

Innovations in Organization Management

JUNE 2015



Prepared by
The Center for Governmental Studies
Northern Illinois University

Prepared for
Illinois Main Street



Illinois
Department of Commerce
& Economic Opportunity
Bruce Rauner, Governor



NORTHERN ILLINOIS UNIVERSITY
Center for
Governmental Studies
Outreach, Engagement, and Regional Development

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Contents

Innovations in Organization Management	1
Purpose	1
Methodology	1
Survey Findings	3
Executive Director Recruitment	4
Executive Director Retention	6
Alternative Committee Structures	8
Sustainable Funding	11
Volunteer Recruitment and Retention	13
The Organization Solutions Grid	16
Challenge 1: Executive Director Recruitment	17
Challenge 2: Executive Director Retention	21
Challenge 3: Committee Structure	25
Challenge 4: Sustainable Funding	28
Challenge 5: Volunteer Recruitment and Retention	30

Innovations in Organization Management

Purpose

Local Main Street (MS) organizations have successfully encouraged downtown development for many years and, in Illinois, since 1993 when the Main Street program was founded. Over the years, downtown improvement strategies and tools have changed and organizations have grown more sophisticated in their technical abilities. However, many local MS organizations are still managed as they were in the last century. Local organizations face challenges in five main areas based on a survey of executive directors conducted by the Center for Governmental Studies (CGS) for Illinois Main Street (IMS) in 2014 and on other research and input from executive directors. The challenges include:

1. Recruiting well-qualified executive directors
2. Retaining successful executive directors
3. Establishing an effective committee structure
4. Generating sustainable funding
5. Recruiting and retaining volunteers

IMS asked CGS to provide local MS organizations with examples and resources that could help them address each of these challenges, along with best practices and ideas about meeting each challenge. The end product is an online tool that allows local personnel to look up a challenge that their organization is facing and quickly see what some of the current thinking is on that issue and where they can go for more detail and specific tools to help.

Methodology

All Illinois Main Street local organizations were surveyed to identify innovative approaches they were using to address any of the five challenges. While this survey generated a pool of organizations using some innovative approaches, the thought was that a broader survey of a larger number of organizations would generate more responses and increase the usefulness of the product. Therefore, the National Main Street Center (NMSC) was asked to assist the project by informing other states and encouraging them to participate in a survey, which it did through an announcement in its newsletter. CGS then contacted state coordinators and asked them to suggest local organizations in their states that were successfully addressing any of the five

challenges. The following states provided contact information for the executive directors of recommended organizations:

- Arkansas
- Delaware
- District of Columbia
- Illinois
- Michigan
- Minnesota
- Mississippi
- Missouri
- Washington
- Wisconsin

An online survey was then sent to executive directors of the recommended local organizations as well as to all Illinois MS organizations. A total of 36 executive directors responded and are listed below:

1. Eureka Springs Downtown Network, AR
2. Main Street Rogers, AR
3. Downtown Jonesboro Association., AR
4. Main Street Siloam Springs, AR
5. Main Street Texarkana, AR
6. Main Street El Dorado, AR
7. Willmar Downtown Development, Inc., MN
8. Red Wing Downtown Main Street, MN
9. Downtown Tupelo Main Street Assoc., MS
10. Ocean Springs Main Street, MS
11. Gulfport Main Street, MS
12. Positively Pewaukee, WI
13. Downtown Kenosha, Inc., WI
14. Middletown Main Street, DE
15. Downtown Milford Inc., DE
16. Downtown Newark Partnership, DE
17. Downtown Springfield, Inc., IL
18. Carbondale Main Street, IL
19. Downtown Crystal Lake, IL
20. Marengo Main Street, IL
21. Waukegan Main Street, IL
22. Downtown Bloomington Assoc., IL
23. Jacksonville Main Street, IL
24. Main Street Momence, IL
25. Beardstown Main Street, IL
26. Barracks Row Main Street, DC
27. Shaw Main Streets, DC
28. H Street Main Street, DC
29. Ellensburg Downtown Assoc., WA
30. Downtown Washington, Inc., MO
31. Historic Downtown Liberty, Inc., MO
32. Warrensburg Main Street, MO
33. Old Town Cape, MO
34. Downtown Lee's Summit Main Street, MO
35. Main Street Chillicothe, MO
36. Boyne City Main Street, MI

Based on the survey responses, small discussion groups were formed around each challenge and each group met by conference call. Follow-up questions were sent when necessary, and some executive directors provided documents as examples of their approaches.

All of the data provided in surveys and information gathered through the conference calls and subsequent contacts with the executive directors was compiled and supplemented with research on current thought and best practices in nonprofit management from a wide variety of sources. The result is the Organization Solutions Grid presented at the end of this report. It also can be found online in the Illinois Main Street Toolbox at illinoismainstreet.niu.edu.

Survey Findings

The thirty-six executive directors who responded to the online survey provided an overview of how they approached the five challenges. The nineteen executive directors who participated in the conference calls provided more detailed information. The discussions that follow are based on both the online survey and the conference calls. A list of conference call participants is provided at the end of each section. Further information on each challenge is available in the Organization Solutions Grid at the end of this narrative.

