



# Teaming for Technology of Minnesota

*Building Better Communities Through Technology*

## *A Guide to Working with Nonprofit Organizations*



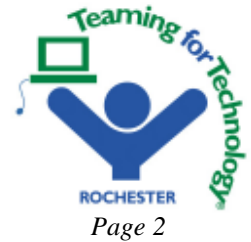
*Understanding the basic workings of non-profit organizations will help you understand where technology fits into the “bigger picture” for this sector and the different opportunities and challenges presented by technology use and integration.*

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## ***Definition of a nonprofit agency***

To understand these questions, it helps to understand the “official” definition of nonprofit organizations:



- *The Internal Revenue Service (IRS)*'s **Section 501(c)(3)** – the famous one – describes non-profit as (1) serving charitable, religious, scientific or educational purposes (2) no part of the income of which “inures to the benefit of” anyone.
- This means that non-profit organizations with 501(c)(3) status are **exempt from paying taxes** to the government, unlike for-profit businesses and individuals do, and that **the distribution of profit to its staff or board is strictly forbidden**.
- Non-profits are required to disclose many details of their operations to the general public and to state regulators and watchdog agencies using **IRS Form 990**. This form shows salaries paid to officers or directors and to the five highest-paid employees and contracts if any receive over \$50,000 in the tax year. The form also requires the organization to divide its expenses into “functional categories” – program, administration, and fund-raising – and report the totals for each along with the amounts expended on each program activity within the tax year.

*(There has been a big push over the past five years to make 990s more available to the public. GuideStar (<http://www.guidestar.org>) makes all 990s available through their searchable online database. GuideStar's mission is to make financial information on non-profits and foundations easily accessible through the use of information technology.)*

Tax-exempt non-profit organizations can, and do, function like any other business in many ways. They have bank accounts; own different assets; receive income from sales and other forms of activity, including donations, grants, and fee-for-service activities; make and hold investments; employ staff; and enter into contracts of all sorts. However, they are different from for-profit businesses, in that their programs and activities are all mission driven.

### ***How does technology fit into the work of non-profits?***

Over the past few years, non-profits have started to use technology as a tool to assist in achieving their missions. Technology, used effectively, can help non-profits better achieve their mission by:

- Improving operational efficiencies and enabling staff to redirect energies from administrative work to more focused and creative ways to serve their clients.
- Expanding the reach and impact of services.
- Developing new technologies that benefit the communities non-profits serve.

Helping to provide technology access and knowledge to underserved communities

### ***Who do non-profits serve?***

All services and activities in a non-profit are ultimately directed to serving **clients**. Clients are the “consumers” or “customers” of a non-profit’s services. Note that services can be in the form of tangible or intangible products – for example, a food bank can distribute food to a community (tangible), in addition to counseling on how to apply for food stamps (intangible).

“Multi-service agencies,” such as settlement houses or community development corporations,

often offer a range of services under one roof – everything from elderly services, youth programs, and case workers to help manage personal problems to housing, community gardens, community technology centers, and employment assistance.

Sometimes non-profits deliver services based on geography (for example, residents living in certain zip codes or a specific community can receive their services) or age range (they serve children ages 6 to 12 or adults ages 18 to 30) or population characteristics (serving non-violent ex-offenders or homeless women).

No matter whom they serve, many non-profits are trying to incorporate technology into program-related activities. For example:

- English as a Second Language programs use different kinds of reading software in their programs.
- Workforce development programs use basic Microsoft Office programs to help clients create resumes and personal budgets.
- Libraries make card catalogs available over the World Wide Web so searches can be performed from homes and offices.

