

## 14

Strategic Resource  
Development II

This chapter continues the discussion of strategic resource development and covers planned giving, corporate contributions, electronic philanthropy, business ventures, and fundraising events.

### Planned Giving

Increasingly, human service organizations use *planned giving programs* (PGPs) (also known as endowments or bequests) to obtain additional resources for their programs and to ensure long-term stability. The primary purpose of planned giving is to help provide the organization with long-term financial security and survival. It helps the organization keep pace with inflation, compensates for funds lost from other sources, permits expansion of programs that otherwise could not be funded, and provides for unusual emergency situations for which other resources are not available. In general, planned giving is not designed to meet agency short-term, operational needs.

Planned giving refers to a gift arranged by donors that usually does not become available to the organization until some time in the future. The gift can be money, securities, or other property. Usually the gift occurs following the death of the contributor, the death of a surviving beneficiary, or at the end of a specific term. In some instances the gift can be used by the organization while the donor is still alive. The gift is made from a contributor's accumulated assets and is part of an overall estate plan. This is in contrast to annual gifts that are derived from current income.<sup>1</sup>

An organization should consider undertaking a PGP only when it has demonstrated its value to the community and has developed sufficient financial stability for donors to feel comfortable making a donation to yield income in perpetuity. Because an endowment gift is forever, the organization needs to be well-established to give assurances of a long life. Where potential donors may have doubts about the longevity of an organization, arrangements can be made for them to give to a community foundation.

(see Chapter 16) be used to benefit the organization ceases to exist, a similar organization should be established. Before undertaking a PGP, the organization should have a clear amount of endowment funds generally used, the investment in a modest interest or of PGP gifts, is usually only yields \$1,000 per year.

The goal of a PGP is to attract a steady flow of prospects to the organization (over a period of years).<sup>2</sup> Many organizations, on a long-term basis, making it always considered.

### Types of Gifts

Persons of even modest means can contribute to the charity for doing so. It is important to understand the tax accounting and tax accounting.

*Outright gifts* of property are made by making a gift of stock or other property acquired. Donors receive the value of a stock or other property. Instead of making a gift of \$10,000 of appreciated property, the donor or her income tax.

*Bequests* are contributions of property at the time of the donor's death. The bequest is the entire estate, or a portion of the estate, from estate taxes. If the donor has made up ownership of the property, the contribution and any additional deductions.

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(see Chapter 16) and designate that the interest (and possibly the asset itself) be used to benefit the particular organization. In the event that the organization ceases to exist, the foundation could be instructed to provide funds to a similar organization in the community.

Before undertaking a PGP, the organization should determine that it can cover its operational deficit through an annual campaign or other gifts and grants. It is not a good idea to expend limited resources on a PGP when those resources could be used to meet an operational deficit. Moreover, the organization should have the capability and the commitment to raise a substantial amount of endowment money. Because only the interest, not the principal, is generally used, the goal should be sufficiently large enough to warrant the investment in a major campaign. Typically, organizations determine that only modest interest on the endowed principal, usually in the range of 4% or 5% of PGP gifts, is used within the budget year. Raising \$20,000, for example, only yields \$1,000 annual income; Raising \$1,000,000 yields \$50,000 each year.

The goal of a PGP should be carefully determined based on the capability of prospects to make a commitment. Some argue that the PGP campaign should be time limited and be held periodically (e.g., every five or ten years).<sup>2</sup> Many organizations, however, promote a PGP on a continuing basis, making it known to their constituents that PGP is something to be always considered.<sup>3</sup>

### Types of Gifts

Persons of even moderate means may wish to make a planned giving contribution to the charity of their choice, and they have a variety of approaches for doing so. It is generally advisable for these contributors to obtain legal and tax accounting advice before making their decisions.

*Outright gifts of appreciated property* permit donors to reduce taxes by making a gift of stocks or bonds that have increased in value since they were acquired. Donors who itemize deductions can achieve tax savings. Suppose the value of a stock or mutual fund has increased from \$2,000 to \$10,000. Instead of making a cash contribution of only \$2,000, the donor can give \$10,000 of appreciated stock shares and deduct the entire \$10,000 from his or her income tax.

*Bequests* are commitments written in a will that provide a gift of money or property at the time of the testator's death, or death of a designated prior beneficiary. The bequest could be a specific dollar amount, a percentage of the entire estate, or specific items, such as shares of stock. It is deductible from estate taxes. If an *irrevocable plan* is selected (i.e., the contributor gives up ownership of the assets), then the donor receives an income tax deduction and any additional payments of premiums can be charitable income tax deductions.

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*Life income gifts* provide financial and estate planning benefits and are increasingly popular. The donor makes an irrevocable gift of cash or property and yet retains a life income for one or more beneficiaries. When the last income beneficiary dies, the assets that produce the income go to the charity. The donor enjoys a charitable deduction in the year that the gift is made, or the deduction can be carried forward for several years.

*Charitable remainder trusts* entitle the donor or another named person to income for life (or for a period of years), at the end of which time the named charity can have the *remainder* of the original gift. Under this arrangement, the donor can receive either a variable amount of income based on increases or decreases in the market value of a percentage of the trust assets (*unitrust*) or a fixed income (*annuity trust*). The income can be specified for the lifetime of one or more individuals or it can be for a fixed period of years. This latter trust arrangement is particularly suitable to meet the income needs of elderly beneficiaries. The trust income is fully taxable to the beneficiary unless the trust is invested entirely in tax-exempt bonds.

*Pooled income funds* allow donors to join together and create a pool of investments similar to a mutual fund. The donor or his or her designee receives a regular pro rata share in interest payments based on the earnings of the pooled fund. After all the designated beneficiaries die, the organization receives the principal.

*Charitable gift annuities* are a combination of an income gift and an investment. The organization accepts the gift and agrees to pay a specified fixed amount (annuity) to the donor or another recipient. It is an irrevocable gift and immediately becomes the property of the organization, which is then legally responsible to pay income for the lifetime of the donor. The advantages to donors are that they obtain a charitable deduction for their gift and receive a fixed income, partly tax-free. The advantage to the organization is that it is assured of the principal sometime in the future. Gifts to a pooled income fund are irrevocable (cannot be changed) and donors receive an income tax charitable deduction. Income payments to beneficiaries are taxed as ordinary income.<sup>4</sup>

*Charitable lead trusts* are directed to the organization for a number of years, often 10 or more. At the end of this period, the principal reverts back to the donor or someone else who has been designated. The *lead trust* differs from the *unitrust* or *annuity trust* in that the charitable organization receives the income from the trust during the trust period rather than receiving the principal at the end of the trust period. Donors experience the satisfaction of giving cash donations during their lifetime. The organization has the advantage of an immediate income flow, but it has to be prepared to lose this income at the end of the designated period.

A *life insurance policy* allows the donor to incur a modest out-of-pocket cost while being able to provide a significant charitable gift. Donors have an opportunity to make a larger gift than would normally be possible and pay for it on an installment basis through annual premiums. If the donor

assigns ownership to the organization, the donor can receive an immediate federal income tax deduction for the premium.

In summary, the donor can receive a life income, then the charity can receive the income they want to maintain a secure charitable remainder trust. The organization but the donor can receive a charitable remainder trust. If the donor wants to shortchar

## Implementing

The process of implementing a PGP is a major component of the organization's motivation, relationship, and communication.

PGP must be implemented in a way that it should emerge from the organization with other fundraising efforts and is perceived as a part of the organization's efforts at planned giving.

*Motivation* is the primary reason for the benefit the community. The staff and volunteers must always be highly motivated while providing the service. The organization must communicate how the PGP is important to the organization and care about. They must be family name with a

Developing positive relationships in a successful PGP program is a key to success. It is important to communicate and translate the organization's mission into someone they like and

*Innovation* is also important for working with people. The organization must create fresh ways to communicate with the organization and think constantly about

*Persistence* is another key to success. It is important to happen do not occur. It is not un

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In summary, if donors have highly appreciated assets that provide little income, then they could consider outright gifts or pooled income funds. If they want to make a significant commitment to the organization but need to maintain a secure income for themselves, then they would consider a charitable remainder trust or charitable gift annuities. If they want to support the organization but not give up their assets, then they would consider a charitable lead trust. If they want to make a donation to the organization but do not want to shortchange their heirs, they could consider an insurance policy.<sup>5</sup>

### Implementing a Planned Giving Program

The process of raising money through planned giving consists of five major components, summarized in the acronym "IMRIP": integration, motivation, relationships, innovation, and persistence.<sup>6</sup>

PGP must be *integrated* as part of the organization, not an isolated activity. It should emerge from an organization's strategic plan and be connected with other fundraising endeavors. If your organization has excellent management and outstanding services that meet significant community needs and is perceived positively for its ability to help people effectively, your efforts at planned giving will be much easier.

*Motivation* is heightened by your conviction that a PGP gift can truly benefit the community long into the future, providing sufficient reason for staff and volunteers to put in the time and effort needed to obtain the gift. The motivation of the contributors is also essential. The contributors' needs must always be highest priority. They may want to preserve their assets while providing their heirs or their own financial future. You must demonstrate how the PGP can benefit them as well as the organization that they care about. They must also be motivated to leave a legacy that links their family name with an important community benefit.

Developing positive *relationships* with potential donors is a key element in a successful PGP. Positive feelings about an organization do not automatically translate into significant donations. People generally give because someone they like and respect asks them about a gift.

*Innovation* is also important because there is usually no simple formula for working with people who may be potential contributors. You need to create fresh ways to reach them. After all, you are not only meeting the needs of the organization but also the needs of contributors; therefore, you must think constantly about how to respond.

*Persistence* is another key quality. Invariably, the things you predict will happen do not occur. People make commitments and then postpone their decisions. It is not unusual to devote between three months and two years to

cultivating a potential contributor. Establishing a meaningful relationship, providing ongoing information, and making continuous contact are essential in effective planned giving. Because events occur that can sidetrack the attainment of your objectives, you must be persistent and resilient in your efforts to reach out to donors.

### Identifying Potential Contributors

Meeting directly with prospective donors is at the heart of a successful PGP. Although general announcements in your newsletter or even target mailings may be useful to alert people to planned giving, the most effective way of reaching prospective donors is through individual contacts.<sup>7</sup>

Because the organization's management staff and trustees must devote considerable personal investment to making individual contacts, narrow a potential broad list of prospects to a manageable few. Suppose you have a potential pool of 1,000 people who are connected with your organization. Presumably, many of these people would have contributed to your annual campaign in the last few years. Without an annual campaign it is probably unrealistic to initiate a PGP; people must have demonstrated their commitment to the organization through a pattern of giving.

You narrow this list to a smaller number of about 100 who have made financial, time, or talent contributions to the organization by participating on committees or volunteering their services to the organization.<sup>8</sup> This list needs to be narrowed even further to perhaps 40 most likely prospects, based on your assessment of the prospect's commitment, age, resources, and family situation. For these 40 prospects, you need to conduct additional research and develop individual profiles. In each file, include such basic information as address, phone numbers, family members, birth date, marital status, donation history, estimated worth of the individual and perhaps of her business, names of friends, and space for notations regarding contacts or other special information. These data can be put into a computer file for easy reference and updating, but you must ensure the safety and confidentiality of this data. Your profile research should provide important information that indicates where to concentrate your efforts. For example, you may want to expend more effort on a wealthy retired couple than a young couple who have a growing family and a modest income.

Planned gifts likely come from those people who are connected with your agency over a long period of time. The person of modest means participating in a senior citizen program, the veteran staff member of a children's institution, and the agency secretary who has been with the agency for 30 years and has no heirs are potential candidates for planned giving. Those people who have contributed to the annual campaign and have upgraded their gifts over the years demonstrate a commitment through their habit of giving. They may be interested in a long-lasting gift.

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## Maintaining Ongoing Contact and Awareness

It is extremely important that you maintain ongoing contact with donors, because if you do not, they may lose interest or feel neglected and even resentful. If they have included your organization in their will and come to believe that they are seen as unimportant, they may reconsider their financial commitment to the organization. Continually seek ways to maintain relationships. Notes reminding donors of the power of their contributions are vital ways to show respect and keep donors aware of their legacy. Because of the demands of other responsibilities, it is easy to relegate keeping in touch with those who have made a planned giving commitment to a low priority. Establishing a schedule of contacting three or four donors or potential donors on a regular basis preserves these important relationships.<sup>9</sup>

To encourage planned giving, some organizations have developed a pre-will program (sometimes called a legacy program or society) in which board members and others close to the agency are encouraged to sign a non-binding letter of intent, stating they plan to provide for the organization in their estate planning. This program helps create a climate that supports planned giving. Members of the legacy society have their name listed (with their permission) in organizational materials such as the annual report, and are given recognition at annual meetings.

## Administering Planned Giving Programs

Income from planned giving can be developed into three kinds of reserve funds for your organization: beneficial trust income, board-designated fund, and endowment income.<sup>10</sup>

*Beneficial trust income* is distributed to the organization based on the donor's wish. The principal, however, is controlled not by the organization but by community foundations, banks, or attorneys. The advantage of this type of reserve fund is that it permits the principal to remain intact and at the same time allows the income to be shared among several organizations. The donor has the security of knowing that should one of the organizations go out of business, an alternate could be selected or the balance of funds could be redistributed among the remaining organizations.

*Board-designated funds* are unrestricted donations of both the principal and earned income. The donor places no limitations on the use of the gift, thus providing trustees complete flexibility in determining how to use the principal and interest income. Because the principal can be used as board members see fit, this is technically not an endowment fund. Many organizations, however, treat open-ended gifts as *quasi-endowments*. That is, they use the interest income from the gift and avoid drawing upon the principal in the same way they would treat true endowments. This requires discipline among board members not to spend the principal, even if this might mean

delaying or foregoing desired expenditures, such as increasing salaries or avoiding layoffs. By being disciplined, the organization assures long-term availability of funds.

Some organizations decide to withdraw part of the investment income to meet operating expenses and to return a portion of the investment income to the principal, which helps it keep pace with inflation. For example, suppose the principal based on a portfolio of stocks and bonds grows at the rate of 8% a year and the organization determines it will use 5% for operating purposes. The remaining 3% is reinvested so that the principal becomes greater the following year. A \$2,000,000 endowment then becomes \$2,060,000 the following year and is added to each year thereafter.

Having developed board-designated funds, agencies seeking funds from other sources, such as United Way, may have to deal with the criticism that all or portions of board-designated funds should be used before they are eligible to receive outside funding. If this issue surfaces, it is imperative that the organization educate the outside funder that board-designated funds are not considered a part of the operating reserves but are *quasi-endowment funds*; that is, only the income is used. In the example given above, the \$60,000 added to the board-designated funds is not to be used for operating purposes. Increasingly, this option is being adopted because of the recognition that an aggressive PGP benefits the organization in the long term, which then leads to less dependence on outside community funders.

Some donors, although not specifically prohibiting organizations from invading principal, may prefer the organization not do so. This must be respected. Others might not care about the principal being used. Indeed, knowing how much organizations change, they may find flexibility appealing. This point should be clarified at the time the gift is being considered and, when feasible, reviewed after it is received.

*True (permanent) endowments* are used to fund specific programs, and donors may require that the income (interest) from the principal be restricted for specific purposes. Or they may permit the organization's board to determine how the income is to be used. Restricted, permanent endowments cannot invade the principal. Donors make a permanent endowment gift because they want to keep the fund intact in perpetuity and to assure the human service organization has ongoing income.