Executive Director Recruitment

Executive directors are key players in the success of any organization. They implement the organization's vision, run the day-to-day operations, and represent the organization to the public, businesses and local government. When faced with hiring a new executive director, some local organizations struggle to find qualified applicants. Others are unsure what qualifications to look for. Finally, there is the challenge of getting a qualified person to accept a position that may not compensate them as well as they would like.

Several successful executive directors offered insights into hiring the right person for the position. These executive directors have varied backgrounds and brought diverse skills to their present position, demonstrating the variety of sources that organizations can look to for candidates.

When asked how they heard about the opening that they ultimately filled, often a personal connection was involved. It might be a friend who heard about the opening, or personal familiarity with the organization. In other cases, formal advertisements were important and online job sites were used frequently.

The executive directors pointed out that they often did not have a good idea of what the position entailed. Some knew something about the Main Street program, but they had to search for more information. Providing more background information prior to an interview could make for better prepared candidates and a more productive interview.

What motivates people to want to be executive directors? The responses indicate that they are individuals who want to make a difference in the community, enjoy a challenge, and like to see the results of their efforts. They also appreciate the flexible work schedule and the opportunity to work independently. Advertising that the position provides these rewards could help attract candidates. People who might be interested in these types of job attributes may be found through job search engines that focus on the nonprofit sector, by considering employees of other nonprofits or community oriented businesses, by recruiting community activists and volunteers, and by contacting population groups that value a flexible in work schedule.

Participating executive directors said that personality traits and work styles are more important indicators of a potentially successful candidate than technical knowledge or educational background. The ability to work independently, get along with others, supervise volunteers, communicate effectively with the board, public, businesses and government, empathize with small business owners, high energy, multi-tasking, and ability to see the big picture are all

important. The sense of participants was that technical skills can be taught but these traits or talents cannot be quickly learned.

Compensation can be an important issue in hiring an executive director. Responses indicate that they do not all expect to be highly paid, but definitely must be paid a competitive wage. Benefits are desired, although not always provided. The flexible schedule, generous paid vacation, and continuing education opportunities can help make up for the absence of other benefits.

While participating executive directors said that personality traits and work styles were more important than technical skills in the hiring process, they also said that training must begin shortly after being hired. The lag time between start date and new director training was cited as a current problem. They suggested that if the home state could not provide training in a timely manner, the new director should be sent to a nearby state that was offering training. The value of a strong state coordinator was mentioned. There also was strong support for sending executive directors to state and national conferences and other training opportunities to enhance their skills. The idea was also suggested that the organization think about hiring different people for different areas, such as an events planner and an economic developer. This would entail a different model than the single executive director. State and national websites, along with other online sources were also valuable for learning new information.

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Executive Director Retention

If recruiting a qualified executive director is important, then retaining a successful executive director is especially desirable. The directors participating in the discussion on this topic had between five and 27 years of experience with Main Street. Some had prior experience in related fields and others in unrelated fields. Education varied from a graduate degree to no college degree. Their knowledge of Main Street prior to becoming executive director ranged from little to being a founding volunteer of the program. This varying background is representative of the varied backgrounds of executive directors in general and illustrates that there is not one formula for success. However, it also means that different organizations and directors find their own ways to a successful and long-term relationship. That being said, there are some commonalities that can help make a successful relationship more likely.

The directors stay in the position for the same reasons that they were attracted in the first place. They are passionate about the Main Street mission. They are dedicated to their communities, enjoy the challenges and want to see results. They also appreciate the flexible schedule and autonomy. If these job characteristics fade, they may consider leaving. Other reasons mentioned were poor relations with the board and too much time spent working nights and weekends that takes time from family and other responsibilities.

The directors also mentioned being able to grow the job, taking on bigger challenges, adding staff, an increasing role for the organization in the city, increased pay, improved benefits, and an improved office location as positive developments that encouraged them to stay in their job.

While most executive directors reported that they received an annual performance review, not all did. The reviews were seen as helpful. They provided an opportunity to discuss issues that might be difficult to bring up, such as compensation. The reviews also were considered good opportunities to strategize for the coming year.

Opinions were mixed on whether hiring someone from outside of the community or hiring someone who lives in the community was preferred. An out-of-town director brings a fresh perspective and does not have any local baggage. On the other hand, a local person already knows the businesses, some history of downtown, and the local politics. They may have connections that will lead to volunteers. Overall, the executive directors felt that either situation was fine.

Compensation is an important factor in retaining an employee. While the executive directors felt that the position had many rewards and monetary compensation was not at the top of their list, they also stated that they needed to make a livable wage. The details of their compensation vary. Most receive an annual salary increase and some have had benefits like health insurance and retirement plans added over time. All receive three to four weeks of paid vacation.

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Alternative Committee Structures

Local Main Street organizations traditionally are organized around the Four Points: Organization, Promotions, Design, and Economic Restructuring, with a standing committee to address each one. However, earlier survey data indicated that some organizations did not have effectively functioning committees for all four points and nearly all organizations were not equally strong in each of the four points. Thus, it was worth investigating modifications to the four committee structure that work well for some organizations.

