



**CULTIVATING
PSYCHIC INCOME**

By: Theresa A. Shubeck
Executive Vice President

***What is "psychic income?"
Do you have it? Do you covet it?***

Doug Dittrick has it...so does Mary Franco...and Vicki Brooks does as well... and they want you and your board members to benefit from it. At New Jersey's Association of Fundraising Professional's annual conference they generously shared their ideas and insights in a panel entitled, *"Creating and Sustaining Effective Board/Staff Relationships"* which I had the opportunity to convene and moderate.

The panelists' credentials are notable: Doug Dittrick is President and CEO of Douglas Communications Corporation II and has served as a board leader for Valley Health System, Boy Scouts of America and the American Red Cross; Mary Franco is President of the Norwalk Hospital Foundation and Vice President of Public Affairs at Norwalk Hospital and Vicki Brooks is the former head of Leadership and Organizational Development at J.P.Morgan and Chairman of the Board of Trustees of the Pingry School.

Who could debate that the board/staff relationship is a critical

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Ruotolo Associates Inc. is a working partner with non-profit organizations, providing them with the highest quality consulting for fundraising, public stewardship, public

component to philanthropic success? However, best practices don't always mesh seamlessly with expectations and the "work" of the board. What prevails in effective organizations and boards, even at times of great challenges, is "psychic income," that intangible but highly recognizable combination of enthusiasm, positivity and optimism. Board members leave a meeting satisfied or even energized. They feel highly "compensated" by the gratification that their time, expertise and resources are well spent, and that they can make a difference.

Doug Dittrick advised that nonprofit leaders discover what triggers passion in board members, relating that it is that passion that energizes, empowers and pays "psychic income." Managing and guiding that passion and balancing it with thoughtful strategies to impact the cause requires vigilant attention by staff.

Transparency and candor "up front" at the time of recruitment are critical. Staff should be prepared to directly answer the question, "What do you expect from me if I'm a trustee?" On behalf of those you serve, negotiate perhaps, but don't compromise your answer or expectations. Those board member recruitment meetings begin with thorough research about your prospective board member, and rehearsing all the possible "what ifs." Anticipate and be prepared to be put through your paces in answering their questions. Seek to pinpoint and stimulate that "psychic income" in the board candidate. Be precise and set the tone for collegial collaboration.

Vicki Brooks's firm Brooks Leadership Development LLC was founded on her belief, and her experience at J.P. Morgan, that a company's success in faster, more strategic development of its key leaders is critical to its financial success. She uses this premise as a guiding principle in her volunteer capacity as a board leader. Building on a thoughtful recruitment process, she expounds on key elements to a positive board/staff relationship. When this equation is "working," recognizable components are passion, clarity around roles and goals, and collaboration.

Vicki tactically describes "strategic alignment of all stakeholders" as strong objective for effective collaboration. This alignment of board and staff (and subsequently donors and constituents) is guided by mission and vision. It is not static, however, but dynamically fueled by passion, encouraging deeper commitment and engagement. The nonprofit executive director can consciously and consistently stimulate this enthusiasm by conveying anecdotal narratives

relations and related management services through individualized creative strategies and solutions.

To learn more about the firm, visit our Web site at [Ruotolo Associates](#).

Upcoming
Events:
48th AFP
International
Conference on
Fundraising
March 19-22, 2011
Chicago IL

chronicling the impact of board effectiveness and donor generosity. These "people stories" are powerful. They transcend the data, deliberations and differences.

Mary Franco, prior to her administrative role at Norwalk Hospital, was with General Electric for nearly a decade serving most recently as Vice President of Corporate Citizenship for GE Consumer Finance. In this role she worked globally to build business partnerships with local governments and non-government organizations to improve local communities.

Mary speaks to the need for all nonprofit leaders to recognize and practice their role as an agent of change. Her corporate background orients her to performance-based evaluation for staff and board members. This has led her to create systems and processes for measuring board member effectiveness and then using these evaluation tools in personal confidential meetings with board members.

Admittedly, many nonprofit boards have members who were recruited with varying understandings of their roles, perhaps term limits that have not been enforced, and there may even be discrepancies between members about the purpose of the board. Rather than the staff alone shouldering responsibility, staff can orchestrate a collaborative strategy comprised of the executive and governance committee, outside objective consultant and staff to systematically implement change.

