



Community Tree Leadership Forum

# *Nonprofit Excellence: Standards for Governance, Management & Operations*

Presented by



**The National  
Arbor Day Foundation®**



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Street by Street**



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# ethics accountability openness

*Nonprofit Excellence:  
Standards for Governance,  
Management & Operations*

## Training Content

1. Understanding the Concept of “Nonprofit Standards of Excellence”
2. The Eight Areas of Nonprofit Governance and Operations:
  - Mission and program
  - Governing board
  - Conflict of interest
  - Human resources
  - Financial and legal accountability
  - Openness
  - Fundraising
  - Public affairs and public policy

## STANDARDS FOR GOVERNANCE, MANAGEMENT, AND OPERATIONS

### RESOURCE SECTION

- Reference books
- Websites
- Other resources

*This material was compiled in cooperation with Amy Coates Madsen of the Standards for Excellence Institute.  
[www.standardsforexcellenceinstitute.org](http://www.standardsforexcellenceinstitute.org)*

# Introduction

More than ever before, there is public concern and scrutiny for how nonprofits manage the services they deliver and how they operate. There is an expectation by funding institutions, government agencies, individual donors, and volunteers that nonprofits meet the highest standards of operation. Mega-nonprofits like United Way and the Red Cross are evaluated on an ongoing basis to ensure that they deserve the public's trust. But increasingly, all nonprofits are expected to be ethical and to implement best practices for:

- Financial management
- Board governance
- Transparency
- Fundraising ethics
- Human resources
- Public policy
- Managing conflicts of interest

## GOOD WORK AND A NAME YOU CAN TRUST

Your mission to protect and restore urban forests can be strengthened by better standards of operations and management practices. Enhanced management procedures can help fulfill your mission in the community while exhibiting professional competence that inspires public trust.

Increasing the awareness for green infrastructure and appreciation of trees is a big job that requires the collaboration of public and private sectors, neighborhood groups, individuals, seniors, and young people. At every stage of this “community-building” is public accountability—your operations

must reflect the highest standards of trust, fairness, and competence.

“It’s more important than ever to show the public, government, and media that you’re doing the right thing,” according to the national Standards of Excellence Institute. As corporations and some

nonprofits draw headlines for questionable practices, improprieties, and fraud, donors have become more careful and skeptical about charities. Congress and several states are contemplating legislation to tighten requirements for charitable practices; California has already passed legislation. As a result, even small nonprofits are revising procedures and pursuing certification to help them stand out from the crowd.



Many state nonprofit associations offer voluntary certification programs, as do the Better Business Bureau and the national Standards for Excellence Institute. If you are considering certification for your organization, find out what other leading nonprofits in your city or region are doing. A good strategy is to select a certification program that the major foundations in your region already support.

Making urban and community forestry a public priority is a tough job. Think of certification as a “Good Housekeeping Seal of Approval” that positions your cause for greater credibility, recognition, and funding.

# Program Model: Management Prac-

## SHREVEPORT GREEN: Standards for Excellence

### PROJECT OBJECTIVES:

- Achieve organizational certification through the Louisiana Association for Nonprofit Organizations (LANO) Standards for Excellence Program
- Help Shreveport Green audit and enhance its management practices
- Earn outside recognition that assures its donors that Shreveport Green is efficient and well-managed

### THE CONCEPT:

The Standards of Excellence is an ethics and accountability system that trains and recognizes well-managed and responsibly-governed nonprofit organizations.

Shreveport Green, like nonprofits nationwide, recognizes that major donors are becoming more sophisticated about their giving choices. In the wake of corporate reforms sparked by the Sarbanes-Oxley Act, business leaders expect that nonprofit organizations follow

corporate procedures for limiting risk, financial management, and accountability.

Pursuing certification through the Standards of Excellence program is helping Shreveport Green audit and enhance its management practices and earn the organization outside recognition that assures its donors that Shreveport Green is efficient and well-managed. This effort is already resulting in increased confidence and pride among Shreveport Green's board members as well as an enhanced community image for the organization.

### BACKGROUND

Shreveport Green is a nonprofit organization dedicated "to improving the city's environment and enhancing its economy through public education and community beautification, litter abatement and recycling projects." It promotes tree planting and stewardship as a major component of community health and vitality.

Programs include:

- litter abatement activities such as cleanups, educational curricula in schools, placement of receptacles, and community education presentations
- recycling promotion and community education including recycling tours and an annual household hazardous waste collection
- beautification activities such as special beautification areas, a wildflower program, tree plantings, tree stewardship programs, and environmental education in schools.