Of the 36 executive directors participating in the online survey, 13 had modified their committee structure and some of these changes included:

- Combining committees into just two standing committees
- Combining a committee with a similar committee of the city or other organization
- Having one committee become the lead committee with the others underneath it
- Eliminating one committee
- Replacing the committees with teams for projects
- Having the board take over one or more committees
- Expanding one of the committees into multiple committees
- Creating new standing committees based on the priorities of the organization
- Having individuals take over various committee responsibilities and report directly to the board

All of the executive directors participating in the conference call discussion had adjusted the committee structure to fit the needs in their community. Since the reasons for change and the new structures adopted vary greatly, a description of each is provided below.

Rogers, AR: The focus of the organization was influenced by a contract for services with the city that made MS responsible for public events, which raised interest in promotions over the other three points. In addition, the chamber of commerce contracts with the city to do economic development. Consequently, the most active committee at the moment is the promotions committee but they activate other committees as needed. The city is engaged in a master planning process in which Main Street participates. When the new master plan is adopted, there may be a need to activate the design committee to help implement it. By not trying to keep four active committees, the organization can focus resources on those that will be successful at any point in time.

Eureka Springs, AR: The organization found that in order to accomplish as much as possible, it was better to operate in a project-based mode. They are not closely tied to the city government, chamber or other organizations and have an opportunity to set their own course. There are no formal committees because of insufficient interest in being committee members. The board is an active working board that meets annually to plan projects for the coming year. Each project is aligned with one or more of the four points in some way. Ad hoc committees are formed as necessary and exist for as long as necessary to complete a project. The executive director initiated the organizational changes in order to better manage the workload and utilize skills.

Texarkana, AR/TX: This organization also has a project based structure and they decided to organize in this way because of low meeting attendance and the challenges of fitting projects into only one of the four points. However, all projects address at least one of the points. Project based committees form according to volunteer interests and capacities. The organization has a close relationship with the city and the support of city staff is crucial to completing projects. They also collaborate with other city organizations and MS is very results oriented.

Old Town Cape, MO: The focus of the organization is attracting people and new businesses downtown. In order to accomplish this, they formed a partnership with the city and chamber of commerce. An additional downtown development team was formed with membership from Main Street, the city and the chamber. This team focuses on implementing the city's downtown strategic plan. Strong continuity of participants from each member organization has increased the effectiveness.

Red Wing, MN: The original four committee structure did not work well so a new model was created. The city has an action plan that it is now implementing and Main Street has a contract for services with the city to assist in the implementation. The strongest committee involves business development which is somewhat like economic restructuring. The design committee works under the business development committee. The executive committee focuses on education and the membership committee covers promotion activities. Main Street meets regularly with other city organizations and has a strong collaborative relationship.

A general discussion with the executive directors raised many relevant points, listed below.

- Some executive directors come from a private sector business background and have implemented a corporate management approach. They find that this is effective and matches their skill sets. Others follow nonprofit best practices.

- Fitting their organization's performance precisely into the Four Point based reporting system was not always easy, but they were able to make it work.
- There was a feeling that an organization must do what volunteers are interested in doing, and they are not always interested in all four points based on local needs in the community.
- Most participants felt that economic restructuring was the end goal and therefore the other committees should, in some way, relate to that point. They felt that not only is this the ultimate goal of the organization, it also creates the most respect in the broader community. All felt that this point could be renamed economic development. Some said that that economic restructuring is hard to explain and could generate a negative connotation in an already successful downtown. Economic development was a more familiar term and connoted growth that could apply equally to a struggling or prosperous downtown. They also expressed concern with the term "revitalization" because it can imply the downtown is outdated or struggling while many Main Street downtowns are doing well. They believe that Main Street has an ongoing role as downtowns progress from an economically disadvantaged condition to prosperity.

All participating executive directors reported that their modified committee structure made their jobs easier and their organization more effective.

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Sustainable Funding

Many Main Street organizations start with a funding formula that combines a contribution from the city, donations from businesses or individuals, and funds raised by the organization from other sources. This makes the organization somewhat dependent on city politics, the generosity of a variety of donors, and often weather-dependent events for each year's revenue. As a result, funding is unpredictable and largely beyond the control of the organization. The online survey asked directors what alternative or additional sources of revenue they had developed in order to generate more sustainable funding for their organization.

Most responding organizations used some form of funding other than the traditional mix described above. Examples of sources of funds are listed below:

- Special taxing districts
- Contract for services
- Product sales
- Foundations
- Investments
- State tax credits
- State funding assistance
- Real estate leases

Among these funding sources, a contract for services is the most common. While this is a payment from the municipal government to the Main Street organization, it is different than a line item allocation in that it is not just a contribution. The contract specifies specific services the Main Street organization will provide and the payment received for the service. A contract like this places a dollar value on the Main Street organization to city hall. It helps to eliminate the question of what the municipality receives for its contribution. The executive directors reported that the contract led to better relations with the municipality. An outcome of a contract for services is that it can shape much of the organization's work plan for the year. This limits the organization's ability to decide its focus and flexibility as the year progresses.

Some participating directors were from states that offer a statewide program of financial assistance to Main Street organizations. Washington has a Main Street Tax Credit that allows businesses to make a donation to a Main Street organization in lieu of a portion of their state income tax. Missouri has a Neighborhood Assistance Program that can provide funding for a local organization for three years running. Executive directors in these states said that while it

was sometimes difficult to explain these programs to businesses, public officials, and individuals not familiar with them, they are valuable sources of funding.

