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Ethical Leadership

Are you humble enough?

Nonprofit Day, October 18, 2018

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Overview:

- Why a new style of leadership is important for the sector.

- How to inspire staff and earn their loyalty.

- The difference between leadership and management.

- 8 steps to lead change in your organization.

- How to motivate your board to become more active.

- Discuss examples of sticky ethical situations and how to address them.

Let's look at the

For the first time ever, charitable giving exceeded the $400 billion mark in 2017, spurred by growth from all four sources of giving.

$410.02 billion

Where did the generosity come from?*

Giving to arts was the second-fastest growing subsector, with an 8.7 percent increase over the previous year to a total of $19.51 billion in 2017.

Giving to foundations increased 15.5 percent in 2017, the largest gain of any subsector, far outpacing the growth in total giving.

Where are all of the charitable dollars going?

(as a percentage of the total)

Giving by Individuals
$286.65 billion
↑ 5.2% **70%**
increased 5.2 percent (3.0 percent when inflation-adjusted) over 2016

Giving by Foundations
$66.90 billion
↑ 6.0% **16%**
increased 6.0 percent (3.8 percent when inflation-adjusted) over 2016

Giving by Bequest
$35.70 billion
↑ 2.3% **9%**
increased 2.3 percent (0.2 percent when inflation-adjusted) over 2016

Giving by Corporations
$20.77 billion
↑ 8.0% **5%**
increased 8.0 percent (5.7 percent when inflation-adjusted) over 2016

Contributions by source
(by percentage of the total)

Giving by individuals increased $14.27 billion over last year for a growth rate of 5.2 percent, on track with the growth in total giving.

The 6 largest subsectors all grew in 2017, but growth rates ranged widely from 2.9 percent all the way to 15.5 percent.

- 31% **Religion** $127.37 billion
- 14% **Education** $58.90 billion
- 12% **Human Services** $50.06 billion
- 11% **To Foundations** $45.89 billion
- 9% **Health** $38.27 billion
- 7% **Public-Society Benefit** $29.59 billion
- 5% **Arts, Culture, and Humanities** $19.51 billion
- 6% **International Affairs** $22.97 billion
- 3% **Environment/Animals** $11.83 billion
- 2% **To Individuals** $7.87 billion

Visit www.GivingUSA.org to learn more and to order your copy of *Giving USA 2018: The Annual Report on Philanthropy for the Year 2017.*

Giving USA Foundation™, The Giving Institute, and the **Indiana University Lilly Family School of Philanthropy** are pleased to continue their partnership in providing the most comprehensive, longest-running, and most rigorously researched resource on U.S. charitable giving, *Giving USA: The Annual Report on Philanthropy.* It is a privilege to report on Americans' generosity and related historical trends on U.S. charitable giving.

* All figures on this infographic are reported in current dollars unless otherwise noted.

Gi **Giving USA™** Shared intelligence. for the greater good.

Gi **THE Giving Institute™** Shared intelligence. For the greater good.

IUPUI LILLY FAMILY SCHOOL OF PHILANTHROPY

UNDERDEVELOPED:

A National Study of Challenges Facing Nonprofit Fundraising

UNDER**DEVELOPED**

A National Study of Challenges
Facing Nonprofit Fundraising

A Joint Project of CompassPoint and
the Evelyn and Walter Haas, Jr. Fund

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This study reveals that many
nonprofit organizations are stuck
in a vicious cycle that threatens
their ability to raise the resources
they need to succeed.

evelyn & walter
HAAS JR. fund

CompassPoint

Revolving door − Organizations are struggling with high turnover and long vacancies in the development director position.

Organizations aren't finding enough qualified candidates for development director jobs. Executives also report performance problems and a lack of basic fundraising skills among key development staff.

It's about more than one person – Organizations and their leaders need to build the capacity, the systems, and the culture to support fundraising success. The findings indicate that many nonprofits aren't doing this.

5 MIN GUIDE: 2016 FUNDRAISING EFFECTIVENESS SURVEY

DONORTRENDS

The Fundraising Effectiveness Survey gives organizations access to a unique dataset to make better-informed, growth-oriented budget decisions to boost donor revenue.

The basic concept of the Fundraising Effectiveness Survey is that growth in giving from one year to the next is the net of gains minus losses.

This 5-minute Guide highlights key findings from giving trends in 2015.