Some organizations may assign planned giving a low priority because other approaches—annual giving, special events, or grant writing—can produce funding more quickly to meet the current needs of the organization. The efforts to expand the organization's income through planned giving may not begin to yield tangible results for 15–20 years—and even then a \$200,000 gift may only translate into \$10,000 annual income. Still, planned giving is a strategy for building a long-term, continuous, and sustained financial support. Over a period of 10 years, an aggressive planned giving program could grow from \$200,000 to \$2 million.

Although general funds raised by not seek corporate reforms. *Company* age their charitable pany's foundation, corporate profits governing private IRS.<sup>12</sup> *Corporate* profits to designate their employees ba tions, companies c facilities, printing, ment.<sup>13</sup> *Executive* a a company for pro actively involved. S corporation for fun compensate an orga pany's identity and be used to promot known as cause-rel can concurrently ap for being accused of

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## Seeking Corporate Contributions

Although general corporations contribute only a small percentage of the total funds raised by nonprofit organizations, at some point many organizations seek corporate contributions.<sup>11</sup> Corporate contributions can take several forms. *Company foundations* are established by large corporations to manage their charitable requests. By transferring profits in good years to the company's foundation, they can provide a continuous level of funding even when corporate profits decline in some later years. They must follow regulations governing private foundations, including filing a form 990-PF with the IRS.<sup>12</sup> *Corporate giving funds* are provided directly out of the corporation's profits to designated charities. Some companies match the charitable gifts of their employees based on a predetermined ratio. In addition to cash donations, companies can provide such in-kind support as office space, meeting facilities, printing, legal services, company volunteers, and office equipment.<sup>13</sup> *Executive discretionary funds* are available to the chief executives of a company for providing small grants to organizations with which they are actively involved. *Subsidiary funds* are available to local offices of a national corporation for funding local groups. *Marketing budgets* allow a company to compensate an organization based on perceived value in marketing the company's identity and promoting its products and services. These funds can also be used to promote the company at community events. Sometimes this is known as cause-related marketing, which is discussed later. Organizations can concurrently approach each of these distinctive sources without concern for being accused of making excessive requests.

### Contacting Corporations

Because of the tremendous competition for corporate funding, many companies concentrate their giving on local United Way campaigns or prefer organizations in which they can make an identifiable impact. Giving has become more tied to company strategic objectives. Companies seek to be identified with organizations that make them look good in the eyes of their customers. In addition, companies seek ways to leverage their support by using challenge grants. That is, they require the nonprofit to raise an equivalent amount from other sources before the company provides its own support. In approaching a corporation for a contribution, keep the following considerations in mind:

First, provide a rationale for why a company should support the organization for a particular project. It is especially important to show a link between the contribution and the benefits to the company. Remember that company contributions are often not far removed from corporate self-interest, including the interest in improving the community in which it is located.

Second, conduct research on the most likely companies based on such criteria as location in relation to clients or facility, its services or products,



or known interests of senior managers or employees. Consider what might motivate companies to make a contribution. If your agency provides tutoring, you would identify a CEO who is interested in education. If your agency helps abused women, you would seek out a top corporate manager who has shown a commitment to women's issues.

Third, learn as much as possible about the company's giving guidelines, priorities, and procedures. Some companies are beginning to concentrate on only a few organizations where the companies can see tangible results, instead of spreading their charitable dollars to a wide variety of organizations. Others concentrate their giving to agencies that are in the vicinity of their business. Some companies have decided to limit their contributions to organizations with which their employees are associated and are beefing up their matching contributions. Still other companies allow their employees to purchase company products at a fraction of the cost providing their employees use the purchase as a charitable contribution.<sup>14</sup> It is worth the time and effort to determine what companies are doing in your community and consider engaging key employees in the work of the organization as volunteers and board members before pursuing corporate solicitations. (See Chapter 16 on seeking corporate contributions.)

Fourth, cultivate a relationship with an appropriate corporate executive by making a personal visit with those in charge of corporate philanthropy. These personal pre-solicitation visits provide helpful information in understanding the interest of the corporation. One of the most effective cultivation approaches is to involve the business's employees in the organization. Many corporations provide funds to match their employees' charitable contributions. Employees appreciate that their companies increase support for their favorite causes and companies themselves enjoy the goodwill their tax deductible donations provide.

### Cause-Related Marketing

*Cause-related marketing* (CRM) is defined as the public relationship of a for-profit company with a nonprofit organization, intended to promote the company's products or services while raising money for the nonprofit organization. CRM is different from corporate philanthropy because the money involved is not actually a gift. Rather, it serves the purpose of reaching new or critical markets and of providing the company with positive publicity.<sup>15</sup> Corporations and nonprofit organizations can enter into several kinds of marketing alliances:<sup>16</sup>

1. In *transaction-based promotions* the corporation donates a specific amount of cash or equipment in direct proportion to sales revenue—often up to some limit—to one or more nonprofits. A local grocery chain, for example, would contribute a percentage of its sales from November 1 to December 31 to a hunger-prevention program.

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2. In *joint issue promotions* the company and a nonprofit agree to deal with a social problem through distributing products and promotional materials. An example would be a clothing manufacturer distributing red ribbons as part of a promotion campaign against drug abuse.
3. In *licensing the name or logo* of a nonprofit to a corporation, the nonprofit receives a fee or a percentage of revenues. This is more likely to occur at a national level. For example, the Heart Association logo appears on many food products.
4. In a *partnership arrangement* the company agrees to provide funds and even employees to volunteer at a public or nonprofit agency. As part of the arrangement the company receives a considerable amount of good will publicity. For example, companies may join in an Adopt-a-School program or a mentoring project.<sup>17</sup>
5. In an *event sponsorship*, the company agrees to provide funding in exchange for having its name prominently displayed as part of the event.

Although CRM is tempting for nonprofits because of the infusion of funding, there are also risks. Major funders may reduce donations if they think the nonprofit appears to be obtaining sufficient money from a corporate sponsor. A second problem is that the nonprofit may come to unduly rely on corporate funding and then be devastated when the corporation decides to spend its marketing budget in a different manner. Program discontinuation is an inherent risk that organizations assume when they become involved with CRM.<sup>18</sup> A third risk relates to having the nonprofit linked to a company that might harm its image in the community (e.g., a beer company).

Despite these risks, cause-related marketing can be a win-win for both partners. The corporation enhances its image and increases sales, whereas the nonprofit obtains crucial funding. Both parties also focus attention on social issues that might otherwise be neglected.

## Electronic Philanthropy

Some organizations are beginning to test electronic philanthropy by requesting Internet donations. Such national organizations as the American Red Cross, the Salvation Army, and the Heart Association are among those that solicit on-line contributions. Although many local organizations have yet to try this, the Internet does allow potential donors to educate themselves about the organization as they consider making decisions about where to give their money.

To determine whether to undertake on-line solicitations, it is important to know who among your potential donors uses this medium. You need to ask their permission to keep them informed about the organization's progress via e-mail; if they don't give you permission, do not communicate with them. Requesting e-mail addresses as part of the personal data updates can reveal

how many donors have access. Conducting surveys or using focus groups can be other ways of determining whether to seek out on-line contributions.<sup>19</sup>

If the decision is made to solicit donations online, the organization must determine how the gifts would be processed. One option is to develop a customized processing system. A second option is to work with companies that accept, process, and acknowledge online contributions. A third option is to encourage donors to use philanthropy portals. (For more information about online services, see [www.rdnonline.com](http://www.rdnonline.com) and also the Web sites listed at the end of this book.)

Many agencies now use Web sites to educate people navigating the Internet about their organization. An appealing Web site can provide excellent publicity for an agency and also encourage people to enroll in an e-mail newsletter to receive material immediately. Agency Web sites can also feature a donor solicitation page. Potential donors are offered the opportunity to give directly, call a toll-free number, or even use their credit cards to make a donation. You must provide donors using a credit card a secure method of payment through encryption, which codes the transaction so that only the intended recipient can unscramble it.<sup>20</sup>

Some organizations use the Internet to directly conduct special events. For example, an Internet auction can sell products such as candy or CDs, or seek corporate sponsors for events. Organizations also use the Internet to participate in cause-related marketing, discussed earlier in this chapter. Persons committed to a particular agency are more likely to buy a company's product if they know that a percentage of the profits would be returned to the agency.<sup>21</sup> To be effective, the Web site must be kept current and you must respond to inquiries promptly.

## Business Ventures

If successful, a venture can provide a stable source of income, increase the visibility of the organization, and potentially provide skills for the agency's clients. For these reasons, starting an income-generating business is appealing, but realistically most agencies should be cautious because of inherent risks. Even in the private sector where individuals are highly motivated to run their own business, many businesses fail within the first five years because of lack of expertise or capital. Because your business venture could lose money and drain resources, you must carefully weigh whether the financial risks outweigh the possibility of financial success.<sup>22</sup> You must also make sure that the venture can further the agency's mission.

Before considering whether to embark on a business venture, make sure that your other fundraising strategies are sufficient to provide necessary current income. Business ventures typically take several years to provide a profit and likely require upfront resources (staff time and capital) that can detract from current organizational operations.

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To develop a business venture, consider taking the following actions. First, identify someone who can take primary responsibility as the *venture entrepreneur*. Second, develop a *brain trust* or *venture committee* that would plan, implement, and evaluate ventures. Third, draw upon outside help that could include a local business college, a local or regional community loan fund, business people, a local development agency, and business consultants.

### Conducting a Venture Audit

Exploring a possible product or service venture should be done systematically to increase the chances of success. Conduct a *venture audit* before selecting a particular business to determine whether there is potential interest in, and marketability for, your business.<sup>23</sup> For example, a neighborhood center, serving a multi-ethnic community of African Americans, Appalachians, Italian Americans, and Hispanics wants to consider a possible business. The organization brings together a group of neighborhood leaders and business people for a brainstorming session to consider the following ideas: (1) distributing multicultural literature, (2) publishing an ethnic cookbook, (3) hosting an ethnic food fair, (4) assembling and distributing gift baskets for corporate use, or (5) distributing a household product, such as garbage bags or plastic containers.

As part of its venture audit, the committee explores (1) whether neighborhood centers elsewhere in the country have tried to produce and sell the ventures under consideration, (2) what a focus group representing potential customers (individuals and corporations) could reveal about potential interest, (3) what a survey of potential customers indicates, and (4) what insights might be gained from using prototypes to test consumer reactions.

### Developing a Business Plan

A good business plan provides a snapshot of an organization's market, clients, competition, finances, and key personnel required to do the work within a given time frame. To undertake a business venture, effective managers should develop a business plan that includes the following elements:<sup>24</sup>

1. Linking the organization's strategic plan to the venture to test appropriateness for achieving the organization's mission
2. The nature of the business, including an understanding of how the product fits into the marketplace
3. The management of the venture, including the expertise required, legal liabilities, staff qualifications, information system requirements, and exposure to risk

4. Customer analysis, including total size of the market, what appeals to potential customers, market segmentation, and distribution methods
5. Market analysis, including competitors and uniqueness of the venture
6. Pricing, including pricing methods and comparison with competition
7. Product quality, including development and testing
8. Anticipated risks related to economic, technological, legal, and seasonal factors
9. Growth potential, including projected growth and revenue, net income, number of customers served, number of units sold, and number of years until profitability is realized
10. Finances, including income statement, balance sheet, and cash flow analysis. Also includes start-up costs and sources of capital
11. Assumptions about the future, including any issues not covered related to opportunities or risks

As with any new venture, a number of guesses need to be made, but by explicitly stating these planning assumptions, you can determine whether to pursue the venture or abort it when expectations prove to be incorrect.

### Unrelated Business Income Tax (UBIT)

If the venture is successful, then you must consider tax consequences. Under current tax law, if a nonprofit organization creates a *related business*, profits from the business are exempt from income tax. The business must contribute importantly to the accomplishment of the organization's mission and help promote its work; for example, a vocational rehabilitation program's clients could assemble products for local businesses. If these clients learn employable skills that are central to the agency's mission, it would not be taxed.

*Unrelated business* income is generated from a commercial venture that is not substantially related to the agency's mission and is similar to activities conducted by for-profit ventures in the community. This could subject the organization to corporate tax rates on the unrelated business income.<sup>25</sup> Income tax is not collected even from unrelated businesses in a few situations, such as the following: (1) most of the work is done by unpaid volunteers, (2) the products sold have been donated to the nonprofit, (3) revenue is derived from rental property for which few management services are provided, and (4) revenue is derived from investment income.<sup>26</sup> Because an organization may be accused of engaging in unfair competition (in that for-profit businesses do not benefit from volunteers, donations, or tax relief), always consult an attorney before pursuing a commercial venture.

Some agencies use their IRS 501(c)(3) nonprofit capacity to fundraise. The profits of these for-profit businesses

### Considering a

There are several events:<sup>28</sup>

- It can generate revenue
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Before undertaking a strategic fundraiser should be asked. For a particular event, you should determine how much you are raising \$4,000 from for \$40,000, you are not sufficient, then objective.

Second, "Do you have a pool of creative, talented, who are willing to help you and your members and volunteers? Examine your grant sources, country club members, and other managers. Compile a list of individuals which your members can help.

Some agencies create a for-profit corporate subsidiary to avoid placing its IRS 501(c)(3) designation in jeopardy. The board of directors of the nonprofit can also be the board of directors of the for-profit corporation. The profits of the for-profit entity are taxed, and profits not needed for the for-profit business can be transferred to the nonprofit agency.<sup>27</sup>

## Conducting Fundraising Events

### Considering an Event

There are several compelling reasons for implementing a fundraising event:<sup>28</sup>

- It can generate much needed income for the organization.
- It provides an opportunity to communicate with your constituencies and donors; staff, board members, and donors have an opportunity to interact in an informal way and celebrate the work of the organization.
- It can bring in new donors, especially those who had little previous relationship to the organization. The publicity generated from an event can increase awareness of the organization in the community.
- It is a less intimidating way to fundraise for board members and others who may be squeamish about asking people for money. Having a good experience allows them to take on new challenges in asking for funds.
- Finally, it fosters leadership opportunities for committed volunteers who can develop skills in organizing and implementing an event.<sup>29</sup>

Before undertaking a fundraising event, two fundamental questions should be asked. First, "How do fundraising events fit within the overall strategic fundraising needs of the organization?" Before focusing on any particular event, you should have determined a budget for the year, including how much you intend to raise from each event. If your budget calls for raising \$4,000 from an event, that suggests one kind of activity; if it calls for \$40,000, you must consider a different kind of activity. If one event is not sufficient, then you need to plan for several to achieve your financial objective.

Second, "Do you have the volunteers to undertake a fundraising event?" One of the most essential elements of any event is committed, hardworking, creative, talented, and experienced people. Determine if you have people who are willing to invest in making an event a success. Also, look inward to your members and constituency groups for special talent and experience. Examine your group's connections, such as theater owners, party hall proprietors, country club members, owners of mansions or townhouses, or hotel managers. Compile a list of resources within the organization and those to which your members have access.

## Generating Ideas for an Event

In considering event possibilities, strive to think creatively; people are attracted to events that are special and unusual. If you have been offering an event for several years, be aware that people can become tired of repeating the same program in the same way. Volunteers become stale, and the audience becomes bored unless you provide something fresh. Developing a distinctive and original event in the charitable marketplace can help attract a following.