Some local organizations take a more business-like approach to generating revenue by selling a product, providing a service, or becoming a landlord. These organizations have taken control of a portion of their funding which results in a more predictable cash flow and less time spent asking for donations. Examples are renovating a commercial building and leasing the space to a tenant, selling advertising space in publications, and managing projects of other organizations for a fee.

All of the participating executive directors said that diversification is critical to financial stability. They also think that Main Street organizations must make a greater effort to establish a reserve fund. Finally, all reported that the new funding sources they had developed required less time than the traditional forms of funding such as fund-raising events.

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Volunteer Recruitment and Retention

Since most local MS organizations have only one paid staff person, volunteers are critical to the success of the organization and finding volunteers has become more difficult in most, if not all, nonprofit organizations. This may be due to more people being employed outside of the home, changing demographics, greater demands on people's time, declining interest in participating in public organizations, or an increasing number of volunteer options competing for the same group of volunteers. Regardless, effective volunteer recruitment and retention are ongoing challenges.

In all instances, it is important to market the organization's mission before trying to recruit volunteers. Sometimes it is assumed that because background information has been provided on the organization and the project at hand, people have bought into the importance of what they are being asked to do. This is not necessarily the case and efforts should be made to ensure that the target audience is supportive of the project.

The most effective way to recruit volunteers can depend on the target population. All participating executive directors reported using social media to recruit volunteers. Some volunteers, especially college-age students, respond well to recruiting parties or other fun events where information, refreshments, and entertainment are available. This kind of event may work for other age groups as well. Other successful recruitment tools include newsletters, reminder giveaways such as refrigerator magnets, recruiting tables and displays at events, and the organization's website.

High school and university students are a common source of volunteers and close ties with area schools can facilitate recruitment. Some schools require or encourage community service and coordinate these opportunities. In these cases, it is fairly easy to get involved and become a well-known option for students. In other cases, there is no formal program and contacts must be made individually. Locating a teacher or professor with an interest in the MS mission is a starting point. Sometimes a MS project can be incorporated into class work or the teacher may encourage students to become involved. Being a guest speaker for a class can inform students about what is happening downtown and how they can help. School placement offices or career centers can post MS volunteer opportunities and distribute materials.

Student internships are more structured than volunteer opportunities. They usually last a semester or academic year and have a set job description. Students receive either class credits or a stipend, or both. Internships can provide a higher level of skill and someone who can be counted on for regular hours during an extended period of time. Sometimes a qualified intern

may become a permanent staff member. Internships take some time to set up so efforts should start well before the internship will begin. Either a professor or a central internship office is the usual starting point. Taking on an intern is a two way obligation. While the intern is obligated to work on a regular schedule and complete the tasks assigned, the organization has to prepare for the intern and provide a meaningful learning experience.

Retirees are another source of volunteers. They may possess valuable skills and experiences that they would like to continue to use. A challenge of this group is that they often want a flexible schedule that allows for other activities and travel. They may even be gone for extended periods during the year. Other sources of volunteers are employees of downtown businesses, donors, service organizations, court required community service participants, specific high school groups such as an honor society, Future Business Leaders of America and Future Farmers of America, college sororities and fraternities, historical groups and beautification groups.

While the above recruiting efforts may work well for general volunteers, sometimes a specific skill or knowledge area is required, such as skilled tradespeople, attorneys, accountants, or graphic artists. Often, especially in smaller towns, there is a particular person who would be a good fit for the task. The most effective way to recruit these people is through personal contacts, possibly accompanied by taking them for a meal or other get together. The time spent fully explaining the project involved and the skills needed, along with establishing a personal relationship increases the likelihood that they will agree to volunteer their time.

After volunteers have agreed to participate, the next challenge is keeping them involved. A volunteer coordinator can be a valuable asset in volunteer retention. The coordinator can interview the volunteers to find out what they want to get out of their volunteer commitment, the skills they bring to the work, their availability, and any other information that is important to creating a positive volunteer experience. This information can go into a database that makes it easier to match volunteers with tasks. The coordinator also can follow up to see how a volunteer assignment went from both the volunteer's and the supervisor's points of view. If an ongoing assignment is not a good fit, a new assignment can be found rather than losing a volunteer. The coordinator is the link between the organization and the volunteers and communicates in both directions to match volunteers and assignments. It is important that a volunteer coordinator be someone well-suited to the position. The organization should spend the necessary time to find the right person. Several states and the National Main Street Center provide volunteer handbooks that can help in setting up an effective volunteer system.

A positive volunteer experience is key to retaining volunteers, but showing the appreciation of the organization is also important. Providing volunteer training demonstrates that the organization is investing in its volunteers and looks forward to a long term relationship. Limiting the time commitment for any activity is appreciated. Supporting other causes that a volunteer supports also builds loyalty. Other ways to thank volunteers include thank you parties, small gifts, free admission to downtown events, discounts at downtown businesses, free lottery tickets, acknowledgement in the media and newsletters, and posting volunteer photos and achievements in visible locations downtown.

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The Organization Solutions Grid

The input from the online survey of executive directors, the in-depth conference call discussions on each challenge, and research on nonprofit best practices were combined to produce the Organization Solutions Grid. The grid is a stand-alone tool that can be consulted by local organizations considering any of the issues discussed. It can be found online at illinoismainstreet.niu.edu.