PARTICIPANTS:
9,992 organizations

POPULATION:
8.27 million donors

TOTAL GIVING:
$8.6 billion

2015 METRICS

Every 100 donors gained was offset by 96 lost donors through attrition

46% Donor RETENTION

Overall
RETENTION RATE
46%

54% Donor ATTRITION
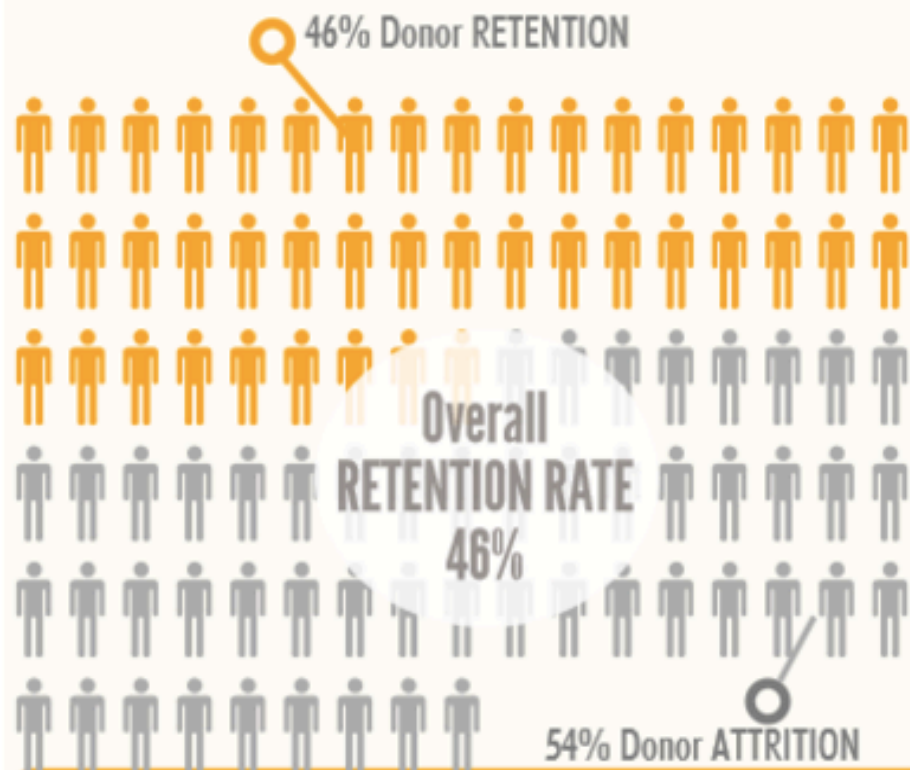
DONOR RETENTION

- 2% net gain in donors retained from 2014 to 2015.
- 79% of the gains were from NEW donors.
- 21% of the gains were from REACTIVATED donors.

Every $100 dollars gained was offset by $91 lost

$100 gained

$91 lost
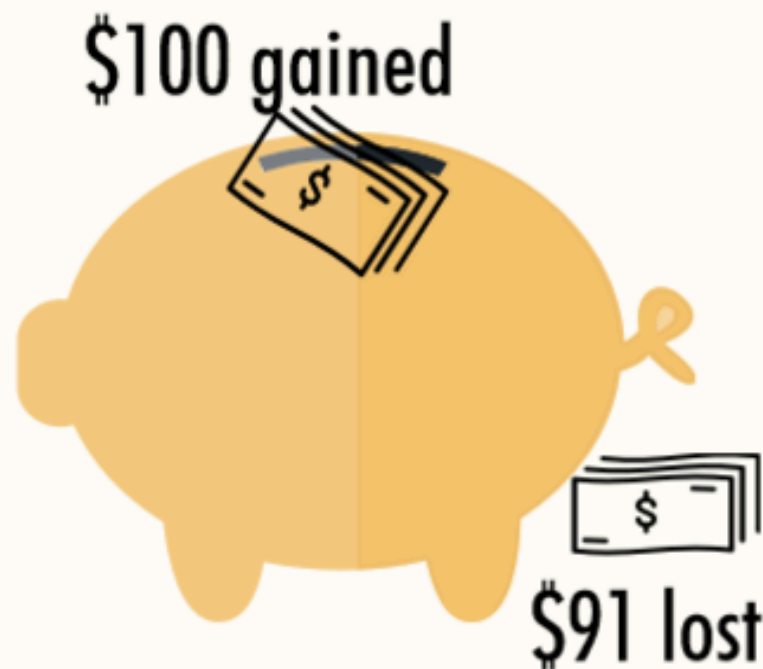
DOLLAR RETENTION

- 5.3% net gain in revenue from 2014 to 2015.
- 44% of the gains were from NEW donors.
- 37% of the gains were from UPGRADED donors.
- 19% of the gains were from REACTIVATED donors.

- Disconnect between the concept of relationship fundraising and practical applications.