### ***What kind of work do non-profits do?***

Non-profits provide a range of critical services to a variety of populations on many different issues. Here are some examples of non-profits' work:

- **Direct service** non-profits provide specific, hands-on services to a specific population. For example, an organization working with homeless women may operate shelters, as well as provide counseling on a variety of issues (substance abuse, depression, domestic violence, parenting), help with navigating public assistance benefits, and transitional housing. These organizations are also known as **human service organizations**.
- **Multi-service agencies** offer a variety of services to a number of different populations. Settlement houses (which are neighborhood-based organizations that provides services and activities designed to improve the lives of individuals, families, and communities) are good examples of multi-service agencies. They are often located in communities and their services are meeting community needs.
- **Cultural and arts organizations** operate museums, dance companies, and theaters. They also conduct walking tours, lead neighborhood preservation efforts, and offer in-school and after-school cultural and arts education programs.
- **Economic development agencies** help small business owners secure loans and find employees, build supportive housing complexes for special-needs populations (such as formerly homeless individuals), lead neighborhood beautification efforts, and operate entrepreneurship seminars.
- **Healthcare organizations** range from large hospital systems to community-based health care clinics. Some healthcare organizations also focus on community education about a specific health condition, lobby legislators on federal, state, and local levels for research and treatment funds, and operate public awareness

campaigns. They also help uninsured individuals access government-sponsored insurance programs, like Child Health Plus.

- **Educational organizations** focus on improving the quality of public schools, opening charter schools (*charter schools are independent public schools, designed and operated by educators, parents, community leaders, educational entrepreneurs, and others*), training new teachers and principals, training tutors and matching them with students, and securing donations for schools.
- **Youth development agencies** operate after-school programs for young people of all ages in addition to leadership development, employment and internship, and community involvement activities.
- **Environmental organizations** work locally, nationally, and internationally on preserving natural resources, conduct campaigns for environmental justice in low-income neighborhoods, and educate the public on the benefits of recycling.
- **Legal services** organizations provide a variety of low-cost or no-cost legal services, such as dealing with tenant-landlord disputes or ensuring access to public benefits, to community residents.
- **International organizations** work on issues in a specific country or those that impact the entire planet. For example, international health organizations sponsor children's vaccination programs in developing countries. Environmental organizations raise awareness about the effects of global warming on different countries and its natural resources.

*The use of technology in the above-mentioned non-profit organizations will depend on their missions and programs. It is important to remember that some of the best-utilized technologies are those incorporated into programs that are already effective – it is not always necessary to “reinvent the wheel!”*

### **Staff Structure in Nonprofit Organizations**

*Yes! Many non-profit organizations rely heavily on their staff members – people who are often very committed and passionate about the issues on which they work – to accomplish their important mission-based activities.*

- **Executive Director** – The executive director is directly accountable for the work of the staff, works with the board of directors (*see description below*) on crafting a strategic vision for the organization, represents the organization in public, and often has the primary responsibility of raising money to support the organization's programs. Some non-profits call the executive director “president” or “chief executive officer.”
- **Staff** – Staff report to the executive director and are responsible for overseeing and executing the daily tasks involved in the organization's programs and operations. They are also responsible for primary interaction with the organization's clients. Many times, program staff and operations staff perform different functions within the organization, with operations staff being focused on internal management issues and

program staff overseeing services and working with clients.

In addition to paid staff, other stakeholders that play an important role in a non-profit organization's programs and operations:

- ***The Board of Directors*** – An organization's board of directors is responsible for general oversight of the organization's programs, policies, and finances. They also help the executive director craft a vision for the agency. Board members serve voluntarily and do not get paid for their work. A board is comprised of individuals from the community and, ideally, is representative of an organization's clients.

- ***The Board Chair (AKA chairman/chairwoman)*** - A board chair's role is central to coordinating the work of the board, executive director, and board/staff committees. The chair may have appointive power for committees, depending on what is specified about this role in the bylaws. (*Bylaws are legal documents that specify the overall structure and operations of the organization.*)

- ***Committees*** - Typically, the board chooses to carry out its operations using a variety of board committees that oversee different organizational functions, such as program, administration, technology, and finance.

- ***Volunteers*** - Volunteers are unpaid personnel who assist staff, serve on committees and generally work under the direction of program staff members. Depending on the size of the organization, its mission-related programs, and its needs, volunteers play very different roles. Some people volunteer regularly for an organization and others volunteer once or twice a year.

Volunteer opportunities can range from serving on a board of directors to mentoring a young person to painting classrooms.

### ***Fundraising for Technology***

Raising money for technology is complicated. In today's competitive funding climate, it is perhaps one of the more complicated things for which an organization seeks funding. Why is raising money for technology harder than other things? And why does it frustrate grantmakers and grantseekers alike?

