may help your organization significantly reduce your bottom line.

In general, all plans must be in compliance by the Applicability Date of January 1, 2009, but have until December 31, 2009, to comply with the regulations. Contact your current plan provider or legal counsel to help in this process.

Submitted by Scott Laxgang, Consultant, Mutual of America

Save green while going green

Getting lean and reducing your environmental impacts saves money.

Below are a couple of quick ideas for your organization:

- Switch to energy-efficient lighting and turn off the lights. The most common option now is compact fluorescents (CFLs) but new technologies such as light-emitting diodes (LEDs) are catching on fast. Find high-use areas and install energy-saving lighting and motion detectors to turn off lights when nobody is around. The payback on these small investments is usually far less than one year. Changing behavior—asking people to turn off lights when they leave the room—also pays off. One common misconception is that it takes more energy than it saves to turn the lights off and on. If you’ll be gone for more than a few seconds, turn the lights off.
- Shut off technology that’s not in use and consolidate your office equipment. A single new computer may not use an excessive amount of energy—about the same as a light bulb. But add up the millions we leave on when we’re not using them, and the waste is extensive and expensive. Every organization has computers and other equipment wasting energy and money all night. Ask everyone to turn off their computers at night and put them into sleep mode at lunch. Program all the computers to go to sleep mode automatically or consider software that does it for you. You can now buy programs—such as the product by Verdiem—that put all the organization’s computers to sleep at once. School systems and private sector companies are using this technology to save millions.
- Encourage telework. Large companies such as British Telecom and Microsoft are saving hundreds of millions of dollars by using technology to travel less, meet virtually, and work from home. Ask your employees to think about the people they meet with regularly, particularly

those within the organization. Consider whether simple web-based meeting tools or the old standby, the phone, will suffice instead of an in-person meeting. Conference lines are pennies per minute versus public transportation or mileage charges to drive to a meeting. Avoiding a flight saves a great deal of time and money. Meet in person when you need to—to build relationships, make sales calls, raise money. But do internal work using reliable, cheap technologies. You’ll save money and reduce your environmental impacts.

Submitted by Andrew Winston, Co-author, Green to Gold, Author, Green Recovery

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What’s next? *(continued from page 1)*

for making difficult decisions about budget cuts or program sustainability.

The lesson going forward is that we can no longer expect things to remain the same (or that we just need to hold on long enough for things to return to the way they were). Change is a reality—and we must see strategic planning as a primary function of our jobs. The old way of operating just won’t do.

Nonprofit organizations and the leaders within are on the cusp of an unprecedented opportunity to make a difference. We must, however, see the opportunity. This means being attuned to what’s happening both inside and outside our organizations. Our job as leaders is to weave those two realities together. Will we be up for the challenge? ■

Pier C. Rogers, Ph.D., Director, The Axelson Center

2009 Alford-Axelson Award

The prestigious Alford-Axelson Award recognizes exceptional nonprofits in the Chicago region. Organizations are evaluated on key management practices and policies, including clarity of mission, impact of programs, creativity of revenue-building strategies, strength of financial policies, accountability, and engagement. The 2009 award winners, Girls in the Game and CommunityHealth, both exemplify exceptional management practices.

The organizations were selected by a committee of nonprofit and corporate leaders. The awards, along with a \$5,000 unrestricted grant, were presented at the 2009 Symposium luncheon. Thrive Counseling Center and Christopher House received honorable mentions.

Established in 2002, the Alford-Axelson Award program is sponsored by JPMorgan Chase Bank and ShoreBank. The award, given annually to two nonprofits, is named in honor of leading nonprofit thinker, Jimmie R. Alford, and devoted community healthcare leader, Nils G. Axelson.

The application for the 2010 award will be available January 1, 2010. For more information, please email axelson@northpark.edu or call (773) 244-5799. ■

ABOUT THE AXELSON REVIEW

The *Axelson Review* is published quarterly by the Axelson Center for Nonprofit Management at North Park University, which serves the educational needs of nonprofit professionals through degrees and certificate programs, on-site trainings, and an annual symposium series that addresses the contemporary issues and challenges confronting nonprofit organizations. For comments or feedback regarding the content of the *Axelson Review*, please email cbeall@northpark.edu or call (773) 244-5747. To subscribe, please email your contact information (name, organization name, address, email) to axelson@northpark.edu. Include in the subject line "Axelson Review Subscription." Please notify us if you would like to be removed from the list, or if you are receiving multiple copies.

Small organization winner: Girls in the Game

Girls in the Game provides and promotes sports and fitness opportunities, health and nutrition education, and leadership development programs to enhance the overall health and well-being of all girls. Below are a few reasons Girls in the Game was selected:

- Demonstrates a strong planning effort that involves many tiers of the organization.
- Achieved considerable growth (moving from simply offering athletics for young women to providing leadership, health and wellness, and overall fitness education).
- Developed a "Girls Advisory Board" to assist with program planning.
- Initiated a university partnership to conduct quantitative and qualitative program evaluation. Uses findings to enhance programming.