The grid is divided into sections for each of the five challenges:

1. Executive Director Recruitment
2. Executive Director Retention
3. Alternative Committee Structures
4. Sustainable Funding
5. Volunteer Recruitment and Retention

The grid lists the major elements involved in each challenge area, current thinking, resources for additional information, and helpful implementation tools. Click on the hyperlinks for additional resources and information.

Challenge 1: Executive Director Recruitment

The executive director is key to the success of the organization. He or she is the face of the organization, the main person responsible for day-to-day operation, the driving force behind project completion, and sets the tone of the organization for volunteers, downtown stakeholders, municipal officials, and the public. Finding the right person for this position is critical.

While the executive director may be the key person in the organization, attracting qualified applicants and selecting the best candidate can be challenging. With over one third of executive directors remaining in the position for less than two years, this task is repeated often. Below are comments on how to find candidates, select the right one, and transition from one executive director to the next. A good overview of the hiring process is provided in the [National Main Street Center's hiring guidelines](#).

Task 1: Finding Good Candidates	Comments	Resources
Educating Potential Candidates	Many people interested in downtown revitalization are not familiar with the Main Street program. Use your ad to educate and then attract them by including background information or links to where more information can be found.	Job listing that sells the position; Job listing that paints a clear picture of what working in this position will be like; Job listing emphasizing personality traits
Where to Advertise	Job searches are conducted largely online. Place ads on relevant websites. Use links to additional information if space for ads is limited or expensive.	Idealist.org; Encore.org; The Bridgespan Group; CommonGood Careers; The Chronicle of Philanthropy; National Trust job listings
Word of Mouth	Word of mouth allows someone else to recommend a good fit between a candidate and your organization. It is effective, prescreens and is free. Send information to anyone who might come into contact with candidates. Ask other non-profits, downtown development organizations or local governments if they had past candidates that might be a good fit for your organization.	MS state coordinator; municipal officials and staff; chamber; library; nearby colleges and universities; other nonprofits; realtors; other MS executive directors; nearby businesses where people approaching retirement may be interested in a nonprofit second career.
Other Places to Look	Successful executive directors believe in the mission and are passionate about making a difference. Look for these kinds of people in other jobs that may attract them.	Other nonprofits Community activists
Local vs. Out of Town Candidates	The advantages and disadvantages of local versus out of town candidates tend to balance each other out. Local candidates may have local contacts who will become supporters or volunteers. They know the local political climate, who the key players are, have seen businesses succeed and fail, and will find it easier to attend evening and weekend events and meetings. Out of town candidates bring a fresh perspective. They don't have personal baggage and can be a source of new ideas.	

Task 3: Transition	Comments	Resources
Role of the Board	<p>A well-trained and informed board makes the transition easier. The board is the link between the previous and new executive director. Even if an overlap of the two executive directors is planned, this often doesn't last long or go as smoothly as anticipated. Therefore, board members will instruct the new executive director in organization culture, policies, and operations.</p>	<p>Creating smooth transitions</p>
Transition Package	<p>All MS organizations need a "Just in Case" package containing critical information for the ongoing management of the organization. This is useful not only when there is a change in executive directors, but also if the present executive director is not available for any reason. The package should contain at a minimum, all passwords, location of key documents, inventory of equipment, keys, contact information for all critical individuals, annual calendar of meetings, events and deadlines, work plans for major projects, annual budget.</p>	<p>What to include in a "Just in Case" package</p>
Mentors	<p>A mentor can be of great assistance to a new executive director. An experienced executive director from a comparable community is ideal. While someone in the same state is useful because of their knowledge of state contacts, legislation and policies, geographic distance is not critical since much of the value of the mentor will be in their availability for a quick response by phone or email. A mentoring program can be set up by the state coordinator. The outgoing executive director could set one up before leaving, or the board can contact the state coordinator for a recommendation.</p>	
Training and Education	<p>In-coming executive directors should attend new director training as soon as possible. A requirement of attending training within the first three months is recommended. If training is not offered in-state, then the new director can attend training in another state. States could arrange to have complimentary training schedules, alternating locations. This would help ensure that enough new directors were in attendance to make it worthwhile, reduce costs, and broaden the contacts for the new directors. Training on substantive topics within one of the four points should not replace general new director training.</p>	<p>National Main Street Center Training Opportunities; A handbook for new executive directors</p>
Conferences	<p>Attendance at state and national conferences should be expected of new executive directors and built into the organization budget. Conferences are an excellent way for new directors to learn the breadth of the Main Street program, make many contacts, and be motivated by the accomplishments of other organizations. The state and NMSC could award scholarships to those organizations in financial hardship.</p>	<p>National Main Street Conference; Rural Community Economic Development Conference; Illinois Governor's Conference on Travel and Tourism; Neighborhood Works courses</p>

Task 4: Succession Planning	Comments	Resources
Interim Management	Sometimes there is a substantial gap between the previous executive director and the new executive director. In that case, it may be worthwhile to hire an interim executive director. This person could be a well- qualified volunteer, a board member, a professional who has held a similar position elsewhere, or someone who specializes in providing interim management. In all cases, the interim executive director should be paid and the role as interim director takes priority over any other responsibility they may have had with the organization.	When Your Nonprofit Might Need an Interim Executive Director (And the Questions You Should Ask First); Using an interim executive director
Transition Planning	Transition planning includes everything from preparing for the unexpected sudden loss of an executive director to long- term contingency planning for the smooth transition to new management. Every organization should think through the various circumstances that can lead to the need for a new executive director and prepare to maintain organization functions during the transition.	Transition planning step by step; What does the board need to do when the executive director leaves?