- Fundraisers are not supported to build relationships

- Relationship fundraising is different based on channel
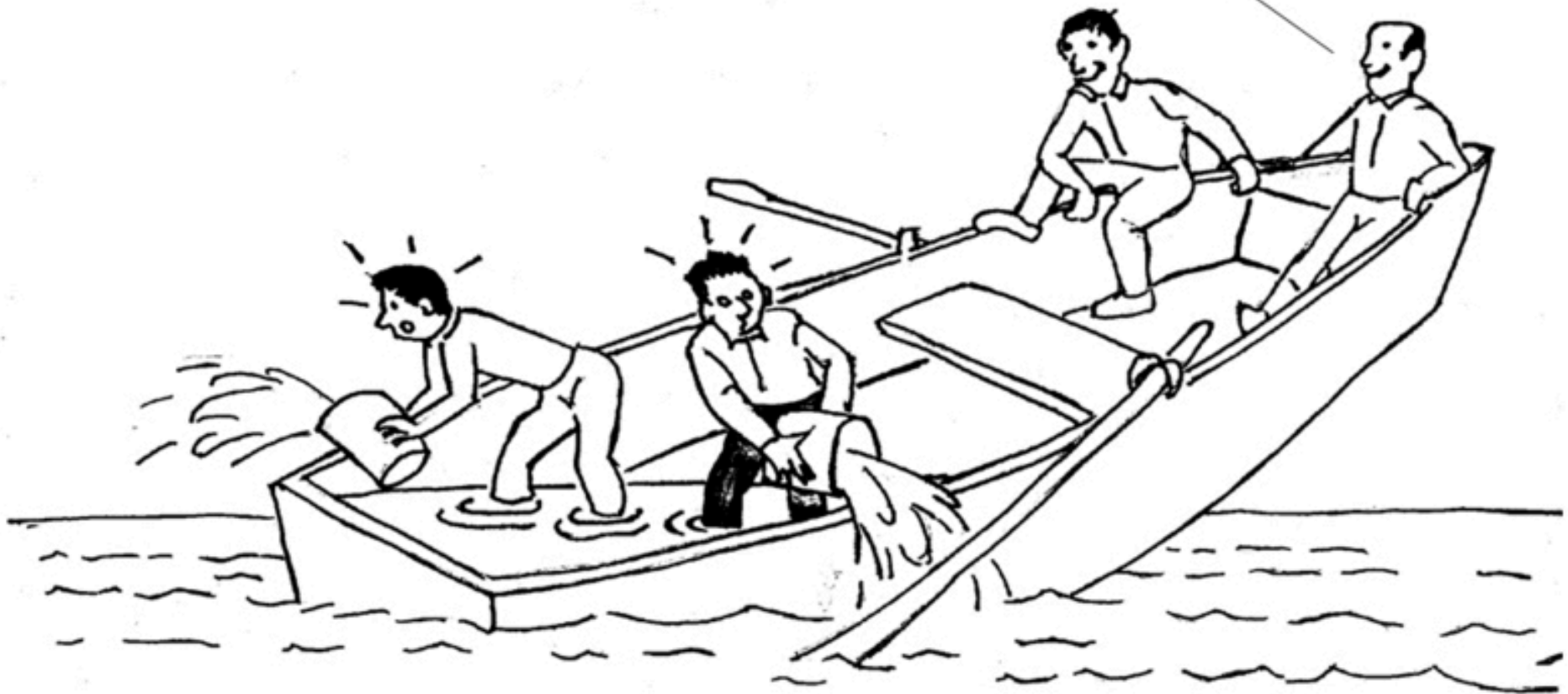
donors who care. a lot.

donors who
care. a little.

donors who
don't care. yet.

donors who care. a lot.

donors who care. a little.

donors who don't care. yet.

Thanks: Agents of Good

Ethical leadership has never been more important

- Keep and inspire our staff
- Be more effective and more satisfied in our jobs
- Engage our board in more meaningful ways
- Create a systemic culture of philanthropy
- Keep our donors and raise more money for our mission.

Learned the hard way

- Tried hard and fast approach
- Too aggressive
- Alienated staff
- Lost the confidence of the executive director
- Program staff had no interest in helping

Created by Kimberley MacKenzie, CFRE

How to inspire staff and earn loyalty

- Make them super hero's
- Find out their pain points
- Make them feel safe at work
- Set ego aside and give selflessly to build up others

Management	Leading
• Planning	• Create Direction
• Budgeting	• Getting alignment
• Organizing	• Motivate and inspiring
• Staffing	
• Problem Solving	

Predictable, Orderly, Expected	Disruptive, things change, dramatic

Ref: J. Kotter, Leading Change

What are some of the things that are keeping you from leading change?