"Psychic income" pays great dividends for board and ultimately for your organization. Effective staff recognizes it, values it and strategically creates it.

I invite you to share your opinions or questions regarding this topic with me via e-mail: tshubeck@ruotoloassoc.com or call to discuss how to tap the "psychic income" of your board (201-568-3898 x212). **Theresa A. Shubeck, Executive Vice President**

Board Service: A Two Way Street of Giving and Receiving

By **George C. Ruotolo, Jr., CFRE,**
Chairman and CEO



As a complement to Theresa Shubeck's article above, I would

like to offer some reflections on the role that board service has played in my life for over 25 years, the changes that have occurred in board governance roles and responsibilities, and the core competencies that I believe are most critical to nonprofit board success.

Over the past 25 years I have served on six boards of various nonprofit organizations, and currently serve on the board of a public state college. During this period, change has occurred either by choice, terrorist events or economic climate of historic dimension.

Each experience of board service has been unique for me, with big differences in terms of what I have contributed and the impact that service has had on me personally and professionally. For instance, I had the very special privilege of being on the local Red Cross Board on and following 9/11. The experience combined the very special opportunity to help support the individuals and families most impacted by the terrorist attacks while it also opened my eyes to the often frustrating levels of bureaucracy involved in work with a national organization.

I helped launch and served on the Ridgewood Education Foundation while two of my children were students in that school system, so it had very strong personal motivation and meaning for me. The Foundation was in its infancy, and very entrepreneurial in its approach to establishing itself and its growth path.

While I was on the American Association of Fund Raising Counsel Board, the decision was made to change the name to the Giving Institute and that kind of transition always brings an assortment of unknowns and challenges, not to mention emotions. The last three years have been a time of additional challenge for the Giving Institute with the economic downturn and recession having such a pronounced impact on our industry.

Most recently, I was appointed to the Board for Ramapo College by the Governor. As a State Board, it is highly structured and brings with it very defined responsibilities with a conflict of interest protocol that is both exceedingly stringent and appropriately rigorous. However, for a State educational institution such as Ramapo, those boundaries and expectations are critical to maintaining transparency and best practices for its governance structure.

The last seven years have brought significant change to the role and function of nonprofit Boards. There is a

universal call to close adherence to governance principles brought on by the Sarbanes-Oxley legislation that was written for forprofit Boards in the wake of the Enron, Tyco, and Arthur Anderson scandals, to name a few. Subsequent legislation by Senator Grassley extended those requirements to nonprofit organizations. Now most nonprofits have established principles and practices that call for term limits, conflict of interest policies and ongoing audit reviews separate from the finance committee and annual education. More stringent conflict of interest policies are required, and the IRS 990 filings also address governance issues more thoroughly.

It concerns me that I still see individuals serving on boards who want to mix their business relationships with nonprofits where they serve as trustees. While the primary litmus test remains transparent through disclosure of such relationships, I maintain a firm conviction that it is always best to totally separate board service from a business relationship; that is the only way that there can never be a question or criticism.

At board retreats and in workshops I am often asked about the individual and group competencies needed for effective board service. I believe that the board's roles are to help achieve, engage and align the nonprofit in the context of both its community and constituency, to realize the vision of the CEO through oversight, and provide shared planning and philanthropy. The composition and reach of the nonprofit and board must be in sync with the specific community served, be it local, regional, national in scope, and reflected in the gender, race and ethnic mix of the board. It is also helpful for board members to receive education on issues impacting the organization relative to trends, threats or just news that could impact the non profit. CEOs need to be out in front of any news that could impact the organization for good or ill. No board member should read about or learn second hand about an organization for which they serve.

Board members need to be able to separate governance from management, and provide oversight at a level that allows the CEO to operate the organization. All board members should have a working knowledge of nonprofit finance sufficient to understand a Profit and Loss Statement and a Balance Sheet and to understand good business practice.

Most importantly, I believe that philanthropy needs to be the vocation or avocation of each and every board member, overarching and underlying all the other competencies for board service. Sound business judgment is good, but a solid commitment to philanthropy is imperative because fundraising is the mother's milk of every C3, whether it is a

school, human service agency, arts, health organization or religious.