From its inception in 1990, Shreveport Green presented a business-like and professional image. It paid attention to details such as company logo and letterhead and worked to attract businesspeople to its board. About six years ago, the executive director felt an increased need for training on corporate principles for organizational management. The local community foundation provided training and encouraged Shreveport Green to contact the Louisiana Association of Nonprofit Organizations (LANO), which was established in 1999 to "strengthen, promote, and build the capacity of

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Louisiana’s nonprofit sector through member services, advocacy, and education.”

In 2001, LANO established the Louisiana Standards for Excellence program, an ethics and accountability program that describes best practices for operating nonprofit organizations. The program is based on a model developed by the Maryland Association of Nonprofit Organizations, which is now being replicated nationwide through the National Standards of Excellence Program.

Shreveport Green has used these standards to refine and improve its operations over the last three years.

#### **COMPONENTS**

The Standards for Excellence covers eight areas of nonprofit operations:

- Mission and program
- Governing body
- Conflicts of interest
- Human resources
- Financial and legal accountability
- Openness and disclosure
- Fundraising
- Public policy and public affairs

Each month, Shreveport Green’s board of directors reviews one of these areas. This gives the board an opportunity to learn where it stands in certain areas and how to improve, if necessary. This also serves as an excellent training vehicle for new board members. The process usually takes eight months, one month for each standard. The board has reviewed the standards on an annual basis for the last three years.

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#### **RESULTS**

The benefits to the organization have been both internal and external. Internally, this process has given the board a forum and structure for discussing management issues and has reassured board members that they are on track and are legally protected. Board members feel a sense of pride that the organization is on top of these issues, which helps with board recruitment and retention. It has been an excellent educational tool for board members.

In addition, this process has helped the organization prevent problems from happening. For example, discussions on conflict of interest policies can alert board members to possible problems before they arise. Likewise, employee manuals can clarify working hours, employee evaluations, or other concerns, reducing the likelihood of conflicts over differing expectations.

Externally, the Standards for Excellence program has also enhanced Shreveport Green’s image in the community. Supporters and other community members have confidence that the organization is being run in an ethical, accountable and professional manner. Certification will provide a recognized “seal of approval” that community leaders respect.

#### **LESSONS LEARNED**

1. The earlier you implement such a program in your organization, the better. It is easier to establish sound policies and practices from the start than to change practices mid-stream.
2. Customize practices to the comfort level of your board. Each organization needs to adapt

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the program to its own needs and those of its board. For example, what level of detail does the board want or need on budget decisions? This may vary from board to board. Some boards are comfortable with only the executive committee and/or the treasurer having access to line item detail. Other boards want that information available to all members on a regular basis.

3. Customize practices to fit the scale of your organization. Some specific practices may be impossible for small organizations to reasonably implement, but the core principles are possible even in all-volunteer organizations. Implementing best practices over time at your own pace will enhance your organization, even if you never pursue certification.
4. To request a copy of the Standards booklet, contact LANO at (225) 343-5266. Other state nonprofit associations can be found through the National Council of Nonprofit Associations at [www.ncna.org](http://www.ncna.org). Check the National Standards of Excellence Institute Website at [www.standardsforexcellence.org](http://www.standardsforexcellence.org) for information about certification in your area. Another voluntary certification resource is [www.give.org](http://www.give.org), the Better Business Bureau's Wise Giving Alliance, which awards a charity seal recognizing adherence to the Better Business Bureau's standards.

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#### **Contact Information**

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# Excellence Resources

## **Standards—Financial Management**

*990 Handbook: A Line-by-Line Approach*

by Jody Blazek

Wiley Press

*Bookkeeping Basics: What Every Nonprofit Bookkeeper Needs to Know*

by Debra Ruegg, Lisa Venkatrathnam

Fieldstone Alliance Press

*Budget-Building Book for Nonprofits, The: A Step-By-Step Guide for Managers and Boards*

by Murray Dropkin, Bill LaTouche

Jossey-Bass Press

*Financial Management for Nonprofit Organizations*

by John T. Zietlow, Jo Ann Hankin, Alan G. Seidner

Wiley Press

## **Standards—Human Resources**

*Creating Your Employee Handbook: A Do-It-Yourself Kit for Nonprofits*

by Leyna Bernstein, Leyna Bernstein

Jossey-Bass Press

*Human Resource Policies and Procedures for Nonprofit Organizations*

by Carol L. Barbeito

Wiley Press

*Human Resources Management for Public and Nonprofit Organizations, 2nd Edition*

by Joan E. Pynes

Jossey-Bass Press

*Nonprofit Compensation and Benefits Practices by Carol L. Barbeito, Inc. Applied Research and Development Institute International (Corporate Author)*