Table 1: Ethical and unethical leadership

The Ethical Leader	The Unethical Leader
Is humble	Is arrogant and self-serving
Is concerned for the greater good	Excessively promotes self-interest
Is honest and straightforward	Practices deception
Fulfils commitments	Breaches agreements
Strives for fairness	Deals unfairly
Takes responsibility	Shifts blame to others
Shows respect for each individual	Diminishes others' dignity
Encourages and develops others	Neglects follower development
Serves others	Withholds help and support
Shows courage to stand up for what is right	Lacks courage to confront unjust acts

Source: (Zanderer, 1992)

http://www.ef.uni-lj.si/docs/osebnestrani/MIhelic_Lipicnik_Tekavcic_2010_clute.pdf

Table 3: Criteria for evaluation of ethical leadership

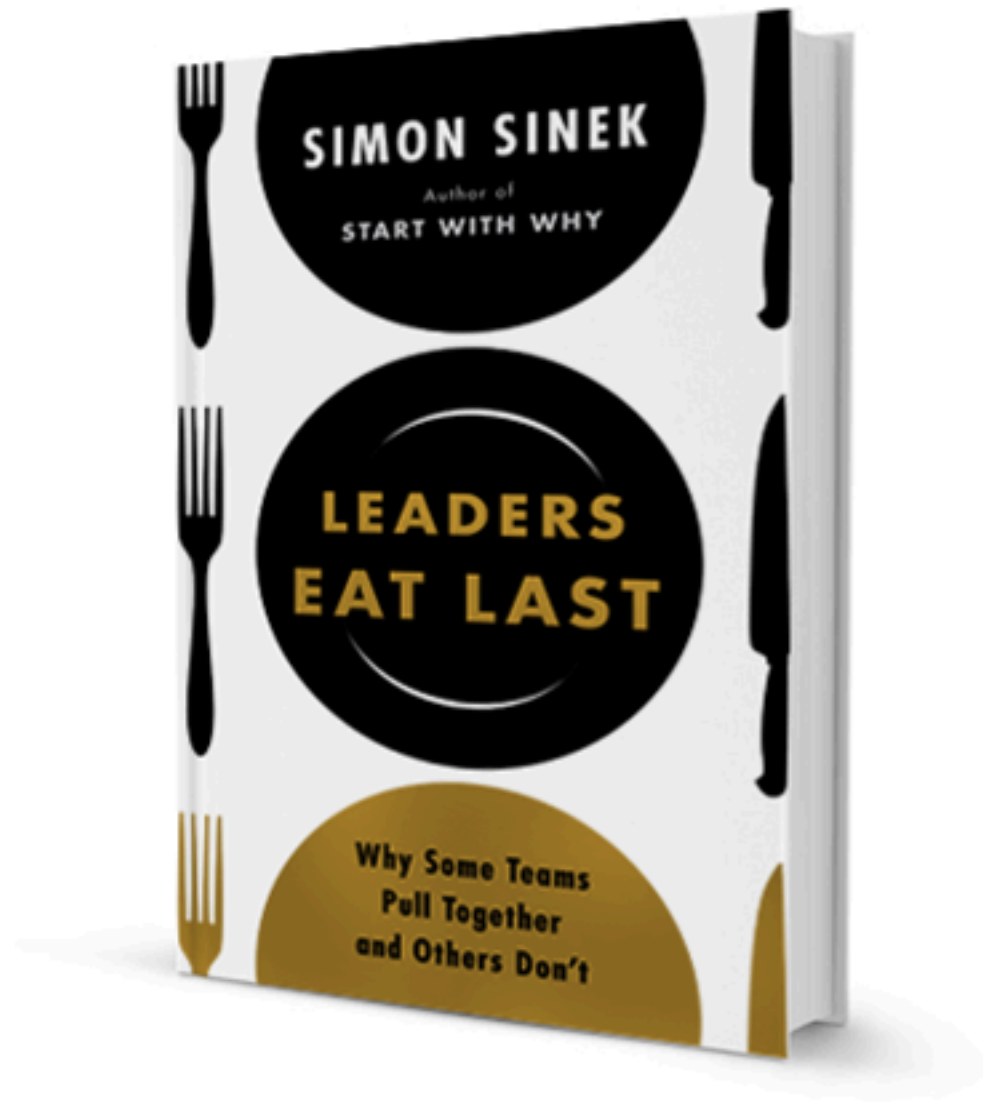| Criterion	Ethical Leadership	Unethical Leadership
Use of leader power and influence	Serves followers and the organization	Satisfies personal needs and career objectives
Handling diverse interests of multiple stakeholders	Attempts to balance and integrate them	Favours coalition partners who offer the most benefits
Development of a vision for the organization	Develops a vision based on follower input about their needs, values and ideas	Attempts to sell a personal vision as the only way for the organization to succeed
Integrity of leader behaviour	Acts consistent with espoused values	Does what is expedient to attain personal objectives
Risk taking in leader decisions and actions	Is willing to take personal risks and make necessary decisions	Avoids necessary decisions or actions that involve personal risk to the leader
Communication of relevant information operations	Makes a complete and timely disclosure of information about events, problems and actions	Uses deception and distortion to bias follower perceptions about problems and progress
Response to criticism and dissent by followers	Encourages critical evaluation to find better solutions	Discourages and suppresses criticism or dissent
Development of follower skills and self-confidence	Uses coaching, mentoring and training to develop followers	Deemphasizes development to keep followers weak and dependent on the leader