Service on boards has been a big win-win for me. My board experiences have allowed me to give of my time, talent and treasure and to make an impact in a variety of organizations and communities across the country. These experiences have also contributed significantly to my "psychic income," introduced me to new colleagues who have become good friends, and strengthened my commitment to ensuring that Ruotolo Associates infuses a culture of philanthropy into our work with our clients and colleagues across the country.



ACCESS TO ART

Ten-year-old Claire sits on a high stool at a worktable in one of the newly-renovated instruction rooms of the Visual Arts Center of New Jersey (www.artcenternj.org). She thoughtfully kneads and shapes a lump of brick-red clay, while around her a dozen other students do the same under the watchful eye of their instructor. Although she had the option to take summer art classes closer to home, Claire asked specifically to go to the Visual Arts Center. Why? In her words, "the best part about taking classes at the Center is that there are 'real artists' teaching the classes." Claire is among one of the hundreds of new students that the Center has been able to accommodate as a result of a successful capital campaign entitled Access to Art.

Ruotolo Associates Inc. was privileged to provide campaign counsel to the Visual Arts Center leading it through a successful capital campaign completed in 2005 which raised a total of \$6 million. This allowed the Center to finance a major renovation and expansion from 13,573 to 22,768 square feet of exhibit, studio, and program space at its Summit, New Jersey, facility. In addition to generous donor contributions, the campaign was aided by a challenge grant from the prestigious The Kresge Foundation of Troy, Michigan. Looking back on how far the Center has come, the campaign has had an enormously positive effect on its programs, mission, and community.



Visual Arts Center

The building renovation focused on two core areas: the exhibit space and studio-teaching space. The exhibit space was transformed from one whose eight-foot ceilings had significantly limited the size and arrangement of art and exhibits to a dramatic two-story gallery with a wall of windows. "The space itself has become part of the art," commented Marion Grzesiak, the Center's new CEO. Former CEO Eric Pryor, under whose tenure the capital campaign began, stated that the campaign and renovation "really helped catapult the Visual Arts Center to the next level. The expansion in the exhibit space created a first class art gallery, as good as any one would see anywhere in the world."

In addition to developing the exhibit space into a world-class gallery, the Center was also able to enhance the studio space for teaching. Starting with five studios that once required different art media to share the same space, it grew to nine studios where students in each discipline now own the space and create with much more freedom. As the revenue-generating arm of the Center, the teaching space has benefited enormously from the renovation, offering more classes and workshops for adults, teens, and children.

The data demonstrating the organization's growth in the last five years is compelling: in 2002, the Center served between 16,000 and 17,000 people per year; 2010 saw that number increase at least 35 percent to nearly 23,000. There are four sessions of classes per year; each session has between 95 and 100 classes offered and, according to Ms. Grzesiak, "each quarter's enrollment exceeds the quarter before." There are a growing number of contracts with school districts and programs for at-risk youth and children with disabilities continue to be offered and funded. The children's summer camp program last year required four additional week-long sessions, two at the beginning of the summer and two at the end to handle the increased enrollment demand.

The Center has become an increasingly popular destination for children and families with membership and visitor counts

continuing to rise despite the uncertain economy. "Because *Access to Art* was equally about enhancing the exhibit space to display contemporary art and expanding studio space for teaching and art creation, it positioned the Center to bring art to life for our members and the community," remarked Ms. Grzesiak.



The New Jersey State Council on the Arts has twice designated the Visual Arts Center as a Major Impact Organization in the State and awarded it a Citation of Excellence in its accreditation process. "This is a direct result of the work done during, and because of, the campaign. The environment and the potential provided by the new physical space have helped strengthen and professionalize us in so many ways," concluded Ms. Grzesiak. The Board recently approved the hiring of the Center's very first professional curator, funded through a multi-year grant, which is a crucial step toward its continued development and further strengthens its position in the arts community.