(left to right) Amy Skeen, Executive Director, Girls in the Game; Jimmie R. Alford, LL.D., L.H.D., Founder and Chair, The Alford Group; and Pier C. Rogers, Ph.D., Director, The Axelson Center for Nonprofit Management

Large organization winner: CommunityHealth

CommunityHealth is dedicated to serving the uninsured and underserved in Chicago and surrounding communities. Below are a few reasons CommunityHealth was selected:

- Utilizes philanthropy, volunteerism, and creative partnerships to sustain high-quality, free healthcare services.
- Engages the board to give "hands-on" volunteer service in addition to financial support.
- Created cost-effective procedures to assess quality in service delivery.
- Maintains competitive salaries and utilizes employee feedback to enhance employee satisfaction.



Executive Director Judith Haasis tells the audience what winning the Alford-Axelson Award means to CommunityHealth.

Axelson Workshops

INSPIRE. EDUCATE. CONNECT. FALL 2009

FOR NONPROFIT PROFESSIONALS
AND VOLUNTEERS

Fall 2009 Workshop Series

www.northpark.edu/axelson/workshops

THURSDAY, OCTOBER 15,
9 A.M.—4 P.M.

Building the Case for Support

Doug Diefenbach, Vice President of Campaign Strategy and Communications, Advocate Charitable Foundation

THURSDAY, OCTOBER 22,
9 A.M.—NOON

Succession Planning

Amy Wishnick, Principal, Wishnick & Associates, LLC

“Excellent opportunity to learn insider tips from one of the best in the business.”

Past Axelson Center Workshop Participant

WEDNESDAY, NOVEMBER 4,
8—11 A.M.

How can I get my board excited about fundraising?

Mary Morten, President, Morten Group

FRIDAY, NOVEMBER 6, 9—11 A.M.
FREE WORKSHOP

Writing for the Web

Caleb Gardner, Marketing and Public Relations Manager, North Park University



WEDNESDAY, NOVEMBER 11,
9 A.M.—4 P.M.

Foundation Fundraising and Program Development

Lisa Moultrie, M.A., Founder and Principal, Ace Strategies, Inc.

THURSDAY, NOVEMBER 19,
9 A.M.—NOON

Creative Planning for Growth on a Tight Budget

Rob Acton, JD, Executive Director, Cabrini Green Legal Aid; and Laura Zumdahl, Associate Executive Director, Cabrini Green Legal Aid

THURSDAY, DECEMBER 3,
9 A.M.—NOON

Working Together to Increase Nonprofit Efficiency

Jean Hardy Robinson, Ph.D., Management Consultant, JHR Resources, Inc.

Workshop Information

Fees: Full-day: \$150; half-day: \$75. Some discounts and scholarships are available. All workshops take place on North Park's main Chicago campus (3225 W. Foster Avenue).

For more information or to register for a workshop, visit www.northpark.edu/axelson or call (773) 244-5799.



The six-session series will offer monthly 60-minute webinars from October 2009 to February 2010 and culminate in an in-person session in Chicago. Each monthly webinar will cover a topic specifically chosen to provide you with the knowledge required to excel as a new nonprofit CEO. Sessions will be archived and made available for those unable to participate on the specific date.

OCTOBER 7, 2009, 12-1 P.M. (CST)
Where's the Nonprofit CEO Manual?

NOVEMBER 4, 2009, 12-1 P.M. (CST)
Who's Driving This Ship Anyway?

DECEMBER 2, 2009, 12-1 P.M. (CST)
My Boss Is the Board!

JANUARY 6, 2010, 12-1 P.M. (CST)
Are We There Yet?

FEBRUARY 3, 2010, 12-1 P.M. (CST)
Living in a Glass House

MARCH 5, 2010, 10 A.M.—2 P.M.
Aspiring CEO Finale & Social
(in-person event in Chicago)

Participate in the full series for only \$200, or individual sessions at \$50 each. For session descriptions, speaker bios, and to register, please visit www.AspiringCEOSeminar.com or call (773) 244-5799.

Additional information about each workshop and bios of the instructors can be found on our website at www.northpark.edu/axelson/workshops.

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Special thanks to the following 2009 Axelson Symposium sponsors:

JPMorganChase 

JPMorgan Chase Bank designs innovative financial solutions to help you realize the full potential of your contributions, dues, and resources. For more than 40 years, we've worked with charities, associations, education, healthcare, government, and other not-for-profit organizations to tailor financing strategies, cash management, and investment services to help advance your mission. For more information, contact Rosemary Mauck at (312) 732-6930.



Covenant Retirement Communities, a ministry of the Evangelical Covenant Church, has been serving senior adults since 1886. Currently operating in nine

states, Covenant Retirement Communities provides continuing care retirement services to more than 5,000 seniors. To learn more about the organization, check out the web site www.covenantretirement.org.



Chicago Tribune Company publishes the Pulitzer Prize-winning newspaper with daily readership of about 1.8 million and about 2.6 million on Sunday. The company also operates related print and interactive media serving Chicagoland. Chicago Tribune is the founding publication of Tribune Company, one of the country's leading media companies, operating businesses in broadcasting, publishing, and on the internet. For more information or to subscribe to the newspaper, call 1-800-TRIBUNE.



Save the date

11th Annual Symposium
for Nonprofit Professionals
and Volunteers

**The New Nonprofit Norm:
Creating Extraordinary Solutions
in Extraordinary Times**

Wednesday, May 12, 2010
(Pre-conference Institute)

Thursday, May 13, 2010 (Symposium)