Source: (G. A. Yukl & Yukl, 2002, p. 422)

8 Steps for Change

Implementing & sustaining for change
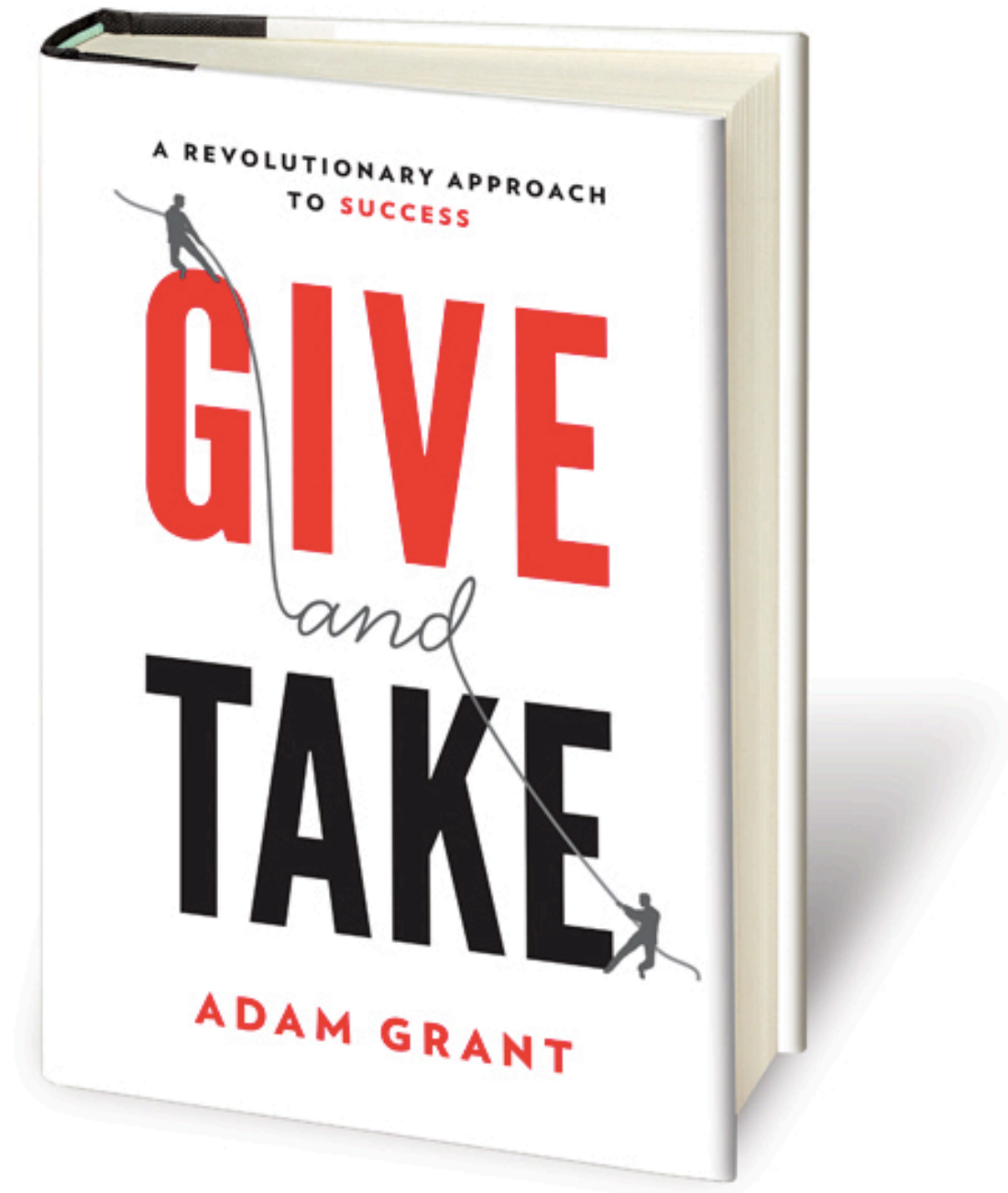
8. **Make it stick**