Challenge 2: Executive Director Retention

Executive director turnover is a challenge to any organization, but especially one where the executive director is the only employee. While executive directors leave for many different reasons, executive directors who stay more than a few years tend to share certain traits and work in environments that provide certain working conditions and rewards. These are described below.

Compensation	Comments	Resources
Determining Salary	The IRS defines reasonable compensation as “the value that would ordinarily be paid for like services by like enterprises under like circumstances.” So how do you determine what that is? Several helpful resources listing typical salaries as well as guidance on developing a compensation package are listed to the right. These resources can be supplemented with salary information from comparable local organizations or similar organizations from elsewhere by examining filed 990s.	Salary setting tool; Salary data by job title and location; Determining a fair compensation package; Compensation Discussion Points for Boards; IRS 990 Forms
Other Compensation	Few organizations offer retirement plans or health insurance, but both are strongly desired by executive directors. The Affordable Care Act has changed the options for small non-profits considering providing health insurance. Providing a 403B retirement plan may also be affordable. Non-monetary benefits such as flexible hours and paid vacation are also valued highly.	Health insurance FAQs; Providing affordable benefits
Annual increases	While it should be clear at the time of hiring what the compensation package is, long-term executive directors receive regular increases. These are often percentage increases to salary, but also can be in the form of an annual bonus or financial assistance with insurance or other costs. An important question for the board to discuss is whether increases are a reward for past work or based on the work expected in the coming year. A commission structure based on fund-raising is employed by some organizations.	
Work Schedule	Executive directors are expected to attend meetings and events outside of normal business hours. While this is unavoidable, a board member or capable volunteer could fill in on occasion. During holiday times, it is important that the executive director have some time to spend at family celebrations as well as community events. Compensation time can be offered for hours worked outside of the typical workday. Flexible hours were one of the main benefits executive directors cited as an attraction of their position.	

The Work Environment	Comments	Resources
Job Description	A clear job description forms the basis of the executive director's activities, compensation, and evaluation. It should be updated regularly as the organization changes and an executive director grows in the job.	Executive director job descriptions 1 , 2
Board Relations	A well-trained board and an independent executive director are a good combination. Board members should have a thorough understanding of how a MS organization is supposed to work and their responsibilities. The executive director also should have a clear understanding of how a MS organization should work, as well as the culture of their own organization.	Board member contract; Differences between the board and the executive director
Board President /Executive Director Relationship	The board president and the executive director have a unique relationship. Good communications between the two, an understanding of what each expects, and how they can help the other is critical to organization success.	The board president and the executive director relationship; How the board president and the executive director can help each other
Training	Executive directors agree that personality traits, motivation, and people skills are more critical in selecting an executive director than specific job skills. However, training in specific skills should be provided.	National Main Street Center Training Opportunities
Performance Evaluation	Performance evaluations provide an opportunity for the executive director or the board to raise issues of concern that might otherwise not be discussed. They also are an opportunity for the executive director and the board to strategize for the coming year. An annual performance evaluation is the time to discuss compensation for the coming year.	Sample review form 1; Sample review form 2

Executive Director Growth	Comments	Resources
Keep it Challenging	Successful executive directors are attracted by a challenge. An organization that takes on new projects and wants to grow is more likely to maintain the interest of a strong executive director.	
Measure Success	Executive directors are driven by a desire to make a difference. Build metrics into the organization's annual plan and each project so success can be measured. Reward and acknowledge achievement. Promote organization achievements to the community.	Measure what matters; Measure what's measurable
Certification	Support the reintroduction of the Certified Main Street Manager program. Provide other opportunities for the executive director to acquire credentials.	Professional Community and Economic Developer; National Main Street Institute; Neighborhood Works
Learning Opportunities	Quality conferences provide executive directors with opportunities to connect with people in similar positions and also learn new ideas in the field. They are recharging opportunities for executive directors. Build the cost of attending the National Main Street Conference, State Main Street Conference and other relevant conferences into the annual budget. Many organizations offer courses in topics relevant to downtown revitalization.	National Main Street Conference; Rural Community Economic Development Conference; Illinois Governor's Conference on Travel and Tourism; Neighborhood Works courses; Illinois Main Street workshops

Why Do Executive Directors Leave?	Comments	Resources
Bigger organizations	Larger non-profit organizations offer bigger challenges, better compensation, and the potential for a great impact.	
New challenges	While downtown revitalization is an on-going process, the major hurdles can be met after a time. The desire to move on to a new challenge may lead an executive director to leave a well-functioning organization or downtown.	
Related fields	Executive directors are drawn from varied backgrounds and develop a wide array of skills while involved in downtown revitalization. This provides them with the background to move into many different fields.	
Dissatisfaction with current position	While many executive directors leave to move on to new challenges and career growth, many others leave because of the shortcomings of their present position. These can include the pressure of fund-raising, relations with the board, long hours, poor compensation, or other issues. Good communications between the board and the executive director along with a clear understanding of what each expects from the other can help address these issues.	The challenge of fund-raising; a funny take on the frustrations of being and executive director; board-executive director conflict

Challenge 3: Committee Structure

Local Main Street organizations have traditionally been structured around the Four Points: Organization, Promotions, Design, and Economic Restructuring. While there is consensus that the Four Points are key to the Main Street Approach, some organizations find that modifications to the four committees work better for them. Thoughts on committee structure are shared below.