Jack P. Bowman

John Wiley & Sons Press

*Nonprofit Employment Law: Compensation, Benefits and Regulation*

by David G. Samuels, Howard Pianko

Wiley Press

*Reinventing Your Board: A Step-By-Step Guide to Implementing Policy Governance*

by John Carver, Miriam Mayhew Carver

Jossey-Bass Press

*Starting and Managing a Nonprofit Organization: A Legal Guide, 4th Edition*

by Bruce R. Hopkins

Wiley Press

*Strategic Board, The: The Step-by-Step Guide to High-Impact Governance*

by Mark Light

Wiley Press

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*Transformational Boards: A Practical Guide to Engaging Your Board and Embracing Change*  
by Byron Tweeten  
Jossey-Bass Press

## **Standards—Management**

*Complete Guide to Nonprofit Management 2nd ed.*  
by Robert H. Wilbur  
Wiley Press

## **Standards—Program Evaluation**

*Benchmarking for Nonprofits: How to Measure, Manage, and Improve Performance*  
by Jason Saul  
Fieldstone Alliance Press

*Effective Evaluation: A Systematic Approach for Grantseekers and Project Managers*  
by Aspen Press  
Aspen Press

*Handbook of Practical Program Evaluation, 2nd Edition*  
by Joseph S. Wholey (Editor), Harry P. Hatry (Editor), Kathryn E. Newcomer (Editor)  
Jossey-Bass Press

## **Standards—Strategic Planning**

*Board Member's Guide to Strategic Planning: A Practical Approach to Strengthening Nonprofit Organization*  
by Fisher Howe, Alan Shrader  
Jossey-Bass Press

*Creating and Implementing Your Strategic Plan: A Workbook for Public and Nonprofit Organizations, 2nd Edition*  
by John M. Bryson, Farnum K. Alston  
Jossey-Bass Press

*Nonprofit Strategic Planning*  
by Shea Smith, Shea Smith III  
Shea Smith III Press

*Nonprofit Strategic Positioning : Decide Where to Be, Plan What to Do*  
by Thomas A. McLaughlin  
Wiley Press

## **Web Resources**

[www.allianceonline.org](http://www.allianceonline.org)  
*Alliance for Nonprofit Management*

[www.boardsource.org](http://www.boardsource.org)  
*Board Source*

[www.give.org](http://www.give.org)  
*Better Business Bureau Wise Giving Alliance*  
The BBB Wise Giving Charity Seal Program certifies organizations that meet management and operations standards.

[www.cnm.org](http://www.cnm.org)  
*Center for Nonprofit Management*

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[www.heartlandcenter.info](http://www.heartlandcenter.info)

*Heartland Center for Leadership Development* activities focus on leadership training, citizen participation, community planning, facilitation, evaluation, and curriculum development. Programs and publications stress the critical role played by local leadership as communities and organizations build capacity for sustainable development. Each year the Heartland Center works with people from approximately 300 communities, and is recognized internationally as an innovator of creative strategies for community revitalization.

[www.icl.org](http://www.icl.org)

*Institute for Conservation Leadership*

ICL's mission is to strengthen leaders, organizations and networks that protect our earth. They offer training workshops, strategic planning and facilitation services, and a host of publications focused on building skills and capacity of grassroots conservation groups. Check their website for free resources, training dates and other opportunities.

[www.independentsector.org](http://www.independentsector.org)

*Independent Sector:* Each year Independent Sector produces a report about the value of volunteer service, with audited dollar figures that you can use to estimate the dollar impact volunteers make for your organization.

[www.ncna.org](http://www.ncna.org)

*National Council of Nonprofit Associations*

NCNA provides a list of services available from state nonprofit organizations along with contact information for each state nonprofit association, many of which provide training and certification.

[www.standardsforexcellenceinstitute.org](http://www.standardsforexcellenceinstitute.org)

*National Standards for Excellence Program*

The Standards for Excellence are a model for how well managed, responsibly governed nonprofit organizations operate. Certification is available.

[www.nfconline.org](http://www.nfconline.org)

*Nonprofit Financial Center*

[www.nonprofitresource.com](http://www.nonprofitresource.com)

*Nonprofit Resource Center*

[www.nonprofitrisk.org](http://www.nonprofitrisk.org)

*Nonprofit Risk Management Center*

[www.npgoodpractice.org/](http://www.npgoodpractice.org/)

*The Nonprofit Good Practice Guide* is a project of the Philanthropic and Nonprofit Knowledge Management Initiative (PNKM) at the Dorothy A. Johnson Center for Philanthropy and Nonprofit Leadership. Developed with support from Kellogg Foundation, the online center houses best practices resources on philanthropy, governance, volunteerism, nonprofit management and other

[www.npower.org](http://www.npower.org)

*NPower*