When Claire requested Art Around the Globe for summer camp, her mother was confident in Claire's choice. In addition to her duties as mom, Theresa Shubeck, Executive Vice President of Ruotolo Associates, served as counsel for the Center's capital campaign, collaborating with committed volunteers, generous philanthropists and a visionary board, witnessing firsthand the evolution and accomplishment of Access to Art.

A GREAT FIT

for St. Raymond High School for Boys

Chris Ellis faced a few significant challenges when he became the Advancement Director at St. Raymond High School for

Boys in the Bronx, but one year later both he and the school should be able to look back with pride. St. Raymond's, which serves 700 students, many with academic and financial needs, was about to celebrate its 50th Anniversary and embark on its first capital campaign against the backdrop of the worst recession in many years when the Director position, which was really a relatively young, one-person fundraising shop with a part-time administrative person became open.

Ruotolo Associates had previously completed a feasibility study and was serving as campaign counsel so they quickly met with Brother Daniel Gardner, the school's principal, and developed a plan to maintain development operations while conducting an executive search.

The ideal candidate would be early career, but with enough experience to handle an all-purpose office. Previous experience in the educational world would be a plus. Ruotolo's search services included advertising the position and screening the firm's extensive network. Because of the recession, the response was especially high and the firm conducted initial screening of resumes and conducted phone interviews to develop the strongest pool. According to Brother Daniel, "because Ruotolo was familiar with what we were doing and what we were looking for, they were able to present us with several ideal candidates."

After several rounds of interviews, the school hired Chris Ellis, who "has surpassed our high expectations," says Ruotolo Vice President Doug Held who headed the search. Chris is a graduate of Archbishop Stepanic High School and Syracuse University, and his passion for inner city education had led him to a development position in the New York office of Junior Achievement.

Doug felt especially confident about the hire when an administrator at Stepinac, another RA client and a school with many successful alumni, told him, "Chris is one of the finest gentlemen to ever graduate from our school."



Chris with some St. Ray boys at a recent 5K race

By everyone's account, Chris has had a very successful first year. In spite of the recession, proceeds from the golf tournament and annual dinner both significantly exceeded the previous year. Chris says that Doug's involvement in the search and transition helped him feel much more prepared when he took over the job. "I knew much more about the school and the requirements of the position than what was on paper." Chris hit the ground running, was able to learn quickly with great support from the faculty, administration, alumni and from Ruotolo. "Every day is different and that is what I like in a job," says Chris. "Seeing the special St Ray's culture in action, I am excited and honored to be part of this program that prepares our boys to not just go to college, but to succeed!"

The Advancement Office continues to grow with newly hired Development Assistant. Chris says he is grateful for the role RA played in the team approach to the search, helping envision how the position would help meet the growing needs of the school. Brother Daniel appreciates that the support from Ruotolo helped St. Raymond's grow, as he says, "from a fledgling development office to one that is bringing in more money with better technology and reaching a greater number of our constituencies."



STAFF PROFILE
Susan Henderson
Assistant to the Chair

While some people head straight home after a long day at work, Susan Henderson often has another destination in mind. Along with her usual assortment of notes and papers, she packs a gym bag. Sweatbands and water bottles at the ready, she stops at the one place that allows her to de-stress and renew her energy: her local gym. Outside of work, Susan is a self-described "gym rat" who loves to work out, run, and lift weights. After all, she needs as much energy as she can get in her position as Assistant to George Ruotolo, the Chairman of Ruotolo Associates.

His assistant for just over two years, Susan has plenty of experience working for heads of organizations, who are, like George, "high-performing individuals with complicated

lives." Her career background includes 15 years as a public relations professional in the men's wear industry, then some stay-at-home mom time when her three daughters were small, followed by a part-time position as the special assistant to a physician for 12 years. Susan decided to go back to work full-time at the same time as George was in need of a new assistant. She applied and they clicked instantly.

According to Susan, her excellent rapport with George is based on mutual respect and trust. "I see how much people in the field respect and like George." She adds that George has a strong family-focused ethic, and that he brings the same values and dynamic into his work with his employees, colleagues, and peers. "George wants the staff to be happy and enjoy their jobs because that helps the clients get the most out of their work with RA."

Susan experiences her job as equal parts interesting, challenging, and rewarding. She really likes that her job allows her to become involved in a wide variety of issues, dealing with clients, staff, marketing, sales, and national organizations.