Challenges of the Four Committees	Comments	Resources
Committee Members	Projects move forward when there is volunteer interest in working on them. It is difficult to attract volunteers to some of the points, most often economic restructuring. There is a feeling that this point involves a longer time commitment and skills they don't have.	
Time Commitments	Both the executive director and volunteers have limited time for meetings. Regular committee meetings are seen as an inefficient way to do things and committee membership as a long term commitment.	
Contracts	Many organizations have a contract for services with the municipality. In order to fulfill the contract, the MS organization must focus on the services the municipality wants. This affects work plans and which of the four points are emphasized.	Sample contract 1; Sample Contract 2
Priorities Change	As the community and downtown evolve, different issues and opportunities arise and become priorities. Maintaining all four points at once can be a challenge.	

Organization Models	Comments	Resources
For Profit Business Structure	Some organizations, especially those where the executive director has a business background, follow a for profit business model.	Learning from for profit business models
Nonprofit Business Structure	Best practices in nonprofit business structures have changed.	Basic nonprofit organization model
Hybrid Business Structure	Some organizations, especially those funded through an unrelated business endeavor, straddle the line between for profit and nonprofit status. A hybrid may be an alternative.	Business plan for nonprofits considering a new business; What is a hybrid model?; Hybrid model webinar
Committee Variations	Comments	Resources
Ad hoc vs Board or Standing Committees	Board committees or standing committees are permanent vs. ad hoc committees which are created for a specific purpose and then dissolved. Some functions are better assigned to permanent committees while ad hoc committees may have more appeal to volunteers. Deciding which tasks belong where will help your organization develop the structure that works best for your circumstances.	Ad hoc vs. board committees
Managing Committees	Regardless of what committee structure you set up, best practices in managing a committee structure will help them be more effective.	How to make your committee structure work; Leading a Non-Profit Team (pdf pages 11-17)
Project Based Committees	The board keeps an eye on the overall program and ad hoc committees form around specific projects. They last as long as the project and then dissolve. Volunteer commitment is kept to a minimum defined time frame.	
Farm Out One Committee	Sometimes a partner organization can take over responsibility for an area that it has expertise in. An example is having the chamber take over economic restructuring or promotions.	

Prioritize One Committee	An organization may have a unique opportunity in one area or be skilled in one area over others. That point can rise to the top. The other points remain but at a less active level. This is a conscious and relatively permanent prioritizing of the points.	
Flexible Prioritization of Committees	While all four committees function, the emphasis may shift with interests, opportunities, and skills.	
Other Issues	Comments	Resources
Reporting Statistics	While a variation on the four points may work for an organization, making what you do fit the required reporting categories can be difficult.	
Accreditation	Reviewing the National Main Street 10 Standards of Performance is useful to ensure that your organization is in compliance. Showing that you are covering all four points without standing committees can be a challenge.	National MS Accreditation
Communicating	Explaining how your organization works when the structure is fluid can be a challenge.	
Economic Restructuring	The name is difficult to explain and sounds negative. A city with a successful downtown may be interested in growth but not restructuring. Economic development might be an alternative.	

Challenge 4: Sustainable Funding

Main Street organizations often generate much of their revenue from city contributions, donations, and events. Each of these sources is uncertain. Organizations that develop sources of funding over which they have more control have a more sustainable financial situation. Information on establishing more sustainable funding is presented below. The link below provides an overview of nonprofit funding and is a good starting point for discussions.

http://www.ssireview.org/articles/entry/ten_nonprofit_funding_models

The grid presents a number of funding related topics and resources.

Reasons to Diversify	Comments	Resources
Looking for Reliability	The uncertainty of donations and event income makes planning the organization's pursuit of its mission difficult. More predictable income sources enable the organization to focus on the mission rather than fundraising.	
Politics	When an organization is largely funded by an allocation in the municipal budget, changes in politics make funding from year to year uncertain.	
Legislation	Funding received through state or federal programs may not be funded indefinitely.	
Opportunities	The organization should be prepared to seize a new opportunity that comes along.	
New Sources	Comments	Resources
Product Sales	Nonprofits can sell all kinds of things, including self-branded items. Seek legal advice before starting a business unrelated to the organization's mission in order to not jeopardize your nonprofit status.	Legal Considerations for Nonprofits
Foundations	Private foundations can choose to support a nonprofit whose mission connects with theirs or with whom they have a personal connection, resulting in long term funding assistance. Public foundations may fund specific projects that fall within their areas of interest.	Find a foundation