Another reason to be creative is competition. In the long run, whatever niche or special advantage you create for your event, there is a tendency for decline, due to others copying your idea. You may enjoy the advantage of uniqueness for a while, but expect this to be only temporary. Add innovation to your program or undertaking with different, imaginative events to stay ahead of your competition.

To think creatively, you must first develop an attitude of exploring different ideas. Assume that nothing is fixed and that any fundraising event is open to change. Even though previous events may have been successful, circumstances may have changed or there may be better and different ways to continue the event. You must be open to challenging familiar formats. If necessary, you must be willing to fall out of love with a cherished tradition or program. This openness to ideas involves taking risks. Remember that you are not seeking the unique for the sake of just being different. What matters most in this exploratory process is the willingness to look for worthwhile ideas.

## Conducting a Feasibility Analysis

Before you select from the array of possible ideas, you need to critically review whether each one on your list is feasible. Every fresh, imaginative proposal needs to be scrutinized from a variety of angles through a feasibility analysis. Your goal is to narrow the list so you can select the right event. Certainly the possibility always exists that an excellent idea may be dropped. Equally problematic, however, is pursuing an event that should have been dropped but was not, due to inadequate screening. It is better to abort early than continue with an idea that could result in a dud. The screening process should eliminate all but the most desirable and feasible project ideas.

The following major questions should be considered in making a selection: (1) Is the event appropriate for our organization and community? (2) Does the event appeal to our members and to our target audience? (3) Do we have the capacity to undertake the event? (4) Would the event generate sufficient funds to warrant the effort? (5) Can the event accomplish objectives beyond raising funds? (6) Are we prepared to build up the event over a period of several years? (7) Can the event compete successfully with those of other organizations?

Initially, consider as many ideas as possible. Asking fundamental questions, using your imagination to brainstorm ideas, and uncritically considering

diverse suggestions, and turning this creative period into a series of questions into a mission. During this period, the committee to meet about two months

## Setting Objectives

Every fundraising goal should be attainable, and not easily measured. It is difficult to obtain underwritten support. In establishing firm objectives, a net income objective. If the objective is to raise money is raised to ever, might result in a negative that is within a tremendous world.

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Non-financial goals, increasing volunteers, increasing generating goodwill. If an event is not so successful, a social experience to attract new people, success in advancing objectives. By evaluating events and activities, do. For example, community, you another community

## Planning an Event

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diverse suggestions helps expand the range of possibilities. Following this creative period, narrow the list of ideas through a series of feasibility questions into a few selected ones from which you can make your final decision. During this exploratory period set a *go/no-go* date to discipline your committee to make a timely decision. Generally, you may want to allot about two months for selecting an event.

**Setting Objectives**

Every fundraising event should have objectives that are relevant, tangible, attainable, and measurable (see Chapter 4). Financial objectives can be more easily measured than non-financial ones, for example, to sell 350 tickets, obtain underwriting support of \$2,000, and raise a net income of \$15,000. In establishing financial objectives, be as realistic as possible. If you strive for a net income objective that is too high, volunteers may feel unduly pressured. If the objective is not achieved, they can experience defeat—even if more money is raised than ever before. Setting too low a financial objective, however, might result in volunteers not working hard enough. A financial objective that is within reach, reasonable, and achievable, even though it involves tremendous work, gives everyone a sense of accomplishment.

If possible, net income objectives should be related to a specific cause or project. Participants in an event like to feel that their donations are going for something concrete. Money raised at a special event should not be lost in the basic operating budget of the organization. Ideally, these funds should be segregated from the base budget and earmarked for a specific purpose in which volunteers and donors can take pride.

Non-financial objectives could include increasing the number of volunteers, increasing membership, heightening community awareness, and generating goodwill. In fact, one of the most important reasons for conducting an event is not so much to *fundraise* as it is to *friend raise*—that is, to offer a social experience for people who are part of your organization and to attract new people. Defining non-financial objectives and indicators of success in advance can benefit the organization—independent of financial objectives. By establishing these objectives, you sharpen thinking about events and activities you do *not* want to undertake, as well as those that you do. For example, if your primary objective is to improve goodwill within our community, you should obviously think twice about sponsoring a booth at another community's festival.

**Planning an Event**

Paying attention to details is crucial to the success of a fundraising event. In any one event there are many details to master, and the omission of one or several can make the difference between a smoothly run event and a failure.



Comprehensive, detailed planning can prevent cost overruns, volunteer burnout, and other losses. An activities list and a timeline chart facilitates attention to details.

### *Preparing an Activities List*

An activities list can be produced through *reverse-order planning* or *forward-sequence planning* (see Chapter 4). To briefly review, in *reverse-order planning*, the event's planning committee begins with the final result to be accomplished and identifies the tasks that feed into the activities. This is achieved by asking the questions, "What must we do just before reaching our final result? "What needs to be done before that, and before that, and so forth?" In this way, you eventually arrive at the beginning point. In *forward-sequence planning*, the group begins with what it considers to be the appropriate set of tasks and then asks, "What should be done next, and what after that, and so forth?" until the actual event occurs.

Few event planning groups can compile a complete activities list in their first round of discussions. Whether forward-sequence or reverse-order planning is used, a review of the list of tasks reveals the need to omit some unnecessary tasks, reschedule some tasks to prevent overload, and add some tasks initially omitted. After you have prepared an activities list, you list the activities and tasks on a *timeline chart* (see Chapter 4), to visually display all that you need to do sequentially within a particular time period.

### *Analyzing Potential Customers*

If your membership is too small to support a large event, you may have to recruit people from outside your organization. Your core members must mobilize and encourage outsiders to participate. By reaching beyond your limited membership, you spread the base of commitment. Your planning group's challenge is to analyze your market segments and then conduct target marketing.

*Market Segmentation.* As you implement your event, ask this important question: "To whom is this event likely to appeal?" One major way to identify potential customers is to divide them into constituencies based on how they relate to the organization. These can include a core constituency of persons closest to the organization, such as board members, volunteers, and clients. It could also involve a second circle of constituents, including families, friends, vendors, and inactive members. A third constituency comes from the general community. Although not directly involved with your organization, community members may choose to participate because they believe in your cause or find the event particularly appealing.

*Target Marketing.* It is usually helpful to target your event to particular persons or groups in the community. Although some organizations try to develop an event that appeals to everyone, you run the risk of attracting a

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limited response if only a few consider the event especially related to them. By pinpointing segments, you develop an event that directly appeals to a particular group or groups. If you identify a fairly homogeneous group that would naturally respond, or if competition is fairly intense in all but a few segments of the market, you may want to concentrate on a narrow segment.

For example, if you are a free clinic offering health services to older teenagers and young adults, your natural constituency is your clients and their friends. You determine that a rock concert at a farm outside of the city would be appealing. As another example, your health organization is planning to sponsor a golf tournament for business people. You would most likely try to obtain mailing lists from country clubs and public golf courses to increase attendance at the event. Or suppose you are a family planning association organizing a boutique that has special appeal to young, single adults. To reach this population, you would promote the event among singles clubs and young adult groups.

With differentiated marketing, you concentrate on several specific marketing segments, tailoring an effective activity for each of them. For instance, you may decide to host an event appealing to multiple market segments. Also, in the course of a year, you could purposefully decide to hold several different events, each appealing to different market segments, thus increasing attendance and income.

*Managing Finances*

Budgeting for an event is an ongoing process that requires estimating and tracking income and expenses. Often you must deal with uncertain projections that need to be revised as you obtain more information. Consider dividing the budget process into four phases: (1) Prepare an initial budget to determine whether the event has the potential for sufficient profit; be conservative by estimating expenses on the high side and income on the low side. (2) Prepare a detailed budget after you have decided to proceed with the event. (3) Monitor income and expenses and compare actual with budgeted amounts (see Chapter 12). (4) After the event, review income and expenses to determine whether to repeat it.

As part of the budgeting process, you need to become familiar with certain key terms. Estimate *gross profit*, the amount needed to cover all costs as well as your net profit. Also estimate *net profit*, the amount left over after all costs are deducted from income. Identify *fixed costs*, expenses you incur no matter how many people come to the event. For example, the fixed costs of a dinner include the cost of hall rental, the band, and promotional materials—no matter how many people attend. *Variable costs* are related to per person units. For instance, the cost of souvenirs for a swim-a-thon varies with the number of entrants.

*Break-even point* is the number of sales needed to equal expenses. After that point, all sales are net profit. If your costs are primarily fixed, then you

can simply divide the total cost of the event by the cost of each ticket to determine your break-even point. For example, if your costs are \$2,200 and you charge \$10 per ticket, you must sell 220 tickets to cover the costs to break even. Any ticket sales above 220 are profits.

If, in addition to fixed costs, you are likely to incur variable costs, then these must be subtracted from the projected per-ticket income before dividing by the cost per ticket. For example, assume that the fixed costs of a dinner dance (band, hall rental, promotion) equal \$4,200, and that each meal has a variable cost of \$40. You think \$100 would be an appropriate price for each ticket. To calculate the break-even point, use this formula:

$$\begin{aligned} \text{fixed costs} \div (\text{ticket price} - \text{variable costs}) &= \text{break-even point} \\ \$4,200 \div (\$100 - \$40) &= 70 \end{aligned}$$

In this example, assuming that the variable costs of the dinner will be covered by matching variable income, you must sell 70 tickets to break even.

In setting up a budget, you should determine a net profit objective that is achievable. It is better to set a \$1,500 net profit objective for a raffle and raise \$1,800 than to establish a \$2,500 objective and raise only \$1,800. If you do not reach your objective, you risk volunteers becoming discouraged and unwilling to repeat an event that is identified as a partial failure. You may hope to eventually achieve \$2,500 for this annual event as your ultimate financial objective, but expect to raise less than your optimum objective the first year of an event. Consider it a "dry-run" as you work to establish a procedure and preparation for your volunteers. In subsequent years, expect to exceed your first year's performance, but be mindful that events do plateau and even decline. If you are uncertain about establishing a specific net profit objective, consider a range (e.g., \$2,000-\$2,500).

### Maximizing Profits

It is important always to be on the lookout for ways to maximize profits from fundraising events, whether they are new, successful, at a plateau, or declining. To do so, you need to develop marketing strategies, which can be divided into five major approaches: (1) penetrating existing markets, (2) developing new markets, (3) expanding or developing events for the existing customer base, (4) diversifying to different events and markets, and (5) promoting sales.

*Penetrating existing markets* consists of enhancing income through increasing sales from your current event. The event remains essentially the same, but you present it to your customers in more attractive ways or you promote your efforts more aggressively. Use a market penetration approach to increase the number of people attending an event. For instance, to increase income from your already popular dinner dance, consider ways to

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*Developing new customer segments* by holding the event audience with a dinner, or attracting leaders who encourage

*Expanding or significantly improving* for example, add tion, to the dinner example, making (square dance).

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These four strategies current and potential. Whatever the event priority. Selling is what leaders proceed. It wage a tremendous

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Some organizations be purchased by the loyalty and communication of their sales committee consisting of well-observed activities

A good idea is to limit to selling two tickets. Encourage hosts and hostesses: tation or in the preparation details of the event

attract more people through more aggressive advertising or arranging for a discount for advance purchase of tickets.

*Developing new markets* consists of seeking increased sales by attracting new customer segments to the event. You could expand your customer base by holding the event in a different geographic location, appeal to a younger audience with a lower-priced ticket for attending the dance but not the dinner, or attract newcomers by each year honoring different community leaders who encourage their friends to attend.

*Expanding or developing events* consists of seeking increased income by significantly improving the event for current market segments. You could, for example, add income-producing aspects, such as a raffle or a silent auction, to the dinner. You could alter the basic character of the event, in this example, making the dinner dance more formal (black tie) or more informal (square dance).

*Diversifying to different events and markets* consists of developing an entirely new event for a completely new audience. This strategy makes sense when the organization thinks that its present event is waning or if other opportunities appear to offer a better financial return. If possible, this change should be focused on areas in which members have skills and interests. They could consider changing the event from a dinner dance to an entirely different event such as a decorator's home showcase tour or a crafts sale, thus drawing in an entirely new source of income.

These four strategies can help event planners think purposefully about current and potential events in relation to current and potential markets. Whatever the event being planned, *promoting sales* has to be the highest priority. Selling is what you think about first. This is how most successful event leaders proceed. They know that to raise money for their events, they must wage a tremendous selling campaign.

A few events may be so popular that they sell themselves, and for these events, publicity, invitations, and word-of-mouth may be sufficient. Generally, however, these approaches do not bring people to an event. You must build a sales force of people to reach out aggressively to convince others to attend.

Some organizations make selling tickets mandatory. Unsold tickets must be purchased by the members, an approach that requires a high degree of loyalty and commitment. Other organizations rely on the voluntary participation of their sales force. Consider forming a special ticket selling committee consisting of people who can contact large numbers of friends. A well-observed axiom in event planning is this: *people sell to people*.

A good idea is to focus on group sales. For example, ask people to commit to selling two or three tables to an event or set a number, such as thirty tickets. Encourage friends to come as a group to the event. Identify table hosts and hostesses who commit to selling tables and are listed on the invitation or in the program book. Prepare a selling kit for sellers that gives details of the event, who would benefit from the event, and a description of

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the work of the organization. Hold a kick-off party for ticket sellers to generate enthusiasm. Keep in continuous contact with your sales force, preferably in person or by telephone. Consider offering premiums for those who sell the most tickets. In summary, convey to your sellers that personal contact and continuous follow-up is the best way to sell tickets.

### Reducing Expenses

There are several ways to reduce expenses, which in turn can maximize profits. First, assign at least one volunteer the task of purchasing items for the event at the lowest possible price. The shopper should ask for a donation or at least a discount on items. Second, where possible, buy large quantities so you can obtain a discount. Perhaps you could consider joint purchasing with another local organization. Third, consider bartering by exchanging your services with those of another organization or business. For example, if you are sponsoring a concert, you could give free admission tickets to the printing company that provides your promotional materials. Fourth, ask your volunteers to absorb some of the costs of the event in return for their listing expenses as tax deductible donations. Finally, wherever possible, try to obtain free gifts and services, such as an accounting firm providing a free audit or a grocery chain contributing food items. Some companies are willing to cover costs, such as printing, in return for publicizing their name.

Companies sponsor events when they think they would benefit from the visibility of their participation. Seek out corporate sponsors who can underwrite major costs of the event in exchange for providing high visibility. Corporations become involved because they (1) believe in your organization and its cause, (2) view the event as a means of providing benefits to their employees, (3) become more visible to current and potential customers throughout the community, and (4) want to respond positively to a request from a special customer. In considering corporate sponsorship, focus on those companies that have a natural relationship to the organization. This relationship can include company employees on your board of trustees, an honoree who is a company employee, or a company that connects with the type of event you are offering. For example, if your event is a chili cook-off, you might interest a company that produces spices.

Contact the appropriate person that handles requests in advance of the normal annual budgeting process so that the event can be considered. After transmitting your letter, it is important to follow up with phone calls if you do not receive a response, because you may gain insights that can guide you next year. In seeking corporate sponsorship, be forewarned about the following: (1) Do not expect support to continue indefinitely and beware of becoming too dependent on any one source of funds. (2) Watch that your expenses do not become so high that questions are raised about how much funding is actually available for direct services. (3) Be careful not to make

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excessive demands from the same company. If, for example, you ask for a major underwriting gift, do not then ask for a direct corporate contribution a few months later.