7. **Build on the change**

Engaging & enabling the organisation

6. **Create quick wins**

5. **Empower action**

4. **Communicate the vision**

Creating the climate for change

3. **Create a vision for change**

2. **Form a powerful coalition**

1. **Create urgency**

Ref: John Kotter, Leading Change

Source: J M Fisher 2003
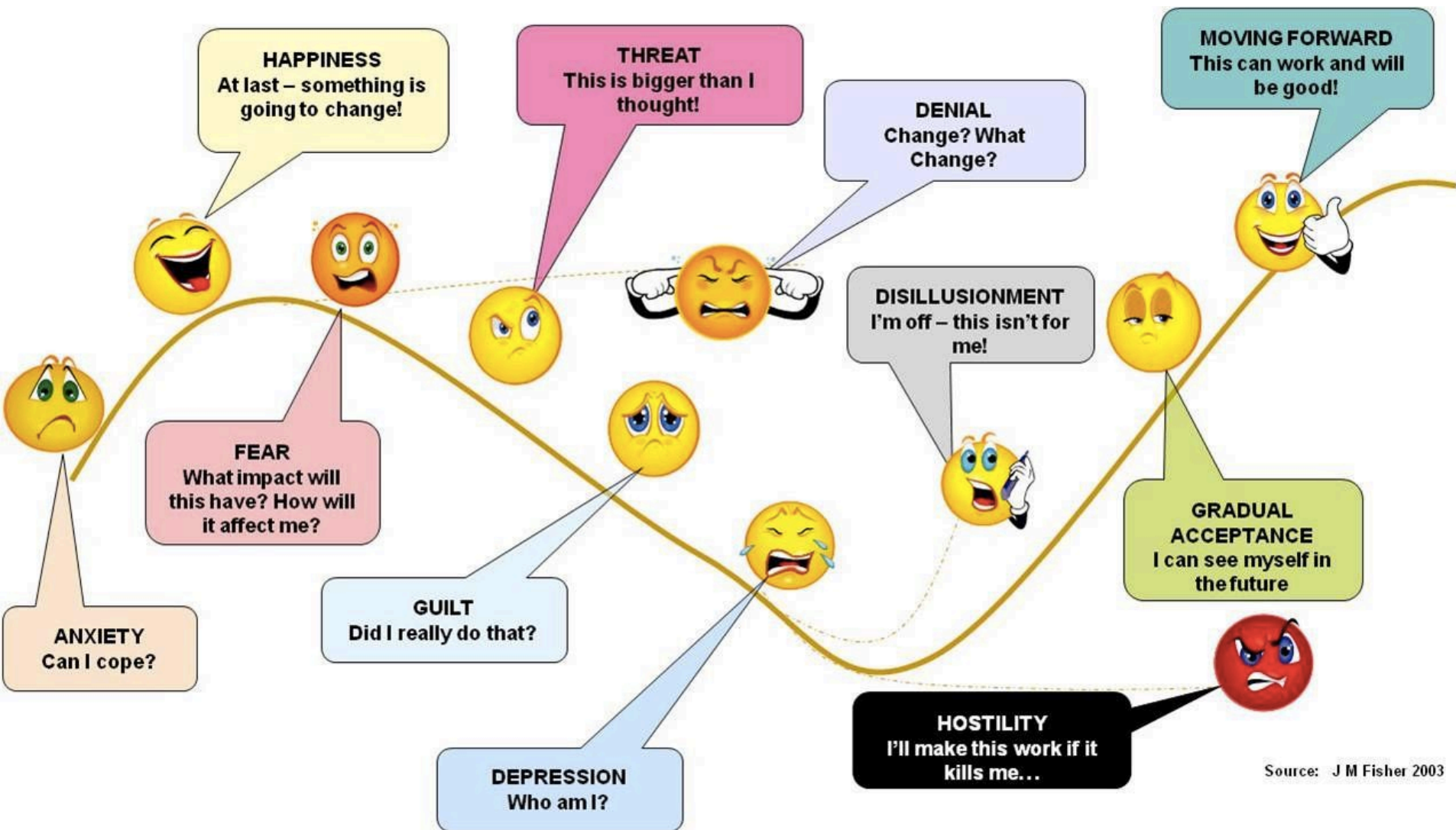
To learn more about the biology of how to help inspire trust, build respect and support a high functioning team read:

- Powerless communication

- Takers

- Matchers

- Givers

A REVOLUTIONARY APPROACH TO SUCCESS

GIVE and TAKE
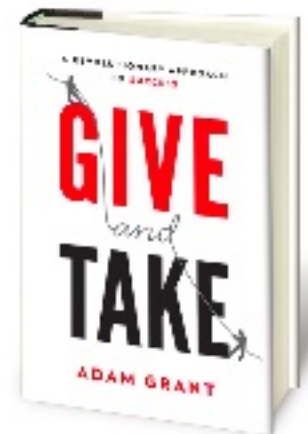
ADAM GRANT

Created by Kimberley MacKenzie, CFRE

Givers pay the most attention to what others need from them.