- **The "make do" mentality:** Technology is viewed as unnecessary "bells and whistles," a tool that has little or no impact on an organization's core business. Non-profits should "make do" with what technology they have because technology is so expensive and beyond their means. And if they don't have any technology, they will do without. Part of the "make do" myth is perpetuated by a lack of understanding of technology, both what it is and the important tool it is for non-profit organizations.

- **Lack of technology literacy:** This literacy is lacking on the funding and grantee side of the equation and greatly contributes to technology not being understood by both parties. Some factors contributing to this state include hesitation, avoidance, resistance, and an over-reliance on vendors and consultants.

- **Technology stumps funders as well as grantseekers:** Grantseekers aren't sure what

technology they should be asking for, so they ask for too little or too much, and grantmakers aren't sure how to consider technology proposals. Program officers are unsure how to evaluate technology proposals, as there are no standard funding benchmarks, and non-profits may rely on outside expertise to craft a technology proposal.



- Technology as part of an organization's infrastructure: Technology is considered part of an organization's infrastructure, like the copy machine and the phone. Few foundations include "technology" in their funding guidelines, since most of them prefer to fund programs, not general operating support.

***There are several key elements organizations need to have in place before embarking on the quest for technology funds:***

- A technology plan that is integrated into a strategic plan.
- A technology vision statement that describes how technology will benefit an organization and its clients.
- Strong, mission-driven programs that could be further strengthened by technology.
- An unwavering focus on outcomes. Make sure the technology being implemented is at an appropriate level to help the organization achieve its stated outcomes!
- A technology budget that utilizes the 70-30 rule (70 percent of technology costs are allocated on people and training, the remaining 30 are allocated for hardware and software).
- A smart, solid technology team who can implement the technology plan and evaluate its effectiveness.
- An understanding that technology is "here to stay" and is not a luxury, but a necessity, like electricity or the telephone.
- A sense of humor and commitment to the process, as well as patience and a willingness to ask questions!

***Why is technology important to non-profits' work?***

Non-profits face increasing demands for information from internal sources, such as senior management and boards, and external sources such as grantmakers, government regulators, media, and individual donors.

Technology can help streamline basic operational functions, like accounting procedures, and be incorporated into program functions and fundraising activities as well.

Technology is being used effectively by the for-profit sector to speed up and increase the capacity of traditional business processes and to extend the reach of the business into areas that would be impossible to reach without the leverage created by these tools. The non-profit sector can benefit from the same applications of technology.

In the article *Enabling Technology Funding: Issues for Grantmakers and Grantseekers*, the IT Resource Center in Chicago and the Chicago Community Trust provided good examples of how technology can be used by the non-profit sector:

**The human service** environment today is dependent on case information for a range of agency needs. Caseworkers need a place to plan and record care information for new

intakes, and for cases transferred to them from other workers. Case records develop a life of their own, and prior care history is critical to understanding where clients have been, as well as where they are going. For line workers, the mantra should be “documentation is service” and once entered, information can be reused for court reports, evaluations, progress tracking, and other sifting and sorting chores that, given the complexity of case record requirements today, would be impossibly arduous in a paper-only case record. **A robust case management system is essential to identify cases that exemplify best practices as well as those that require supervisory intervention.** Finally, an electronic client management system allows an agency to bill and be reimbursed for services provided under contract in a timely fashion.

**Arts and cultural agencies** often have diverse constituencies, and knowing about the interests and past participation of constituents, whether they are individuals, families, corporate executives, schools, or clubs is essential to providing the right mix of programs and services. Expectations are high, and in a world where commercial providers from Internet booksellers to the corner grocery store are collecting information about consumers and their purchases in order to craft custom products, non-profits will be expected to offer a similarly high level of personalization. Those that can do so cost-effectively will survive and thrive.

Likewise, information is at the center of communication, and **advocacy**. Organizations that can develop an integrated communications strategy that blends content with multiple delivery vehicles will be more likely to have their messages understood than agencies displaying their wares in single or long-abandoned markets. That is not to say that the only valid venues for discourse are the new. Instead, it is to affirm that agencies that meet their constituents where they are, whether that is via flyers tacked to neighborhood telephone poles, direct mail, or e-mail and the Web, will be the most effective organizations, and that information technology plays a role in each medium.