### Tax Considerations in Fundraising Events

It is advisable to seek professional counsel regarding current IRS rules and regulations. Consider the following as you plan events: (1) Donors should receive written acknowledgment of gifts over \$250 that are given as straight donations and for which the donor receives nothing of value in return. (2) The IRS requires that charities provide donors with written documentation when they have donated more than \$75 and have received some type of goods or services in return (e.g., attendance at a dinner event). The letter to donors must convey that only a part of the money they contributed is tax deductible. The deductible amount is the total amount given minus the value of the goods or services received.<sup>30</sup> (3) At an auction, the donor can take a charitable deduction only for the excess of the amount paid over the fair market value of the item purchased. Donors who contribute items may take a full charitable deduction for the value of the items. Organizations should keep accurate records of the values of services and goods provided and of donors who supply them or who purchase them.<sup>31</sup>

### Evaluating Results

Review the event as soon as possible after it is over in an objective, frank manner, but avoid individual accusations. Invite ideas on how problems can be dealt with the next time. Your primary approach should be to elicit ideas for improvement and determine if mistakes or miscalculations are correctable. Ask for ideas for new activities. If the organization has previously laid the groundwork by setting objectives and developing action plans, then evaluating results is easier. The evaluation process should consist of two parts: monitoring tasks and assessing the achievement of objectives.

Through a monitoring process you can determine whether, and to what extent, tasks were carried out as planned. The following are questions to ask:

- Should the timetable have been altered to permit an earlier start and better sequencing of tasks?
- Were there sufficient funding resources and volunteers to do the job?
- Did the expected expenditures for tasks match the budget planning? If not, what are explanations for the discrepancies?
- Was there a proper number of volunteers assigned to tasks? Can imbalances (e.g., too many tasks for some persons and too few for others) be identified?

These questions help you review how well you implemented the activities and tasks. If you detect deficiencies, you can determine the remedies to consider for next year. If your event does not achieve its financial objectives, the following questions should be asked:

- Was the financial objective unreasonably high? Perhaps this was a first-time event, and you guessed incorrectly. Perhaps there were unforeseen and unique circumstances that were unpredictable.
- Were adequate resources available to accomplish the event? Was the number of ticket sellers and backup staff sufficient? Was there enough up-front money?
- Was the timetable appropriate? Would an earlier start-up time ensure better results? Could the tasks be scheduled better?
- Although the financial objectives were not achieved, were other equally important, non-financial objectives accomplished?

This last question is perhaps the most difficult assessment to make. Frequently, groups that do not achieve their financial objectives decide that such benefits as good public relations, esprit de corps of volunteers, identification of new members, or leadership development compensate for poor financial results. In fact, the achievement of these and other objectives may be sufficient to overcome the limited financial results. Only your organization can make that highly subjective assessment.

## Questions for Discussion

1. You have been asked to accompany a board member to make a call on an elderly widow of moderate means who has no children. She is a longtime supporter of your agency. How would you go about discussing a planned giving gift with her?
2. Suppose she says that she would like to think about a gift. What would you do to maintain ongoing contact with her?
3. You have several large companies in the area served by your agency. What are some of the ways you might connect them with the work of your organization?
4. Suppose you wanted to take advantage of *cause-related marketing* with one or more of these companies. What are some possibilities you would consider?
5. What are the pros and cons of developing electronic philanthropy for your agency?
6. You have been asked by your agency director to convene a few staff for a brainstorming session for a business venture your agency could consider. What creative ideas might you consider? Select one of these

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ideas for further consideration. What questions would you need to explore to determine if the idea were feasible? What would you consider in developing a business plan?

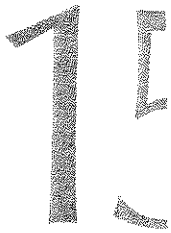
7. You have been asked to staff a meeting of a board committee charged with preparing a fundraising event. How would you go about helping them consider event possibilities?

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# 18

## Improving Communications and Handling Conflicts

When agency staff are adequately informed about their organization and have opportunities to convey their ideas, they are likely to be more involved and invested in their work. This chapter discusses ways effective managers can improve communication and resolve conflicts to heighten staff's commitment to their agencies.

Good communication occurs when staff feel their concerns are listened to and dealt with promptly, when mistakes can be quickly identified and corrected, and when staff understand what is taking place in the organization that might affect their work. In other words, communication involves upward, downward, and across movement of ideas, suggestions, and values. It is a process of continuously sharing and transmitting important information throughout the organization. A positive flow of information is the result of an attitude that respects people for their ideas and that views information not as a source of power but as a tool for accomplishing the organization's important work.

Although communication is generally desirable, under certain circumstances it is absolutely essential. When an organization is considering changes in strategy or structure, communication takes on special significance. The greater the change, the greater the need for communication.<sup>1</sup> Even when the basic structure of the organization is not changing, the tendency for organizations to delegate responsibilities to the lowest practical level means that every staff member is involved in making choices. To make good decisions, staff must share in the basic understanding and purpose of the organization.

In a time of crisis, communication is absolutely essential. For example, when an organization goes through a period of severe retrenchment, discussions must be held openly with staff to encourage expression of their concerns and to respond candidly to them. To do otherwise runs the risk of creating latent discontent in employees who remain with the organization but who feel that management cannot be trusted.<sup>2</sup>

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# Improving Communications and Handling Conflicts

Communication is also vitally important when staff are expected to implement important projects. The more they understand the significance of the project to the organization and to the community, the more likely they are to dedicate themselves to it.

Finally, communication is essential in enhancing staff loyalty to the organization. Staff may appreciate the work of their own unit but may not be aware of how it must mesh with other parts of the organization to accomplish the overall mission. By understanding their part in the whole picture, they come to feel pride in their organization. Proud people are committed people.

## Factors That Interfere With Good Communication

Because communications are so significant in the organization's life, effective managers must be alert to situations that inhibit the positive flow of information.

### Poor Use of Written Documents

Communicating to staff through memos and written announcements is a valuable tool for managers. First, the process of writing forces disciplined thinking. By putting messages on paper, you clarify your own thoughts and become aware of gaps in what you want to say. Second, written material has the power to focus attention on a single issue, more so than verbal communication. By putting your inquiry or request in a memo, you encourage the recipient to give the matter special attention. Moreover, memos are useful to disseminate easily understood and non-controversial information. If you want staff to remember your message, use written communication. (Because the process of writing can be an arduous task, the boxed text contains a discussion on overcoming writer's block.)

### Conquering Writer's Block

Every manager is faced with communicating through the arduous task of writing reports. For some, this can cause overwhelming anxiety, causing writer's block. This is a malady that must be addressed, because writing is an essential aspect of professional work.

There are a number of factors that directly affect our ability to complete a writing assignment. If we expect it would produce anxiety and frustration, or if we feel insecure about it, we may complete it late, if at all. On the other hand, if the results of the writing process

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lead to a sense of pride and are rewarding, we look forward to the undertaking. Hence our attitude about success or failure can greatly influence the degree to which we experience writer's block. The following are suggestions of ways to get out of the writer's rut:<sup>3</sup>

1. Approach the task with expectations of success. Accentuate the positive by stressing that you can give the time and effort to complete the assignment.
2. Visualize what you want to have happen as a result of the writing. By specifying what you want to achieve (e.g., more funds for your organization, motivating your staff, developing new procedures), your clarity of purpose is a powerful motivator.
3. Be clear about your audience. Form a profile in your mind of the readers so that you are communicating directly to them. Your writing must be geared to their level of understanding and to meeting their needs.
4. Have a quiet place and adequate time to write. This involves writing in an area that is comfortable for you at a time that permits uninterrupted thinking. If your day is filled with interruptions, you may need to find a "hideaway" to allow time for concentration. Try to block out at least 60-minute segments.
5. Become proficient in using the word processor so that you can easily and quickly make changes in your drafts; this technology is a tremendous time saver.
6. Organize your material. Usually, prepare an outline, but consider it tentative and modify it as your writing proceeds.
7. Keep a note pad or 3 x 5 cards in your car or on your nightstand at home to jot down ideas at odd times.
8. Prepare a "zero draft." If you are having a difficult time getting started, force yourself to write nonstop to get the words on paper. Known as "free writing," the purpose of this train-of-thought writing pushes you to get words on paper (or in the computer) without concern for spelling, clarity, or even coherence. This is not the time to be critical but to generate ideas to use later in preparing your first draft. The value of this "zero draft" exercise is to loosen you up and reduce your perfectionist tendencies.
9. Begin your writing project wherever you feel like starting. This may mean commencing in the middle rather than at the beginning. The actual process of writing itself allows you to determine what you want to say. Consider writing just the introduction.

10. If you feel the concentration of the rest of your day is affected by your writing.
11. Talk out loud to make a journal with your writing.
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10. If you feel confident enough in where you want to end up, write the conclusion first. By doing so, you are guided in preparing the rest of your writing assignment.
11. Talk out your writing. By reading it out loud, your ear helps make adjustments. Phrases that are trite, awkward, or filled with jargon are more easily discovered when spoken aloud.
12. When you have a hard time expressing your thoughts in writing, pause for a moment and ask yourself, "What am I really trying to say?" Think through what your point is and then work to get it on paper.
13. Put space between yourself and your first draft. Take a break of hours or preferably days so that you develop detachment and can come back to the assignment refreshed and ready to be critical. Knowing up front that you have time for revision can allow you to be less self-demanding when you prepare the early drafts.
14. Before you go public with a report, show it to one or more trusted persons for their critique. The advantage of this step is that outsiders may alert you to ambiguous ideas or poorly stated ideas. You may assume that you have stated something clearly, but the words themselves may not communicate precisely what you had in mind.
15. If, after the first or second draft, you still have some discomfort about sharing it, even to obtain preliminary criticism, you might try splattering coffee or stamping heel marks on the paper to emphasize that the writing is truly a draft, or mark "DRAFT" on the paper to convey that you expect it to be revised. Knowing in advance that your intent is not to present a perfect and final piece of writing may help lighten your burden. (Interestingly, some readers give more attention to a document stamped "DRAFT" than they do to a final document, so be mindful of this possibility.)
16. Because of time pressures, you may sometimes have to forego massaging a document until it is perfect. Of course, you do not want shoddy work going out under your name, but you may have to decide that the press of other important work keeps you from achieving a perfect document. You may have to reconsider which writing tasks require close attention to detail and which do not.<sup>4</sup>
17. During the revision process, keep uppermost in mind that good communication is your primary objective. Ask whether the writing is clear, well organized, and easy to follow. An important part of the editing process is eliminating wordiness.

Hence dealing with writer's block requires time and effort. Writing requires disciplined thinking, which is inherently hard work. For most people, writing always involves a degree of struggle and challenge, but like all other challenges, writer's block can be overcome by following the above suggestions and being willing to commit to the process.

If you want the reader to pay attention to your written message, announce in the first sentence what you want to communicate. If you are asking for a new computer, want to draw your reader's attention to a special problem, or have a request to make, say so up front. Also, keep your memos short and to the point. The reader does not need to know all your thought processes. Short words, short sentences, and short paragraphs work.<sup>5</sup>

Even a well-written message, however, can have its drawbacks. Because it is a one-way message, you are unable to obtain the immediate feedback you need—the reaction and questions that ensure that your ideas are understood.<sup>6</sup> Merely making written pronouncements does not guarantee that staff will understand issues or policies—particularly complex ones. For this reason, you may need to follow up written documents with opportunities for interaction.

Some managers resort to memos to protect themselves. They want to be on record as having taken a position so they are not blamed if something goes wrong. This is a poor way of handling the negotiating process; it is far better to engage in face-to-face discussions. Other managers are afflicted with "memo-itis," not an uncommon disease among those who desire minimal contact with staff. Still others write memos on unimportant, even trivial, matters so that staff, buried in paper, eventually view the paper that comes across their desk as meaningless. If you want staff to pay attention to your memos, make each one significant.

Moreover, some managers use paper as a way of exchanging barbs. They resort to arguing by memo. Such paper grenades serve to intensify hostilities, with each side working hard to cleverly defend a position while attacking the other.<sup>7</sup> The paper exchange serves to impede, rather than facilitate, the resolution of differences. Again, a face-to-face exchange is superior to the written word.

With the availability of faxes and e-mail, communication has become much faster and easier. New communication technology, however, can have its own special issues. A main concern is confidentiality. A sensitive fax message can be read by others; e-mails can be stored and retrieved. Therefore, make certain that your system guarantees a high degree of privacy, or caution staff about how confidentiality can be compromised with new communication technologies.

Because e-mail and voice mail are so easily available, staff may not take the time for face-to-face contacts when dealing with highly sensitive issues.

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Like a memo, an e-mail is unambiguous and may be more harsh and more blunt than might be conveyed when people get together and look into each other's eyes.<sup>8</sup> Similarly, voice mail provides a medium for angry people to conduct a one-way diatribe. Hostile monologues are not conducive to working out problems.

As a general rule, when you have to explain ideas, when hostility may exist, when you want to influence behavior, or when you need to negotiate, arrange to communicate directly rather than send a piece of paper, an e-mail, or voice mail.

### Misperceptions

The possibility always exists that staff may misinterpret what you intend to communicate. For example, you offer to meet with administrative support staff to discuss agency policies. They, however, resent that you are dealing with them separately from the rest of the staff and feel they are being treated as "second-class citizens." As another example, without conferring with staff, you temporarily hire a consultant, and staff misinterpret this as dissatisfaction with their performance. In these instances, staff perception is quite different from your intention.

In addition, nonverbal communications can have special meaning. Rolling your eyes, reading a report when an employee is speaking, failing to make eye contact, and ignoring a greeting are cues that convey lack of interest or even disapproval. Be aware that your reactions are constantly being observed and interpreted by each member of the staff in a very personal way. To avoid misperceptions, take careful note of how your nonverbal messages could be perceived by others. You need this sensitivity and empathy to ensure that people do not read more into what you are saying or doing than you intend. Take the time to obtain feedback from staff so you can counter any misinterpreted reactions.

The problem with communication is the illusion that what you convey has been received by the other party. You have said one thing, but they have heard quite another. That is why it is important to ask for feedback by requesting their response and their understanding of what you have conveyed. Sometimes, for example, a supervisor may request that an activity be accomplished but fail to indicate a specific time frame and a specific course of action.

Sometimes failure of communication occurs because silence gives the illusion of agreement. This is referred to as *the disagreement fallacy*. Just because people do not express their disagreement does not mean they automatically agree with you. The opposite can also be true: just because someone argues with some aspects of your position does not mean that they are opposed to the fundamental idea—or to the person proposing it. Arguments can take place within an atmosphere of people respecting each other and afterward going out to lunch.<sup>9</sup>

In summary, insufficient attention to communicating with staff may result in rumors, low morale, and even antagonism. Because managers can so easily take the communication process for granted, the likelihood of poor communications occurring is an ever-present danger that can quickly spoil a positive organizational climate. Once that happens, tremendous energy has to be spent undoing the unintended harm. Be aware that every major organizational action gives fodder to the rumor mill, and be prepared to continually focus on the interactions between you and the staff.