George especially appreciates Susan's special contributions to the firm. "Susan is the firm's persona and she possesses a confidence, ability to solve problems, and helpfulness that is consistent with our firm's culture of service. She is a tremendous asset to our staff, clients, and friends, and we all appreciate her loyalty, support, and dedication." In public recognition of her key role in the firm, Susan was awarded the 2010 Tim Manning Culture of Excellence Award.

Susan and her husband Jay have three daughters, Morgan, 23, Eryn, 16, and Samantha, 14, who are now young women. Consequently, there is always "lots going on" in her personal life, with sports, academics, and other activities. At home as well as at work, Susan relies on her organizational skills and her ability to channel grace under pressure.

Susan especially likes working at RA because she feels that everyone in the firm is genuine, caring, and is dedicated to the success of each client. "The focus of their work is on your goal as a client, and not just to make it work, but to make it work right. The best part of my job is that I have a role in making that happen every day."

CURRENT CLIENT LISTING AND SERVICES PROVIDED

Alpine Learning Group, Paramus, NJ: Capital Campaign
American Venous Forum, Salem, MA: Strategic Counsel

Andover Historical Society, Andover, MA: Action Study
Archbishop Stepinac High School, White Plains, NY:
Capital Campaign
Bishop Loughlin Memorial High School, Brooklyn, NY:
Development Program Assessment and Counsel
**Diocese of Metuchen/Catholic Campus Ministry at
Rutgers University, New Brunswick, NJ:** Feasibility Study
and Capital Campaign
Elwyn, Elwyn, PA: Development Program Counsel
Foster Kids of the Merrimack Valley, Inc., Methuen, MA:
Strategic Thinking Session/Creation of Strategic Plan
Franciscan Friars, Holy Name Province, NY, NY: Major
Gifts Campaign
Friends of the New Jersey State Museum, Trenton, NJ:
Planning Study, Development Program Assessment and
Campaign Preparation
Garrett County Memorial Hospital, Oakland, MD:
Development Program Assessment and Training Retreat
Gloucester Catholic High School, Gloucester City, NJ:
Planning Study
Holy Family Parish, Gloucester, MA: Capital Campaign
La Salle Academy, New York, NY: Planning Study and
Capital Campaign/Major Gifts
Leicester Public Library, Leicester, MA: Feasibility Study
and Capital Campaign
Masonic Health System, Inc., Charlton, MA: Feasibility
Study
Morris Habitat for Humanity, Mine Hill, NJ: Development
Program Assessment, Board Retreat, Executive Search,
Feasibility Study and Development Program Counsel
Niagara University, Niagara, NY: Campaign Counsel
NLN Foundation for Nursing Education, New York, NY:
Planning Study
Norwalk Hospital Foundation, Norwalk, CT: Development
Program Assessment, Feasibility Study, Board Retreat, and
Capital Campaign
Our Lady of Mercy Church, S. Bound Brook, NJ: Planning
Process
Our Lady of Perpetual Help Parish, Bernardsville, NJ:
Campaign Counsel
**Our Lady of Victory Homes of Charity, Lackawanna,
NY:** Development Program Assessment and Counsel
Project Morry, White Plains, NY: Feasibility Study and
Capital Campaign
St. Bonaventure Parish, Manomet, MA: Feasibility Study
St. John's Episcopal Cathedral, Denver, CO: Feasibility
Study and Capital Campaign
St. John the Evangelist Parish, N. Chelmsford, MA:
Increased Income Program
St. Joseph the Worker Parish, Ozark, MO: Feasibility

Study and Capital Campaign

St. Mary Parish, Chelmsford, MA: Planning Study

St. Raymond High School for Boys, Bronx, NY: Planning Study, Development Program Assessment and Capital Campaign

The Brothers of the Christian Schools, District of Eastern North America, Eatontown, NJ: Development Program Counsel

The Seamen's Church Institute, New York, NY: Development Program Assessment

YMCA of the North Shore, Beverly, MA: Feasibility Study and Campaign Counsel

YCS Foundation, Inc., Hackensack, NJ: Development Program Assessment, Board Retreat and Development Counsel

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