**Administrative and Fundraising tasks** are undergoing the same revolution as in the for-profit sector. Human Resources and finance, in particular, are undergoing radical changes through increased utilization of technology. Advertising jobs, tracking applicants, administering benefits and a range of other tasks increasingly have an electronic component. Fundraising has one of the oldest traditions of automation in the sector. The Internet is creating opportunities for organizations to connect with donors and prospects at highly individualized levels as well as the capability to give electronically. For donors, Internet capability translates into a better understanding of organizations’ work and mission that can improve the level of trust between donor and organization.

### ***What are technology standards for a non-profit?***

Teaming for Technology and other technology assistance providers have created common technology standards, or “benchmarks,” for non-profit organizations of all sizes.

The following are minimum standards that should be met by all non-profit organizations, in order to effectively and successfully communicate internally, as well as with external stakeholders, the general public, and funders:

- Every organization should have a technology plan. A technology plan will help evaluate technology needs and create strategies to meet those needs. It will also help add technology components to successful program strategies, which will further help fundraising efforts.
- If an organization has five or more computers in one location, they should be on a Local Area Network (LAN). A LAN enables different users to share files, printers, an Internet connection, a database, software applications, and other resources.
- Organizations should only have one Internet connection and it should be shared over the LAN. Internet access is essential for all staff as a means of sending and receiving information.
- Every organization should have its own website and domain name.
- Data should be backed up regularly – at least once a week, but it really depends on the rate at which your files are modified. A good idea is to have two sets of backups, one stored in a secure off-site location and one “live” set in your office.
- Each workstation/user within your organization should use the same core applications or application suite for word processing, spreadsheets, and databases. Additional applications (such as web design) should be standardized as the need for them arises.

Every organization should have virus protection software installed on all of its computers.

*Benchmarking is a powerful process that non-profits can use to assess and evaluate their organizations' practices, operations, and functions against a set of “best in class” criteria. The Teaming for Technology benchmarks represent the current standard for appropriate, efficient, and sustainable technology use in a non-profit organization. They also provide an example of how a technologically literate non-profit integrates technology into its daily work. The benchmarks examine technology planning, staff use of technology, business systems (like accounting and fundraising software), networks, and email and websites.*

### ***What is the role of a technology consultant working with non-profits?***

A technology consultant can lend a hand with many non-profit technology challenges, like assessing current equipment and software, helping write a technology plan, and performing jobs like installing a network or building a database. Overall, most non-profits are committed to using technology to support their mission but need resources and tools to get started.

Here are some tips for technology consultants working in the non-profit sector:

- Always LISTEN to the customer.
- Provide all services in a meaningful, mission-driven manner.
- Deal respectfully with every customer, and every person that approaches you with questions or seeking advice.
- Respond clearly and promptly for all requests for information and services.
- Establish clear, written expectations with each prospective customer regarding the type of work to be done, the length of the project, and the expected costs and outcomes, prior to entering into any technology service agreement.
- Document all work in clear understandable language.
- Work to empower customers by actively transferring your capability and know-how



to them through coaching and clear documentation.

- Respect and maintain the confidentiality of customers and use discretion in communicating with others about specific organizations and individuals.
- Encourage suggestions as to how you and your organization can better serve our customers and the non-profit community.
- Adhere to the highest standards of ethical behavior, avoiding conflicts of interest, fulfilling all legal responsibilities, and completing all work stipulated in agreements
- Perform all services with customers in the highest quality manner and expertise possible and exceed expectation wherever possible.
- Foster and build long-term relationships with customers through positive communication and strong work ethic.

**Always keep in mind that you are a consultant, not an employee of the organization. You can assist an organization in its technology planning and integration processes by making suggestions and facilitating conversations, but the ultimate decisions should be made by employees to ensure organizational buy-in. They are the ones that have to use the technology on a daily basis. Staff members have to feel comfortable with the decisions that are being made, as well as actively participate in the decision-making process.**