## Handling Conflicts

In every organization, staff interactions produce inevitable conflict; there is just no way of avoiding it. Most of the conflicts do not threaten productivity and are not very painful to the people involved. In fact, constructive conflict can bring about genuine growth as participants gain new insights and perspectives different from their own. Positive conflict can be used to explore opposing thoughts so that outmoded ideas can be challenged and the organization can discover new ways of working.<sup>10</sup> In many instances, disagreements should be encouraged if they provide alternatives that ought to be examined before decisions are made.<sup>11</sup>

If, however, conflicts get out of hand, they can be devastating and tie up huge amounts of the organization's energy. The normal pattern of cooperation is disrupted, the organization may even undergo a great loss of resources, and its own survival may be at stake. Those who are forced to concede in a conflict situation are not inclined to remain or, if they do, are not as committed to the organization as before. Morale is likely to deteriorate throughout the organization. For these reasons, it is much better to address conflicts before they escalate to the point of being destructive.

### Types of Conflict

In most human service organizations, certain conflict situations commonly occur: personal feuds, the alleged persecution of a subordinate by a superior, and struggles between two units of the organization.

*Personal feuds* between key members of an organization usually occur when they have mutual grievances, and the feuds can lead to suspicion and hostility. Each party pressures others in the organization to take sides. Under some circumstances involving low-level conflicts, it may be desirable for the manager to take one side or the other to quickly resolve an issue so that staff can get back to work.<sup>12</sup> Because arbitrarily taking sides can produce long-term animosities, however, an even better approach is to meet with the participants, individually and together, to sort out their grievances and reach a mutually agreeable resolution.<sup>13</sup>

*The alleged persecution* dilemma. If the manager has a bias, whereas if the manager is losing the loyalty of other supervisors. If anyone in the organization is a time-consuming process in some organizations in a reasonable, objective manner.

In the private sector, and settling a conflict. For example, employees take time to invest in a committee of peers review of both management and employees. Some organizations listen to all complaints, and they all can accept the decision. A person is used to being treated fairly, that the resources are protected from retaliation.

*Struggles between units* or other is encroachment. Known as a "turf battle" of protesting or even violence. When such a rivalry exists, if this is not the intention of each unit's actions for indecisiveness or conflict.

Units within an organization can compete for scarce resources favorably.<sup>15</sup> In general, for parties working together, managers must plan for resolution, particularly in conflict.

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*The alleged persecution of a subordinate by a supervisor* presents a special dilemma. If the manager sides with the supervisor, there appears to be unjust bias, whereas if the manager sides with the subordinate, there is a risk of losing the loyalty of not only the supervisor involved in the incident but also other supervisors. Some managers have an open-door policy that allows anyone in the organization to communicate a grievance. Because this can be a time-consuming process, and because of the possibility of perceived bias, some organizations arrange for impartial third parties to handle grievances in a reasonable, objective manner.

In the private sector, delegating the responsibility for investigating and settling a complaint to an impartial agent is a common practice. At IBM, for example, employees can take their grievances to any manager who must take time to investigate the problem. Another alternative is to have a committee of peers review grievances. At General Electric, a five-member panel of both management and hourly employees is available to investigate grievances. Some organizations use an *ombudsperson* who investigates complaints, listens to all sides, and works with participants to arrive at a solution they all can accept. Regardless of whether managers, peers, or an ombudsperson is used to resolve conflict, employees must feel they are treated fairly, that the resolution is reached in a timely manner, and that they are protected from recrimination.<sup>14</sup>

*Struggles between two units of an organization* occur when one feels the other is encroaching upon its sphere of responsibility. This is commonly known as a "turf battle." Unit A refuses to cooperate with Unit B as a way of protesting or even stopping the intrusion into its territory or functions. When such a rivalry occurs, the best approach is to clarify roles and assignments. If this is not successful, it may be necessary to reorganize the functions of each unit so that their boundaries are quite clear. This is not a time for indecisiveness or ambiguity.

Units within an organization can conflict with each other in different ways: they fight because the staff perceive different objectives to be achieved, compete for scarce resources, or believe other units are being treated more favorably.<sup>15</sup> In general, these conflicts are best handled by the feuding units or parties working out their own solutions. If this is not possible, effective managers must play a more vigorous role in helping the units come to a resolution, particularly if the conflict becomes highly disruptive.

### The Manager's Response to Conflict

Basic differences involving major organizational change are, by their very nature, controversial. Honest disagreements emerge because well-intentioned staff feel strongly about fundamental directions.<sup>16</sup> For example, expect disagreements to occur among staff about whether to serve primarily paying or nonpaying clients. Why shouldn't there be controversy over

such a profound difference in emphasis? In keeping their eyes on the larger picture, managers welcome these major debates as a means of stimulating the organization to come to terms with significantly different directions. Such controversy is healthy for the organization and must be worked out before final decisions are made. A key role that a manager can play is to manage staff's passionate differences in a way that diminishes destructive possibilities and constructively harnesses energy. By establishing ground rules that allow different people to voice their opinions respectfully, a manager provides an outlet for staff's emotions.<sup>17</sup>

Because each conflict has its own unique characteristics and nuances, effective managers must be cautious about responding in a set pattern, as if following a prescription. Even so, the following suggestions may be useful whether a conflict occurs between individuals, between staff and their superiors, or between units.

*Confront conflicts as soon as they emerge.* Immediate response is especially important in dealing with office politics; people are inclined to take sides, and political intrigue disrupts the work of the organization. If conflicts are allowed to fester, you can only expect more severe problems later. The best approach is to bring them out in the open and deal with them directly.<sup>18</sup> Discourage cliques from forming because a "we-they" atmosphere can poison professional relationships.

*Accept the reality that there are two sides to every issue.* It is important that all parties involved in a conflict feel that they will have their "day in court" and a fair and impartial hearing of their concerns.

*Be aware that conflict resolution takes time and thought.* Whoever is assigned to examine a conflict must be willing to invest in the process. Conflict resolution should not be viewed as an appendage to managers' duties but as an integral part of their responsibilities.

*Expect that knowledge of most incidents will eventually spread to various parts of the organization.* Although some conflicts may prove embarrassing to the parties involved, and confidentiality must be respected, news tends to travel among staff. For this reason, once a controversy is out in the open, do not attempt to cover it up.

*Promote an atmosphere of decorum.* Set explicit ground rules so there is a clear sense of fairness perceived by the parties involved.<sup>19</sup> If emotions are running exceedingly high, call for a "cooling off period" (e.g., overnight) before attempting to resolve matters. Insist that staff treat each other with dignity and respect, even if they have strong differences.

*Establish a collaborative problem-solving process in which the conflicting parties seek a mutually beneficial resolution.* Both parties strive to work through their differences by engaging in a *win-win* strategy. Both should feel that resolving the conflict would benefit them, the agency, and ultimately their clients. If this is not possible, then a compromise strategy involving some form of exchange (*quid pro quo*—this for that) may be needed. A problem-solving mode may entail both sides making compromises to seek resolution.

Selling ideas and Supervisors frequently express their opinions. Permit every organization

The following is an invitation to an organization's budget is budget must be prepared by the manager in your organization to enhance your relationship with the organization of the approaches and techniques used by government, the term closing end of a sales person you are trying to

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### Persuasive Communication

Selling ideas and persuading people occur continuously in organizations. Supervisors frequently try to convince their superiors, colleagues, or staff of their opinions. Persuading and being persuaded are the vital commerce of every organization.

The following is one example of the selling process. You have received an invitation to an out-of-town professional conference, but you know that the agency's budget is tight and the conference occurs two weeks before a major budget must be prepared. It is not a good time to be traveling. As a middle manager in your agency, you consider the conference a unique opportunity to enhance your managerial skills, but you realize you must be very persuasive with the organization's executive in order to attend. What are some of the approaches you can consider? To answer this question, consider techniques used by good salespeople in selling their products.<sup>20</sup> In the business world, the term *customer* is used to describe someone who is on the receiving end of a sales presentation. For our purposes, the term *customer* is the person you are trying to persuade.

*Preparation is the key to making a persuasive case.* Every good salesperson takes time before making a call to become highly knowledgeable about the product and potential customer. In the case of the conference, you would gather details about costs and benefits to the organization prior to meeting with your executive. There is no substitute for knowing your facts and doing your homework. Moreover, as part of your preparation you should think through what is central to your concerns and what is secondary, or even peripheral. In advance of the negotiating session, learn as much as you can about the position of the person with whom you are dealing. For example, in this situation, develop an understanding of what your boss's position is regarding staff development and conferences.<sup>21</sup>

*Assert your position in a clear, succinct, and unequivocal manner.* You need to communicate what you want and why you think it makes good sense. Convey your own conviction about the value of the conference. In any proposal, your belief in the product and your enthusiasm for how it can benefit the other party (your supervisor or your organization) can be a deciding factor in making a convincing case. Certainly, any uncertainty or feelings of ambiguity can detract from being persuasive. You have to be convinced that your project is worthwhile before you can convince others.

*Convey both data and an emotional story to get across your point.* If you are proposing a new plan, provide evidence of how it can cut costs or add clients. Supplement numerical data with examples, stories, and analogies to make your story come alive. Paint a vivid picture to give compelling credibility and to make an emotional impact.<sup>22</sup> Document how going to the conference would produce tangible payoff to the agency and clients you serve.

*Tune in with genuine empathy to your audience by understanding what is important and of high priority.* Is staff development of major importance

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to your superior? If the answer is yes, you still must realize that the budget needs to be completed on time and financial constraints must be addressed. Having empathy for the executive's concerns about completing the budget can help you present your case. As a result of careful listening to what your audience is thinking, you may be willing to alter or compromise your own plans, which in turn makes your case more appealing to the other side.

*Anticipate and deal with objections by engaging in a mutual problem-solving approach.* For example, if your executive states that your being away would keep you from completing your part of the budget assignment, then you could ask, "Could we together figure out a way that I could complete my assignment in time for me to attend the conference?"

Sometimes, it is better to anticipate objections in advance of their being voiced by your audience. Suppose you anticipate two possible objections: the added costs to the agency in a period of austerity and the time pressures for completing your part of the budget preparation. You might say, for example, "Although I see major advantages to attending the conference, I also recognize that my going at this time may put demands on our budget and could affect completing next year's budget on time." By acknowledging the objection in advance, you gain the opportunity to defang it.

In responding to an objection, it is generally a good idea to cushion your response with such comments as, "I can appreciate and understand why you might feel this way, but I would like you to consider . . ." You can disagree without being disagreeable. Your objective is to remove or neutralize the roadblock without making your audience feel defensive.

*Be specific about the advantages of your proposal to your audience.* You would not give as a reason for going to the conference, for example, that you need a break from your daily work. The needs of the organization, not your own, must be paramount. Also, be specific in conveying how you would meet those needs. Describe, for example, which particular workshops would be helpful. You might even offer to train other staff upon your return. The point, then, is that your proposal should demonstrate in concrete terms how attending the conference would add value to the organization.

*To gain closure, provide options for your audience to consider.* Having tuned in to your audience and heard some of their objections, offer alternatives or even compromises that can help you "close the deal." If cost is a factor in your attending the workshop, you might offer to pay for half or arrange for out-of-town housing with a friend. If time away from the office is a factor, you may need to work weekends to complete your part of the budget assignment or take work with you and complete it by the time you return.

These options can generate a *win-win* decision: you get what you want, and more importantly, the agency gains. Your willingness to make adjustments shows your commitment to the organization. In conveying options, you provide your executive with choices: "Would you prefer that I attend two days instead of five to keep the costs down?" By using the choice format, you encourage your audience to make a decision rather than let it hang in the air. Of course, providing options requires a degree of flexibility and

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a willingness to make adjustments in your original proposal. The most effective persuaders seem to share common traits: they are open-minded, never dogmatic, and they begin the persuasion process prepared to adjust their views and incorporate others' ideas. When your colleagues (or your manager) realize that you want to understand their views and are willing to make changes in response to their concerns, they won't feel manipulated.<sup>23</sup>

This is an example of attending a conference, but the same approach could be used in considering whether to buy an additional computer or embark on a new program. In all instances, you are identifying a gap between what exists now and what could be accomplished as a result of your proposal.

In the final analysis, persuasive communication satisfies a need; it solves a problem. You should first crystallize what that need is and then show how your proposal answers that need. You must either neutralize objections or show how your solution provides overwhelming benefits. Persuading people to your point of view is not so much a matter of selling them but of tuning in to their issues and negotiating constructive solutions.

## Facilitating Internal Communication

No single method of communication is useful for all situations. If staff number in the hundreds, formal written communications may be necessary, but this would likely be inappropriate in communicating to a staff of 10. In a large organization, the chief executive communicates through a network of key staff people, who in turn communicate with their staff. In a small agency, a more informal network of communication occurs. To enhance information exchange, consider various methods to enhance communication in the following sections.

### Top-Down Communications

A common complaint among staff is that they lack information about developments in their organization. This can demoralize staff who want to think they are a part of, and contribute to, the organization. Communication must be given high priority if staff are to believe that everyone is important and plays a significant role in accomplishing the organization's mission.

In large organizations, communication flows down from the top of the structure. Usually, the agency is organized so that top management is responsible for formulating positions or carrying out policies of outside funders or policymakers. Typically, the *span of control* (supervision) involves four to seven managers who then meet with division heads under them. This hierarchy can be quite extensive, depending on the size of the organization. The more complex the structure, the more each manager is a key link in the communication network. Breakdowns in communication can easily occur when messages are lost or poorly conveyed, especially when middle managers

feel free to add their subjective interpretations, which can engender problematic reactions. The results can be disastrous for the organization.

Communiqués to staff about a change in assignments or procedures should always be accompanied by clear explanations of the reasons for the change. Staff should understand the rationale behind the change; otherwise, they may resent what appears to be an arbitrary and capricious decision, ultimately affecting their carrying out the request. They need to have clear, candid explanations about how the change would benefit them, their clients, or the organization.

For example, suppose that management decides that staff who work with foster children must see the children at least once a week. Managers should communicate to staff that children would benefit from increased continuity resulting from these visits. To ensure that staff understand and accept the top-down communication, a monitoring system should be established so that supervisors can determine whether children are actually being seen once a week.

In addition to this hierarchical network, there are other ways of communicating from the top of the organization. Organizational newsletters, public announcements, e-mails, bulletin boards, and large staff meetings are among the ways that staff can learn about the latest developments.

### Bottom-Up Communications

Staff should have ample opportunity to communicate ideas and give reactions to their immediate supervisors and top management. This upward communication network can help managers determine whether staff understand and accept requests or whether they have concerns or problems. Furthermore, a bottom-up approach can solicit valuable suggestions and provide information from those directly on the firing line. Most important, when staff are encouraged to send information to top management, they feel better about their own role in the organization.

Unfortunately, some organizations give the illusion of being an information network while treating staff ideas in a cavalier fashion or ignoring them altogether. If staff members believe that attempts at communication are insincere gestures, expect an even more demoralizing atmosphere than if no effort was made in the first place.<sup>24</sup> If you cannot carry forward staff ideas, at least make certain that you give them an explanation. Nothing is more frustrating to staff than when management claims their ideas will be taken seriously but then does not follow through.

### Obtaining Key Information

Certain events and activities demand information that can impact decisions. For example, the information may deal with a project's progress, a new service, or staff performance. Certain activities or events become particularly

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crucial when they go beyond a particular threshold. For example, if there has been a substantial increase in client no-shows, it is important to understand the reason for this trend. Similarly, if there is a major decrease in client participation in group counseling sessions, this information must be shared. If there is a reduction in an expected income stream, this information should also be made clear. Managers seek to know if something unusual, unexpected, or exceptional is taking place. It is important to obtain data about emerging trends before they turn into major problems. To foster managerial decisions, weekly and monthly reports should distinguish general information from that which is key and exceptional. The term *management by exception* conveys the idea of concentrating on out-of-the-ordinary events.<sup>25</sup> If, for example, staff fail to meet their monthly interview targets, management would want to focus on this issue.