Takers put their own interests above the needs of others.

Matchers protect themselves by seeking reciprocity. Many would like to be givers but feel too vulnerable.

Givers

Takers

Matchers

GIVE and TAKE

ADAM GRANT

Your board is BORED!

Stop forcing or expecting your board fundraise.

Not sustainable

Instead…

Instead of focusing on raising money – focus instead on advancing a culture of philanthropy.

A culture of philanthropy embraces relationship building

Engages those who share your beliefs and values

Building a community of believers

The money follows

CODE OF ETHICAL STANDARDS

ETHICAL STANDARDS (Adopted 1964; amended Oct 2014)

The Association of Fundraising Professionals believes that ethical behavior fosters the development and growth of fundraising professionals and the fundraising profession and enhances philanthropy and volunteerism. AFP Members recognize their responsibility to ethically generate or support ethical generation of philanthropic support. Violation of the standards may subject the member to disciplinary sanctions as provided in the AFP Ethics Enforcement Procedures. AFP members, both individual and business, agree to abide (and ensure, to the best of their ability, that all members of their staff abide) by the AFP standards.

PUBLIC TRUST, TRANSPARENCY & CONFLICTS OF INTEREST

Members shall:

1. not engage in activities that harm the members' organizations, clients or profession or knowingly bring the profession into disrepute.
2. not engage in activities that conflict with their fiduciary, ethical and legal obligations to their organizations, clients or profession.
3. effectively disclose all potential and actual conflicts of interest; such disclosure does not preclude or imply ethical impropriety.
4. not exploit any relationship with a donor, prospect, volunteer, client or employee for the benefit of the members or the members' organizations.
5. comply with all applicable local, state, provincial and federal civil and criminal laws.
6. recognize their individual boundaries of professional competence.
7. present and supply products and/or services honestly and without misrepresentation.
8. establish the nature and purpose of any contractual relationship at the outset and be responsive and available to parties before, during and after any sale of materials and/or services.
9. never knowingly infringe the intellectual property rights of other parties.
10. protect the confidentiality of all privileged information relating to the provider/client relationships.
11. never disparage competitors untruthfully.

SOLICITATION & STEWARDSHIP OF PHILANTHROPIC FUNDS

Members shall:

12. ensure that all solicitation and communication materials are accurate and correctly reflect their organization's mission and use of solicited funds.
13. ensure that donors receive informed, accurate and ethical advice about the value and tax implications of contributions.
14. ensure that contributions are used in accordance with donors' intentions.
15. ensure proper stewardship of all revenue sources, including timely reports on the use and management of such funds.
16. obtain explicit consent by donors before altering the conditions of financial transactions.

TREATMENT OF CONFIDENTIAL & PROPRIETARY INFORMATION

Members shall:

17. not disclose privileged or confidential information to unauthorized parties.
18. adhere to the principle that all donor and prospect information created by, or on behalf of, an organization or a client is the property of that organization or client.
19. give donors and clients the opportunity to have their names removed from lists that are sold to, rented to or exchanged with other organizations.
20. when stating fundraising results, use accurate and consistent accounting methods that conform to the relevant guidelines adopted by the appropriate authority.

COMPENSATION, BONUSES & FINDER'S FEES

Members shall:

21. not accept compensation or enter into a contract that is based on a percentage of contributions; nor shall members accept finder's fees or contingent fees.
22. be permitted to accept performance-based compensation, such as bonuses, only if such bonuses are in accord with prevailing practices within the members' own organizations and are not based on a percentage of contributions.
23. neither offer nor accept payments or special considerations for the purpose of influencing the selection of products or services.
24. not pay finder's fees, commissions or percentage compensation based on contributions.
25. meet the legal requirements for the disbursement of funds if they receive funds on behalf of a donor or client.

A DONOR BILL OF RIGHTS

PHILANTHROPY is based on voluntary action for the common good. It is a tradition of giving and sharing that is primary to the quality of life. To assure that philanthropy merits the respect and trust of the general public, and that donors and prospective donors can have full confidence in the not-for-profit organizations and causes they are asked to support, we declare that all donors have these rights:

I
To be informed of the organization's mission, of the way the organization intends to use donated resources, and of its capacity to use donations effectively for their intended purposes.

II
To be informed of the identity of those serving on the organization's governing board, and to expect the board to exercise prudent judgment in its stewardship responsibilities.

III
To have access to the organization's most recent financial statements.

IV
To be assured their gifts will be used for the purposes for which they were given.

V
To receive appropriate acknowledgement and recognition.