### Employee Surveys

One way to encourage good communication is to have an opinion survey when a new policy is under consideration or a program needs to be implemented. Staff can be of particular help in identifying problems as they arise in a new program. Staff may not have the answers, but their ability to articulate problems can be invaluable to management.

Surveys are commonly used because they are inexpensive, collect information from everyone in the organization, and identify trends. Management could ask staff such questions as these: "What in this organization would you retain? What would you want to see discontinued? What do you think the organization expects of you? What do you expect of the organization?" Answers to these questions can provide insight about what is uppermost on the minds of the staff and permit management to consider new directions. Surveys, however, have the disadvantage of inviting bias in the way they are worded and of causing staff to become disenchanted if they see little response to their feedback.<sup>26</sup>

### Suggestion Systems

To identify concerns from the entire staff, try the old-fashioned suggestion box. This permits people to communicate their concerns anonymously and could reveal festering problems. The suggestion box allows staff to present their complaints and concerns without feeling intimidated. Perhaps clients in the waiting room are not being treated courteously. Perhaps there is concern about the inconsistency of a staff dress code. Normally, without a suggestion box, these concerns might go undetected and therefore not be addressed. Through the anonymity of the suggestion box, everyone—professional staff, administrative assistants, and accountants—can express concerns or make suggestions.

Managers, of course, should determine whether the suggestions are helpful or are so vague and undeveloped that they cannot be addressed. As with surveys, respond to the entire staff so that employees know management hears and values their suggestions. Otherwise, the box becomes a receptacle for gum wrappers.

Another way to encourage communication is to have an open-door policy in which top management is available either on a continuous basis or for scheduled appointments. Some managers, for example, schedule an "open house" regularly each week. Staff welcome the opportunity to talk with top managers on matters that bother them. This approach can create problems for supervisors who feel that their subordinates bypass them, and it may tempt top management to try to resolve matters that are better left within the units. Still, safeguards can be implemented so that staff do not inappropriately circumvent supervisors. For instance, a manager could suggest that employees follow up the issue with their supervisors, or that supervisors form ad hoc task groups to address staff concerns. Furthermore, discussion could be limited to systemic (organizational) issues rather than interpersonal or individual matters.

Active, one-on-one consultation with subordinates is another way to foster good communication. Individual consultation with several staff, however, can result in delays between the formulation and execution of a top management idea, sometimes elicits irrelevant suggestions, and even invites criticism. The advantage of actively soliciting advice and information is that you can determine if there are mistakes in the management-formulated plan as well as gain insights from staff about whether and how well a decision might work.<sup>27</sup> If you are particularly interested in staff productivity, then supervisors can individually determine what makes staff feel productive by asking them such questions as, "When do you work at your peak? What do you like most about your job? What bothers you about your work? What resources do you need to be more productive? What policies and procedures should be modified so you can be more productive?" Based on staff responses, you can determine what is highly individualized and idiosyncratic and what concerns are held in common.

A variation of one-on-one consultation is for management to meet with small groups of employees. These face-to-face meetings, sometimes comprising staff from several different sections, can provide helpful responses to policies under consideration. These meetings can be time-consuming but worthwhile, not only for obtaining valuable input but also for squelching rumors.<sup>28</sup>

### Informal Communication

One of the best ways to keep in touch with staff is through informal contacts. In the hallways, on the elevator, in the lunchroom, you can take a few

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moments to ask how a project is going, how the copy machine is working, or how a spouse is recuperating. Sometimes these spontaneous communications take place right after a formal meeting, and interestingly, can be even more important than the meeting itself. By asking people about their jobs as you walk through the building, you pick up ideas and suggestions that you would never obtain by sitting at your desk. The tag name for this is MBWA—*management by walking around*.<sup>29</sup> Some managers make a point of regularly scheduling time to walk through their unit so they can obtain feedback from their staff. Be careful, however, because when you make a daily walk you may be perceived as a prison guard making rounds. An alternative is to engage in impromptu discussions to and from your office.

If your schedule is too demanding during the workday, arrange to greet people as they arrive at work or go home. Informal staff functions, such as picnics, provide a chance to get to know staff on a more personal level.

### Good Feedback

At the heart of any communication is feedback, a process that requires a reaction to actions or situations in the organization. High reliance must be placed on good feedback because it is the basis for taking necessary, corrective actions. To encourage good feedback, the ability and the commitment to listen are absolutely essential.

Unfortunately, meaningful listening, though subscribed to, is often breached. We all have a tendency to concentrate on our own agendas and thoughts so that we resort at times to "pretend" or selectively listen. Meaningful listening requires tremendous effort and total concentration.<sup>30</sup>

It is quite human for all of us to want to hear only compliments and to avoid criticisms. Some supervisors, for example, avoid listening to employees complain because it spoils their own good moods. Yet by taking time to listen, a minor complaint can be handled with minimal energy or a hidden problem can surface. In addition, listening to staff complaints, even though you may be limited in making changes, offers at least some solace that staff can feel free to express themselves.

On some occasions, Employee A may complain about Employee B: "He's goofing off on the job." "She offended a client." But then Employee A requests that the information be kept confidential, thus making it difficult to communicate directly to Employee B without divulging the source of information. Confronting Employee B with a rumor has elements of a witch hunt and usually results in defensive denials. This sensitive communication issue can be dealt with in one of three ways. Either ask Employee A to communicate the concerns directly to Employee B, or request that Employee A give permission to give the source of information. If neither of these first two options is agreeable, you may be forced to communicate

with Employee B that this matter has been brought to your attention in confidence.

In summary, effective managers must ensure good communication to convey the organization's values, promote staff commitment, and handle conflict. Be mindful that communicating is a two-way process of transmitting ideas and tuning in to staff's thinking and feelings. Good communicators are good listeners.

## Facilitating External Communication

Keeping in touch with important outside constituencies is vitally important for your organization's long term viability. Through continuous communication, you can gain the support needed to sustain your efforts and expand your organization's influence. This section highlights three useful ways of communicating to the outside world: using personal networking, electronic technologies, and the media to transmit your message.

### Importance of Networking

To strengthen your organization's position in the community, you need to expand the number of people in your network and deepen the bonds with key persons. Consider the following activities:

- *Broaden your network.* Take the time to go to meetings and conferences. Join civic activities or leadership organizations where you can meet community leaders and develop relationships that could have significance. For example, assisting the county commissioners on a local levy campaign can put you on a first-name basis when you later appear before them at a budget hearing.

- *Identify "connectors"* who can introduce you to other key leaders in your community. These are persons who have extensive social networks and enjoy putting people together. Your board members or advisory committee members can help you gain access to other significant people in the community.<sup>31</sup>

- *Strengthen social bonds with key people.* Without being intrusive, you can stay in touch with people through frequent communications and informal contacts. Make a point of being in touch with key people, even when you are not making a request of them. For example, you need to be in touch with key donors, even when you are not asking for money.

Be mindful of distinguishing between building a beneficial network and engaging in self-serving contacts. Be prepared to reciprocate when they may call you for assistance.<sup>32</sup>

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## Using Electronic Technology

*Web Sites.* Many human service agencies have by now developed Web sites so that people can easily access information about an organization. It is important that the Web site be regularly updated because this encourages other organizations to link to your site and generates more traffic. Many reporters do much of their story research online, so if your site is not up-to-date, they are unlikely to feature your program. Also, it is useful to track the number of visitors to the Web site and encourage their registering by completing a guest book or a survey for other information. Offering incentives, such as recent publications or placement on the newsletter mailing list, can be effective. Web sites can also provide a way for visitors to volunteer or contribute.

Among the items that can be included on a Web site are the organization's mission and vision, staff information, board of directors, current programs, ways to get involved, procedures for contributing, calendar of upcoming events, how to contact the organization, and links to other Web sites.<sup>33</sup> Your Web site should disseminate information that your clients want, support your mission, generate contributions, and provide links to other Web sites.<sup>34</sup>

Your Web site could also include an *intranet* component that can be used by staff or board members only so that volunteers and staff can send documents to each other, keep a calendar of project meetings or deadlines, and even provide discussion space for long distance meetings. There are many "portals" that provide intranet-like features. One portal that provides group e-mail distribution and document-posting features on the Web is [www.egroups.com](http://www.egroups.com).<sup>35</sup> You must maintain and update the Web site and arrange to register with all major search engines by providing key words related to your work.<sup>36</sup>

*E-mail.* Some organizations provide an e-mail newsletter instead of, or in addition to, a paper newsletter. By building a list of subscribers to the e-mail newsletter, you save on the cost of mailing and printing. Through a private access code, e-mail is an excellent way to keep board members and volunteers informed of matters that are of special interest to them but would not go in the general newsletter. Some organizations have a member listserv where any member can ask questions or discuss upcoming events. Someone needs to moderate the listserv to make sure that one or two people do not dominate and that the content stays focused. A few organizations use e-mail to encourage subscribers to contribute money directly and donate online by credit card.<sup>37</sup>

## Involving the Media

Human service organizations typically become involved with the media under three circumstances: (1) to highlight an aspect of the organization, (2) to address a crisis, and (3) to influence public policy.

To get your story heard in the public media, you need to communicate to a reporter, editor, or television or radio producer an idea that will appeal to people's emotions or be unusual.<sup>38</sup> The greater number of people affected by the subject, the more likely your story would receive attention. The fact that your organization supports legislation to increase services for seniors in your community may not attract media attention. But if you were to arrange for four buses of seniors to go to your state capital, this event ("happening") stirs media interest. Your local newspaper is likely to have a photo of the seniors entering the bus, and the television reporters may interview seniors who are affected by the legislation.

When your agency faces a crisis, you can be certain that the media would be interested. When a staff member sexually abuses a client or an accountant embezzles agency funds, you do not have to worry about attracting media attention. The media would pounce on your organization. In a crisis, expect hard-hitting, often negative, questions from the media and subsequent panic from the organization. The best approach is to be proactive. After obtaining legal advice, set the record straight before inaccurate information has an opportunity to spread. If news is bad, the quicker accurate information is out in full, the better. Your main objective is to convey that your organization is honest, open, and willing to provide accurate information. Never lie.

Agencies often use the media to influence public policy. Media advocacy can be used to pressure political and business decision makers to make desired changes. For example, if your agency is involved in preventing substance abuse, you might take advantage of a tragic event involving a drunken driver killing a child to challenge the use of billboards marketing alcoholic beverages in your inner city community. You might organize a community vigil in front of the billboards, and then send information packets to a journalist about the extent of alcoholism among young people in the community. Further, you could write letters to the editor, or arrange to meet with the editorial staff to alert them to the nature of the problem. Thus the value of media advocacy is that it amplifies the agency's voice. It takes advantage of situations and uses them as an opportunity to dramatize an issue related to the organization's mission.<sup>39</sup>

In summary, good communication is proactive and constantly seeks ways to keep important stakeholders—inside and outside—in touch with organizational developments. Being proactive means anticipating who needs to know what information in a timely manner. By doing so, you engender goodwill and support.

## Questions for Discussion

1. What factors, if any, inhibit the positive flow of information in your organization?
2. Can you identify instances of misperceptions occurring in your organization? How were they dealt with?

3. What are examples of communication strategies used by your organization?
4. What are some communication strategies used by your organization?
5. As a middle manager, what ideas do you have to improve the suggestion box? How do you communicate these ideas?
6. You have two communication channels in your agency. How would you use them in the past, how would you use them in the future?
7. How does your organization use electronic technology to improve communication?
6. In groups of three, discuss a crisis that occurred in your organization. How did it work out?
7. Suppose you were the director of your agency. How would you handle clients (being disrespectful)? What would you do? What would be presented in the media?
8. Consider a situation that occurred in your organization. How would you handle it? How would other staff or clients handle it? How would your case?

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3. What are examples of top-down or bottom-up communications in your organization?
4. What are some ideas for improving communication in your organization?
5. As a middle manager, you ask staff to use the suggestion box to offer ideas to improve agency functioning. In the past, staff have not taken the suggestion box seriously, mostly using it to discard gum wrappers. How do you convince staff to take the suggestion box more seriously?
6. You have two weeks to prepare a major ten-page report for your agency. How would you approach completing the assignment? In the past, how have you dealt with writer's bloc?
7. How does your agency get its message out? To what extent is it using electronic technology described in the chapter?
6. In groups of three or four, discuss conflicts between units that have occurred in your organizations. How did you recommend problems be worked out?
7. Suppose you wanted to encourage the media to highlight the work of your agency. How would you generate a story featuring one of your clients (being mindful that client confidentiality and privacy must be respected)? What do you hope to accomplish by having a feature presented in the media?
8. Consider a situation in your agency in which you wanted to persuade other staff or your manager. How would you go about presenting your case?

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# 19

## Team Building And Coalition Building

Managers of human service organizations must continuously work with others, both inside and outside their agencies. These collaborative relationships involve achieving mutual goals while respecting separate identities and different roles. In working together with others, managers seek common ground, but they can appreciate when it is appropriate for colleagues to take separate paths. This chapter explores how managers can work collaboratively with individuals and groups—internally and externally—to further the goals of their organization. Specifically, this chapter focuses on (1) building teams and task forces within the agency, and (2) working with collateral organizations.

### The Importance of Team Building

Increasingly, organizations—whether corporations, voluntary agencies, or government bodies—are moving away from hierarchical, top-down to bottom-up decision making to better involve their staff members. This trend is especially true in the human service field, where many staff members actively participate in the operation of the agency. Effective administrators turn to staff members at all levels for information, for opinions, and for carrying out administrative decisions. Because those who are actively involved in decision making are most likely to have the enthusiasm for implementing those decisions, agency managers should seek meaningful ways to foster staff participation. Forming staff into teams is one of the most effective methods of developing staff commitment.

Merely putting a group of people together in the same room does not guarantee a team. As distinct from a group of individuals who may lack a common purpose, a team strives for unified goals. Team members use the group process to generate a diversity of ideas and experiences that can address organizational problems. The combined contributions of members equals more than the sum of their individual efforts. This group synergy results from staff

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members' working cooperatively to produce results that are qualitatively better than what each individual member could produce alone.<sup>1</sup>

Teams can be manager-led or self-managing.<sup>2</sup> Typically, manager-led teams are responsible for implementing assigned work. For example, in a children's institution, staff assigned to individual cottages work as a team under a supervisor. In turn, each cottage team is part of a larger residential unit team that meets periodically to work on problems. Under this format the supervisor assumes the role of team leader, and the individual members work together on common concerns.

Under a self-managing team, members assume responsibility for determining their own process and monitoring results. They select their own team leader, who may or may not be a manager. The team deemphasizes formal supervisory roles and encourages members to substitute group decision making and consensus for the direction of a supervisor. Management, however, can still retain responsibility for the overall direction and provide some coaching as needed. Self-managing teams may be ongoing or operate as task forces with a time limited schedule (to be discussed).

### Responding to Circumstances

To borrow a sports analogy, different circumstances promote greater or lesser team interaction. A basketball, football, or hockey team may require much interaction and interdependence among its members. A singles tennis team, and to even a greater extent a golf team, requires its players to function relatively independently of each other. So too, in providing human services, circumstances may dictate the need for different degrees of independence and interdependence. For example, a counseling agency requires its practitioners to perform most of their activities in separate offices with individual clients. As a result of their isolated activities, staff rarely come in contact with each other. But under special circumstances, for example when the agency is being reviewed for reaccreditation, the agency may provide for numerous opportunities for staff to meet.

### Creating Team Spirit

Highly productive teams share the following characteristics:<sup>3</sup>

1. They develop and communicate a shared vision and work toward common goals.
2. They deemphasize hierarchy, as every team member works to make the idea or plan succeed. With few exceptions, no one pulls rank.
3. The most important factors in selecting team members are their credibility, expertise, and the ability to connect to important constituencies within the organization.<sup>4</sup>

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4. They encourage open communication. Although they may discuss complaints openly among themselves, they are discreet about what they share with those outside the team.
5. They develop trust in each other and respect their teammates both for their skills and as people.
6. They are comfortable with each other and enjoy playing and working together.
7. They are task oriented and focus on producing results. They are not just a discussion group; rather, they have identifiable objectives that they want to accomplish. They establish specific performance objectives, for example, developing a new service or responding to client requests within 24 hours.
8. They establish clear rules and behavior, such as attendance requirements, confidentiality, respect for each other, constructive confrontation, and full participation. These rules promote focus, openness, commitment, and trust.<sup>5</sup>
9. Team members are interdependent. They try to achieve something that would not be possible for them to do as individuals. Team members build on each other's contributions instead of duplicating or interfering with them. They are willing to sacrifice their own interests for the good of the whole team.
10. Team members are constantly aware of the team's performance. Based on continual feedback, they make self-correcting adjustments to improve performance.
11. They are highly committed to, and own, the team's work. They do whatever it takes to complete tasks, which sometimes means working hours beyond the usual work week.
12. Depending on the team assignment, members take responsibility for areas outside their immediate sphere. Working as a team member, a counselor may have suggestions for the marketing department; a support staff may have thoughts on how maintenance can be improved.
13. They make decisions by consensus, which is made possible because of agreed-upon goals. Generally, votes are not taken, and majority rule is not applied. The consensus is not based on the need to conform; rather, people argue, debate, and work their way to a common decision.
14. Training is provided, especially if members are new at working on a team. This training could include team problem solving, managing meetings, and conflict management. Team training helps people understand that consensus decision making means people might have

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different opinions about the best solution to a problem, even after considerable discussion. Everyone is willing to get behind one option to make it work, however.

### Overcoming Barriers to Winning Teams

Initially, not all participants on the team may be good team players. Even those who lack traits that would make them effective team members, however, may eventually become team contributors if they are given the right motivation and training. For example, some may want to work independently, preferring to receive credit or even criticism for their own individual efforts. They may believe that being part of the team interferes with their ability to complete individual work. They may need time to adjust to the team. Encourage their participation in meetings so that other members of the team can appreciate how their expertise can contribute to achieving team goals. An effective approach in team building is to have the group develop its own ground rules of operating, which has the effect of empowering team members.

Two other problems can occur among members of a team. First, one or more members may tend to dominate meetings, attempting to dictate directions and unduly influence the thinking of the group. Other team members can then become dissatisfied and frustrated. The leader needs to communicate with these "prima donnas" that their personal attitude is disrupting the team spirit, and that their overall work performance is measured by the extent to which they participate as a team member. A second, and opposite, problem is the tendency for some members to disengage. An effective team leader understands that disengaged team members may feel insecure and may be afraid to say something which might make them look foolish or turn out to be wrong. In both instances, the team leader needs to take members aside to talk about how their behaviors need to change for the benefit of the organization.<sup>6</sup>

Occasionally, you may encounter a member who is unwilling to respond to training and who is unable to work with other team members. Their mistrust is so profound that they poison the ability of the team to work together. If these staff members do not respond to coaching, they should be transferred off the team.

### Becoming an Effective Team Leader

Not all team leaders are inherently effective. Their own personal style can negatively affect the team, or the atmosphere of the organization may not truly support team efforts. Team leadership, however, can be enhanced in several ways. First, team leaders need clear directives from senior managers regarding their role. At the very least, their roles should be legitimized with a

formal title and job description that clarifies how this differs from usual supervisory roles. Team leaders must also understand the boundaries of their decision making as well as the parameters within which their team can function. How much initiative can they take? How innovative can their team be? These are questions that must be understood at the beginning of the team process. Second, team leaders should develop leadership skills that can enhance the functioning of their team. These include negotiating, communicating, agenda setting, goal development, and action planning skills. Third, a team leader creates a safe environment where people can communicate whatever needs to be said without fear of reprisal. In the course of discussions, a team leader pulls together divergent ideas and identifies themes that may show connections.<sup>7</sup>

### Handling Conflict

Conflict can significantly affect a team's decision-making effectiveness. Inevitably, team members can have incompatible wishes or irreconcilable desires. Two kinds of conflict can occur in teams. *Relationship conflict* can involve tension and even dislike among group members. This form of conflict is detrimental to group performance and member satisfaction. Because relationship conflicts distract people from their tasks, both leaders and group members must work hard at controlling personal animosities. Team leaders must bring the antagonistic parties together to resolve their concerns—or help them work together as professionals despite their personal animosities.

*Task conflict* involves differences of viewpoints and opinions related to how the group is to accomplish tasks. Moderate levels of conflict over tasks can enhance group performance and further the development of new perspectives.<sup>8</sup> Teams whose members challenge each other's thinking develop a more in-depth awareness of choices, create a rich range of alternatives, and ultimately make the kinds of effective decisions required in today's turbulent environment.<sup>9</sup> Task conflicts can reduce apathy and generate a higher level of team investment. Managers can ask members to take opposing viewpoints. Members who come up with different and useful ideas should be given special acknowledgment. Debate within the team can reduce the dangers of *groupthink* (discussed in Chapter 17).

The key to managing conflict is to encourage people to debate their ideas, to have strong differences of opinions, and at the same time maintain a high level of civility. Team members must know that they can feel strongly about an issue and fight hard for it without questioning the competence or integrity of those with opposing views.<sup>10</sup> They avoid becoming personally hostile or angry with their colleagues. When conflict is managed well it becomes an effective tool for exchanging ideas and making better organizational decisions.

The most common type of conflict relates to work problems. One faction, for example, may want to change to a whole new procedure while the other

opposes major change. Team members may feel that they have to destroy a team if it is not carrying their load or solving a more serious problem. Team leaders must set goals. Still another problem is to keep their teams from disintegrating. By excluding some team members, team functioning can be disrupted. The team must continue working together.

In all of these conflicts, the nature of the conflict and the nature of the leader may wish to resolve the nature of their concerns. The leader may wish to resolve the nature of their concerns. The leader may wish to resolve the nature of their concerns. The leader may wish to resolve the nature of their concerns. The leader may wish to resolve the nature of their concerns.

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One approach to conflict resolution is to have a process in which team members should do, and the team must understand the process to which the members to write. This process can be used to resolve conflicts.

### Having a Good Team

Understanding and still get along is vital. It is important to achieve this goal: to have a good team that works together effectively.

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opposes major change. Another kind of conflict occurs when some members feel that they have to carry the load of others. This kind of conflict can destroy a team if it is not resolved quickly. Pinpoint whether the persons not carrying their load lack skills or need additional training or coaching. A more serious problem would be apathy in relation to achieving the team's goals. Still another problem relates to individuals forming cliques within their teams. By excluding others, they invite hostility that can interfere with team functioning. These issues must be dealt with quickly if the team is to continue working together.

In all of these conflict situations, team leaders must determine the source of the conflict and then take proactive steps to deal with it. Initially, the team leader may wish to meet with those who are complaining to determine the nature of their concerns and then meet individually with those who are the target of their annoyances. It is important, however, that the team leader air these concerns before the full team.<sup>11</sup> If conflict is not discussed candidly, upset members can corrode the team process. Moreover, the team leader must help those who are in conflict to listen to each other, especially if each side is intent only on winning its own point. Asking key members to paraphrase what the other is saying is one way of opening up their minds. It is also helpful that each faction convey how its position could help the team achieve its goals. If both can see that everybody is working toward the same goal, there may be room for flexibility and compromise.

The team leader must encourage differences while discouraging interpersonal hostility. Ground rules for discussion must be established clearly in advance: no personal attacks, no disparaging comments, no personalizing of the issue. Another helpful ground rule is that changing a position is not a sign of weakness but of strength. Finally, people can express their feelings because positions are usually a combination of both intellectual thought and emotional reactions. Understanding how other people feel about an issue, and the depth of their feelings, is an important part of teamwork.

One approach a team leader can use to foster a more open negotiating process is to have each faction prepare a list of what it feels the other side should do, and then have the parties exchange lists to determine the compromises to which they might agree. Another approach is to ask the conflicting members to write questions that require answers from the other side. Out of this process can come a mutually agreed-on position.

### Having a Good Fight While Getting Along

Understanding how group members can have fundamental disagreements and still get along without resorting to destructive conflicts with one another is vital. It is instructive to understand the specific tactics that can be taken to achieve this goal.<sup>12</sup>

- *Frame the choice as a collaborative, rather than a competitive, effort.* Successful teams believe that collaboration works to everybody's best interest. Having a shared vision and working toward a common goal furthers the team process.
- *Obtain facts.* The more current data that can be made available, the more likely team members can focus on issues, not personalities. In the absence of good data, a tendency is to debate opinions—some ill formed. Facts allow people to move quickly to the central issues and reduce reliance on guesses or self-serving desires. Therefore, it is important that preparation for team meetings be devoted to getting good information.
- *Develop multiple alternatives.* Having many options before the group encourages creative thinking and allows participants to consider combining elements from each of the choices. Sometimes members are encouraged to present a range of options just to have more choices before the group.
- *Put people in a positive mood.* It helps to have people loosen up before embarking on the seriousness of the team's agenda. Maybe they can tell some humorous episode that happened to them during the week or describe some positive personal experience. Good humor helps lighten the atmosphere and provides a psychological mood for blunting the threatening edge of criticisms or negative information.
- *Seek consensus with qualification.* This particular tactic may be more suitable in manager-led teams. It involves a two-step process in which team members talk over an issue and try to reach a consensus. If they cannot, the most senior manager makes the decision.

For example, a children's institution staff team may have different opinions about whether an adolescent is ready for discharge. The residential director in these special circumstances makes the ultimate decision with the guidance of various members' input. The other members of the team accept this decision as long as they believe the process is a fair one and that they have had ample opportunity to express their ideas. Most people want their opinions to be considered seriously, but accept that these opinions cannot always prevail. The key is that the ultimate decision is based upon open and honest communication and not on some hidden agenda known only to the team leader. This approach permits decisions to be made fairly quickly.

### Interactive Team Exercises

Learning to be an effective team member takes work and a considerable amount of introspection. Team members need to be aware of how they are doing as a member of a team and be able to help their fellow team members function appropriately. One way of fostering this understanding and enhancing team skills is to ask team members to participate in preliminary exercises that

allow them to simulate real-world situations. These exercises team leaders can

1. Ask two factions to represent different groups. For example, a neighborhood group of youngsters to an outside perspective. Ask them to state their position for and against a particular issue. After making their remarks they might compare notes. Discuss afterwards how the design of the exercise better resolved their differences. What were conveyed and how?

2. Divide the group into two teams. Place others around obstacles. Ask them to move (or not) the obstacles. Discuss further what was learned.

3. Ask people to take turns to describe their individual thoughts about their role in the team. Collectively discuss this exercise, so stick to the facts and people's thoughts. For example, ropes, indicating their role as an octopus, conveying coordination, but lacking direction and lacking but afterward each use becomes an opportunity to be altered for team members.

Aside from the fun of the exercise, take time to consider how to improve it. Once people have completed it periodically for team members to discuss the questions member

- Are members contributing to improve?
- How well do members work together?
- How often do members communicate?
- How willing are individuals to help others?
- Do group members work together?
- Is everyone participating?
- Is there a strong leader?
- Is there a tolerance for diversity, when it comes to differences?

allow them to simulate roles in a non-threatening manner. Here are three exercises team leaders can use to stimulate team understanding:

1. Ask two factions to debate an issue relevant to your agency. For example, a neighborhood center could debate the question, "Should we take youngsters to an outside playground?" Give each group starting arguments for their position for and against. Provide members of each group with disparaging remarks they might convey in regard to the other group's position. Discuss afterwards how the designated leader and other group members might have better resolved their differences. Also identify some of the positive ideas that were conveyed and how these might be replicated in regular team meetings.

2. Divide the group into those who wear blindfolds and those who lead others around obstacles and down stairs. Discuss afterwards how supportive (or not) the coaches were to those who had to wear the blindfolds. Discuss further what would foster trust or lack of trust in team discussions.

3. Ask people to take 30 minutes to draw together on a large roll of paper their individual thoughts about how they perceive their team functioning and their role in the team. Obviously, artistic talent is not the essential aspect of this exercise, so stick figures or use of color may be ways of expressing people's thoughts. For example, one person might draw a swing without ropes, indicating their feelings of lack of support. Another might draw an octopus, conveying concerns about the team going off in lots of different directions and lacking central focus. No one is to talk during the drawing, but afterward each uses the drawing to reflect on his or her position. This becomes an opportunity for people to examine what procedures need to be altered for team members to believe that they can contribute more.

Aside from the fun of doing these exercises, their value is for staff to take time to consider how their team is functioning and what they can do to improve it. Once people feel more comfortable, time can be set aside periodically for team members to reflect on how their team is working. Among the questions members can ask are the following:<sup>13</sup>

- Are members contributing suggestions about how the group can improve?
- How well do members of the team understand problems?
- How often do members ask for—and give—support to each other?
- How willing are members to finish the work that was assigned to individuals?
- Do group members respect each other's ideas?
- Is everyone pulling his or her weight?
- Is there a strong sense of collaboration, even in the face of differences?
- Is there a tolerance for individuals occasionally functioning independently, when this seems a good idea?

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- Are innovative ideas encouraged?
- Are people encouraged to try out new roles and grow into them?

Positive answers to these questions indicate teams are working constructively and collaboratively to resolve issues.

## Task Forces

Sometimes teams are designated as task forces, which implies carrying out a specific assignment on a time-limited basis. The term *ad hoc task force* suggests that when the group accomplishes its purpose, it disbands. The advantage of an ad hoc task force (sometimes known as an *action team*) is that it has a clear mandate to handle a particular problem and is terminated once the problem is solved. Usually, members are asked to participate voluntarily, based on their experience and expertise.<sup>14</sup> The group may establish its own timetable and set its own pace, or management may convey expectations. The supervisor can be team leader, or the role may be assigned to different members of the staff for different issues. To foster different perspectives, task force members may be drawn from different units of the organization.<sup>15</sup> Moreover, there is the possibility of developing a network as task force members communicate back to their home base units.

Five caveats should be kept in mind to keep task forces from becoming counterproductive. First, the staff who develop an action plan may not necessarily implement it. The group formed to carry out the plan may need to be reconstituted with management and participants from other units. Because newcomers may not have participated in the planning process, they typically need time to develop ownership of the undertaking.

Second, it is possible that staff may identify so much with their task force that they become elitist and exclusionary in their outlook. Others in the organization may become resentful because they perceive this task force to be a clique. Members of the group must understand that they have a responsibility to share their experiences with others. Time limits and rotation to different groups help diminish cliques.