VI
To be assured that information about their donations is handled with respect and with confidentiality to the extent provided by law.

VII
To expect that all relationships with individuals representing organizations of interest to the donor will be professional in nature.

VIII
To be informed whether those seeking donations are volunteers, employees of the organization or hired solicitors.

IX
To have the opportunity for their names to be deleted from mailing lists that an organization may intend to share.

X
To feel free to ask questions when making a donation and to receive prompt, truthful and forthright answers.
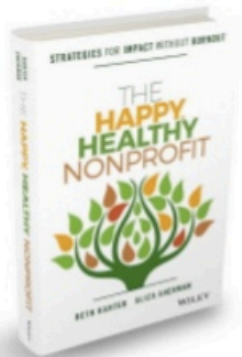
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EQUALITY

EQUITY

Self Care Practices, Plans, Policies

Distracted
Exhausted
Unhealthy
Stagnant

Mindful
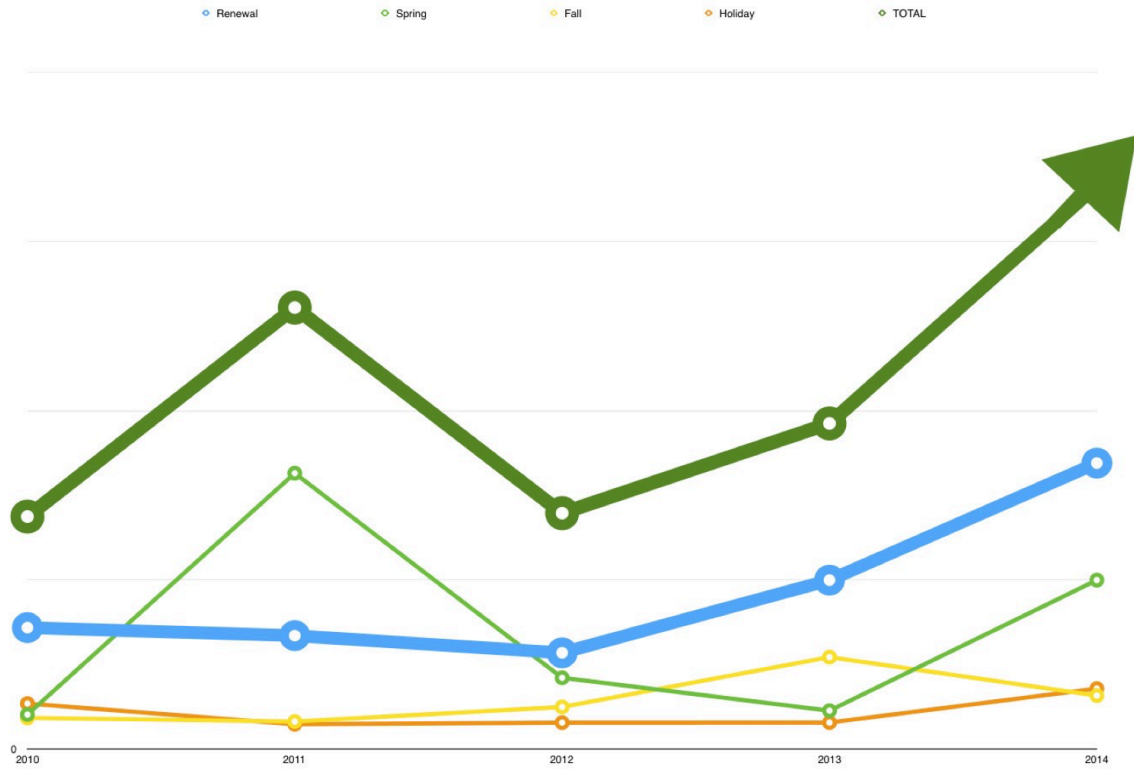Rested
Nourished
Fit

Focused
Energized
Productive
Motivated

SELF CARE INTEGRATION

Step 1: Passion Driven

The Happy Healthy Nonprofit

You've got this!

Ethical Leaders

- Build up the people around us
- Celebrate and actively support the success of others
- Model the behavior you expect
- Use your power and privilege for common good
- Lead authentically with an open heart
- Lead with curiosity and humility

References

- https://www.compasspoint.org/
- http://bit.ly/happyhealthynpbook
- https://www.plymouth.ac.uk/schools/plymouth-business-school/rogare
- http://www.adamgrant.net/
- http://brenebrown.com/
- http://afpfep.org/about/
- http://agentsofgood.org/
- http://www.ef.uni-lj.si/docs/osebnestrani/MIhelic_Lipicnik_Tekavcic_2010_clute.pdf
- https://www.kotterinc.com/
- https://startwithwhy.com/

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Thank you!

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