Third, in establishing the task force, it is important to clarify roles, responsibilities, and ground rules under which it functions. Otherwise, the group may not understand its function and decision-making boundaries. Is it only advisory? Is it responsible for executing its own recommendations? Is it designed to initiate ideas or react passively to ideas being generated by management? Can its decisions be overridden and, if so, by whom? It is also important to clarify the role of the team leader. Is the chairperson responsible for following through, or only for facilitating the group discussion process? Thus, the task force must be given clear and detailed guidance about the job it is to carry out.<sup>16</sup>

Fourth, staff involvement. Unfortunately, it can be that the organization's decision-making process or belittles their ideas. If not invest in the process, desired and when the organization coalesce on issues, part of the team is working on personnel practices, which can result in much confusion can result in findings. Hence, task force work to achieve a collaborative effort to oversee the

Finally, if several task forces are working on different issues, they must be coordinated. If the organization coalesce on issues, part of the team is working on personnel practices, which can result in much confusion can result in findings. Hence, task force work to achieve a collaborative effort to oversee the

If team building requires internal staff relationships, outward to build coalitions. To maximize the impact, managers periodically alliances. This collaborative effort that their own with the assistance and a commitment to a coalition, developing mutual rewards.<sup>18</sup> Thus coalition that two or more than they are likely to

Alliances of organizational staff and volunteer time available in one group than the parts, mean work together that increase the availability of other public officials that represents a coalition.

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Fourth, staff involvement on task forces must be meaningful. Unfortunately, it can be superficial when staff appear to have input into the organization's decision-making process but management ultimately ignores or belittles their ideas. If staff are limited to making trivial decisions, they do not invest in the process.<sup>17</sup> People sense when their ideas are genuinely desired and when the organization is resorting to gimmickry.

Finally, if several task groups are organized simultaneously around different issues, they must be coordinated. Unless the various parts of the organization coalesce on issues, serious problems can result. For example, if one part of the team is working to change the reward system, while another studies personnel practices, and a third group considers the organization's tasks, much confusion can result if there is no attempt to unify these group's efforts and findings. Hence, task groups must keep lines of communication open and work to achieve a collaborative effort. It may be helpful to appoint a "traffic cop" to oversee the various task forces.

## Coalition Building

If team building requires that effective managers focus on developing strong internal staff relationships, coalition building requires managers to look outward to build collateral relationships and to partner with other agencies. To maximize the impact of their organization in the community, effective managers periodically join with collateral organizations in forming strategic alliances. This collaboration occurs when two or more organizations perceive that their own goals can be achieved most effectively and efficiently with the assistance and the resources of others. Collaboration emerges from a commitment to a common cause that involves assuming joint responsibilities, developing mutual accountability, combining resources, and sharing rewards.<sup>18</sup> Thus collaboration is a mutually beneficial and well-defined relationship that two or more organizations enter into to achieve better results than they are likely to achieve on their own.<sup>19</sup>

Alliances of organizations offer the possibility of pooling funds, sharing staff and volunteer time, and involving talent and expertise that may not be available in one group.<sup>20</sup> The term *synergy* conveys that the sum is greater than the parts, meaning that more clout and power can emerge when groups work together than when they work alone. By forming alliances, they increase the availability of people power. Not surprisingly, politicians and other public officials discern the difference between a group of fifty and one that represents a coalition of five thousand.<sup>21</sup>

Forming a coalition does not necessarily occur easily. Members of organizations generally want to control their own destiny and decision-making process, develop a sense of identity, and convey to the world their particular efforts and accomplishments. This need for autonomy and identity can be so profound that some organizations purposefully avoid interaction. They

want to preserve their independence and think they can achieve their goals without relating to others. They want to be unencumbered, free to pursue their objectives without compromising. A child advocacy organization, for example, may decide not to participate in a cooperative community effort to improve foster care because it wants to preserve its advocacy "gadfly" role in relation to human service agencies.

Despite this tendency to be independent, organizations that work on complex community problems find it necessary—even essential—to deal with other organizations. A collaborative approach requires organizations to harmonize ways of working together on many community problems—such as unemployment, inadequate housing, and delinquency—that are complex and interrelated. Often organizations become highly specialized and concentrate on a given aspect of a problem. As specialization has increased, so too has the need for interaction among organizations. For example, establishing an employment program requires more than setting up training programs: health services, transportation, day care, counseling, and housing services all become necessary components. Hence, while many organizations seek to preserve a high degree of decision-making authority and power, the complexity of problems and the need for funds, skills, staff, community support, and other resources compel them to interact cooperatively to form strategic alliances.<sup>22</sup>

### Factors Facilitating Strategic Alliances

Certain key capabilities should exist for strategic alliances to function successfully.

*Goal Compatibility.* Organizations forming an alliance should share a clear vision of what they want to accomplish. Through this common vision, organizations can maximize the chances of meeting their respective goals. Different organizations can have similar goals, such as when several decide to work together to reduce crime in a neighborhood. Goals also can be complementary, as when one agency decides to serve clients it ordinarily would not serve, because it would be paid by another agency for doing so. Sometimes goals can even be dissimilar, as "strange bedfellow" organizations harmonize their efforts to achieve their respective goals.<sup>23</sup>

*Development of Resources.* Organizations collaborate when sufficient resources exist to reduce competition or when they can agree on how resources are to be divided. Collaboration is less likely to occur when organizations must compete for scarce resources. Organizations can exchange tangible resources (involving funding, facilities, personnel, clients, and services) or they can be intangible (involving prestige and good will). Sometimes the exchange is immediately reciprocal: Organization A agrees to serve the clients of Organization B in exchange for funding. At other times, the

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exchange is sequential: Organization A agrees to assist Organization B on child welfare legislation in anticipation of Organization B assisting Organization A in passing a mental health levy the following year. Organizations thus weigh anticipated costs of the exchange against present or future benefits.

*Role of Higher Authority.* When state or national organizations encourage coordination of their local units, they are likely to work together. Similarly, foundations sometimes require (as a condition of a local grant) that agencies demonstrate that they would work together to achieve joint program goals. For example, Salvation Army, Catholic Charities Services, Neighborhood Family Center, and Hispanic Drug Prevention Program may join together in a community proposal to provide comprehensive services to a target population at the request of a community foundation.

*Governance.* Organizations tend to collaborate successfully when they agree about who would make decisions and what type of decisions can be made. A written protocol defines (a) when Organization A can make a decision independent of other organizations, (b) when it must consult with the others but not require their approval, and (c) when Organization A can act only with the consensus of its collaborating partners.<sup>24</sup> Furthermore, the decision-making process should include procedures for resolving conflict. For example, suppose a mental health agency and a substance abuse agency are working together to address the needs of homeless persons. What procedures might they develop should individual staff members disagree on how they should work with a particular mentally ill, substance-abusing client? These conflict-resolving procedures need to be clarified up front to avoid later inter-organizational problems.

*Domain of Activities and Target Population.* Organizations need to come to terms with how they would work with their client base. When roles are complementary, as when an employment organization provides different activities from those of a day care agency, then collaboration is facilitated. However, when a substance abuse agency decides to find jobs for its clients, then its participation in an employment alliance may come into question. When one agency begins to encroach on another's activities or their target population, collaboration will be impeded.

*Cultural Compatibility.* Although each organization in an alliance may have its own culture, these cultures should be compatible enough to develop a distinct culture within the alliance to support their mutual mission.<sup>25</sup> This development requires thinking through how individual organizations can affect other members of the alliance. Furthermore, it requires a mindset of negotiating and cooperating. Also, it means thinking about what is best for the alliance and the community, not just one agency.<sup>26</sup>

*Power and Prestige.* When an organization perceives that it can influence changes it thinks are important, and when it senses that others are not overbearing, then it is more likely to collaborate. Further, when this organization and its partners perceive that their prestige is enhanced and others are not gaining prestige at their expense, they tend to continue collaborating. When parties have equal status and respect for each other, their relationships are likely to be more effective than when they do not have equal status or respect for each other.<sup>27</sup> People involved in successful collaborative ventures find ways to balance the unequal positions among all members.<sup>28</sup>

*Communication Infrastructure.* Open, consistent communication can lead to clear expectations of performance. By determining specific objectives for the alliance with a clear timetable, organizations can avoid problems of ambiguity. Information systems and up-to-date technologies (e.g., conference calls, faxes, and e-mail) can facilitate communication.

*Trust.* Perhaps the most intangible factor, but the one that is most indispensable, is that members of the respective organizations trust that others would honor their commitments. Over time, this trust is most likely to increase. As organizations have opportunities for successfully conducting joint programs, greater willingness develops to accept new forms of interdependence.

In summary, whether or not two or more organizations collaborate depends on how committed they are to working together to achieve their common goals.

## Collaborative Structures

Structures developed as a result of collaborative efforts can vary, depending on the desired ends. Where the situation requires autonomous agencies to retain a high degree of independence while linking temporarily on a specific issue or situation, the collaborative process is ad hoc and limited. A special crisis (e.g., a hurricane) may require organizations to temporarily mesh their programs, but once the crisis recedes and in the absence of provisions for an ongoing structure, organizational relationships can evaporate as autonomous groups return to their independent activities.

Sometimes organizations with different goals work together informally through a loose coalition on a temporary basis. Coalitions emerge from the joining of two or more organizations that discover they have more to gain by collaboration on an issue or activity than by pursuing independent courses of action. When the project is completed, the coalition is dissolved. For example, ten mental health agencies form a coalition to pass a mental health levy. For a period of three months these mental health agencies send representatives to meet weekly to develop strategies for the campaign. When the campaign is concluded, the group dismantles. Four years later, a new coalition is formed for the next levy campaign.

Organization through a federated structure is dependent on organizations within the federation only in a limited way. The major purpose of the organization must be clear, and major purpose groups, controversy, and conflict must be avoided.

A good collaboration is more comprehensive than a common purpose. It defines how they can be achieved through a common vision and specific steps to implement it.

If a collaboration is on a specific issue, it prepares organizations to form their first project neighborhoods. Such other compelling neighborhood crime prevention programs.

Organizations undertake joint projects with other organizations.

### Joint Planning

- Planning
- Information
- Joint evaluation
- Joint project

Example: mental health agencies working together to address mental health needs.

### Administrative

- Centralized
- Centralized
- Joint
- Shared

Example: committee to plan and take advantage of opportunities.

Organizations may also establish a formal, ongoing relationship through a federation. Each organization is self-directing; none is entirely dependent on or completely responsible to the federated body. Each organization within the federation remains primarily accountable to itself and only in a limited way to the federation. Usually actions proposed by a federation must be approved by each of its constituency groups. Because a major purpose of the federation is to harmonize and integrate different groups, controversial issues that might cause the coalition to break up are avoided.

A good collaborative process builds a series of progressively deeper and more comprehensive agreements among the participants. Initially, they agree that common problems exist and should be addressed. Then they determine how they can best work together. They share relevant information, develop a common vision, and strategies of implementation. Finally, they take action steps to implement the strategies.<sup>29</sup>

If a collaborative organization is ongoing, then as it resolves one problem or issue, it prepares to move on to the next. For example, suppose that organizations form a coalition to combat neighborhood crime; they decide that their first project would be to secure better street lighting for various neighborhoods. Succeeding with this first project, the group then moves on to other compelling issues, such as gaining speedier police response to neighborhood crime.

Organizations may also form a consortium—a formal partnership to undertake joint activities or programs. The following are ways two or more organizations can coordinate their efforts:<sup>30</sup>

#### *Joint Planning*

- Planning coordinated delivery of services
- Information sharing of resources or policies
- Joint evaluation of program effectiveness
- Joint program design

Example: The County Department of Human Services and the local mental health board coordinate efforts to assist families with special mental health needs.

#### *Administrative Services*

- Central recordkeeping on clients seen in more than one organization
- Centralized purchasing and equipment use
- Joint advertising
- Sharing facilities and equipment

Example: Two agencies in the same building form an interagency committee to purchase supplies together, thus reducing administrative costs and taking advantage of bulk discounts.

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### *Service Coordination*

- Joint outreach to clients
- Common intake and diagnosis
- Formal referral patterns
- Follow-up with clients receiving common services
- Combined transportation
- Combined case conferences on families seen by different organizations
- Case management to coordinate services by different agencies

Example: A children's services cluster is formed consisting of the alcohol and drug addiction board, juvenile court, mental retardation and disabilities board, public schools, and youth services. The purpose is to assure service for children who have multiple needs and for whom appropriate local services are not accessible. The organization develops individual service plans, assures proper management, and arranges for shared funding for multiple-needs children.

### *Personnel Coordination*

- Co-location of staff in a commonly shared facility
- Out-stationing of staff by one organization to that of another
- Lend-lease of staff from one organization to function under the administration of another organization for a specified time
- Joint training
- Interagency staff teams
- Compacts involving formal staff cooperative agreements, though no funds are exchanged

Example: An elementary school arranges for a mental health agency to co-locate a staff member in the school. The counselor meets with students referred by teachers in a group counseling session and works with them to improve their school performance. The counselor is accountable to both the principal and a mental health agency supervisor.

### *Financial Coordination*

- Joint fundraising
- Purchase of service to provide a specified service in exchange for funds
- Joint project funding

Example: Three organizations in the local community related to day care, youth counseling, and vocational training sponsor a community event designed to publicize their services and raise money for their respective organizations.

The previous examples illustrate that the structural format of the coalition can vary depending on the nature of the task to be accomplished. Similarly,

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structural format can be customized in relation to various participants. In some instances, coalition leadership would rotate over time from one organization to another, or various tasks may be rotated among members. One agency may be designated to take fiscal responsibility, another might be responsible for intake, and a third for marketing the services of the coalition. Finally, an organization may be designated as the lead organization to ensure that services are completed, evaluated, and supported.<sup>31</sup>

Whatever the structural arrangement, collaborative alliances leverage resources to accomplish member agency goals. The synergy that is created by joining together with others results in a greater impact on the clients of the respective agencies.

### Questions for Discussion

1. Working in groups of three or four, select an organizational issue, such as how to deal with clients not showing up for their appointments. What ground rules for developing a team spirit could you agree on? Then engage in a heated discussion about proposed solutions. How would you handle violations of your ground rules and conflicts? On reflection, what approaches could be taken to facilitate the team's deliberations?
2. Consider the drawing exercise described in the chapter. How would you characterize how teams function in your organization?
3. If you were to form a task force in your organization, what issue might it focus on?
4. Under what circumstances would your agency *not* join a coalition?
5. Assuming your organization participates in one or more coalitions, what were the factors that induced them to join? What were the benefits to your organization?
6. You are a neighborhood grassroots advocacy organization dedicated to changing living conditions in your community. Typically, you do not affiliate with other organizations because you prefer not to have your advocacy efforts diluted or be encumbered with extensive inter-organizational discussions. Recently you have been invited to join a coalition of organizations from the broader community to address the problem of lead poisoning in homes. What are the pros and cons of joining this proposed coalition? If you do decide to join, how would you preserve your autonomy?
7. What kinds of collaborative structures has your organization participated in? Which ones identified in the chapter might be explored by your agency?

8. Several business and community leaders connected with United Way have proposed creating a community coalition to conduct a community needs assessment. Based on the results, the coalition would develop the community's agenda for addressing the highest priorities. What are the pros and cons of participating in a process that determines the community's focus and resources?

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