State Programs	Each state is unique. Some states have programs that help fund Main Street organizations, economic development, neighborhood improvements, or other related areas. The programs in the next column provide examples. Check to see what your state has or if there is a proposal to create a new program.	Washington State Main Street Tax Credit Program ; Missouri Neighborhood Assistance Program
Leases	Nonprofits are finding that rehabbing a downtown building and then leasing it to a desired tenant can provide income to the organization while strengthening the downtown.	Leasing worksheet ; Example of a successful renovation and leasing .
Contracts for Services	Contracts for services are a common funding source. Generally they are between the city and the local Main Street organization and for specific tasks such as running events, maintaining downtown improvements, developing and running marketing campaigns, or managing a downtown grant program.	Sample contract
Special Projects	Sometimes a unique opportunity arises to generate funds in connection with a special project. Perhaps there is an improvement project the city would like to undertake but not manage, or a farmers market that a group would like to start but doesn't know how, or an event that needs a new host organization. Situations like this can be an opportunity to take on a project for a fee or a percentage of the profits.	
Shared Expenses	Some MS organizations share staff with another organization. Examples are a city employee who is designated to assist MS or an executive director who manages both the MS program and the chamber of commerce. Two organizations can share a student intern. Other expenses besides staff can be shared. For example, shared office space, a joint contract for printing services, or the shared purchase of equipment. On recreation projects, MS might manage the project with insurance coverage provided by the park district and utilities by the city.	
Administrative	Comments	Resources
Workload	All interviewed executive directors agreed that the alternative sources of funding they had developed required less work and were more efficient fundraisers than fundraising events.	
Reserve Funds	Nonprofit organizations should have a reserve fund. This fund can cover expenses in the event of a shortfall of revenue, or provide funding for an opportunity that arises and for which there is no immediate funding source.	Reserve funds basics

Challenge 5: Volunteer Recruitment and Retention

Main Street organizations are volunteer based. Few organizations have the funds for more than one or two paid staff so volunteers make it work. This means that volunteer interests and availability can determine the ability of the organization to achieve its mission. Therefore, recruiting and retaining volunteers is critical. At a time when many organizations are competing for volunteers and the volunteers themselves have many activities related to their jobs and families competing for their attention, the volunteer challenge is great. Two useful resources on all aspects of volunteer management can be found at the links below:

http://www.handsonnetwork.org/files/resources/GB_TakeRoot_Volunteer_Management_unkn_HON.pdf

http://www.ssireview.org/articles/entry/the_new_volunteer_workforce

Recruiting	Comments	Resources
Who lives in your town?	Sources of volunteers vary by community. A university town will differ from one popular with retirees or young families. Understanding the demographics of your residents can help guide your strategy for finding volunteers.	Resident Characteristics
What are they interested in?	Different population groups may be interested in different kinds of volunteer opportunities. High school students may sign on for a single day event, especially if there will be other teens volunteering. College students might be interested in a semester long assignment that relates to their major. Working adults may be willing to commit to a longer term project if the meetings are limited and time commitment clearly spelled out. Retirees may be interested in a long term role on a board or committee, with flexibility for travel and other interests.	Why do people say yes to volunteering, and why do they say no?
Recruiting Techniques	Vary your recruiting approach depending on your target audience and the tasks to be done.	Recruiting hints from the field; Recruiting college students
Online Sources	Most people across all age groups use the internet. There are many websites that match volunteers with organizations. Look for ones that might work for you.	Idealist; one day projects; Network for Good; Taproot Foundation; Volunteer Match

Board Members are Volunteers Too	Board members are “super” volunteers, devoting more time and energy than other volunteers. However, the fit has to be right for the board to be an asset to the organization. Attracting the right people to the board is an ongoing challenge.	NMSC advice on recruiting the right board members; Swapping board members and other ideas; Using LinkedIn to reach potential board members
Highly Skilled Volunteers	Sometimes a volunteer with a particular ability is needed. Examples are tradespeople, attorneys, or artists. When a specific skill or individual is needed, the best approach may be to meet with the individual, perhaps over a meal, and explain your need and how they can fill it. Explain any benefits to them as well.	
Retention	Comments	Resources
Volunteer Appreciation	Volunteers need to know that the organization values their donation of time and experience. This can be shown in many ways, including thank you events, small gifts, awards, and public acknowledgement in the media and elsewhere.	Volunteer thank you ideas
Volunteer Results	Volunteers need to know that their contribution made a difference. Provide them with statistics on the results of their work, get testimonials from individuals who benefitted, and tell the story of their success in pictures and words shared in the media.	Press release format; Measure what matters; Measure what's measurable
Avoiding burnout	Losing a valuable long-time volunteer can set back a project and lower morale for the executive director and other volunteers. Be proactive in preventing burnout.	How to keep volunteers coming back
Management	Comments	Resources
What do volunteers want?	Your organization has to sell prospective volunteers on the value of volunteering with your organization. Then you must make the experience a positive one so they will remain active volunteers. An understanding of the motivations and needs of volunteers can help you do that.	What do Volunteers Want? A different take on nurturing volunteers
Coordination	A volunteer coordinator can be a point of contact for existing and potential volunteers and also assign volunteers to projects. A coordinator with a good understanding of the organization and knowledge of the skills and desires of individual volunteers helps ensure a good match. While your volunteer coordinator is likely to be a volunteer as well, job descriptions for paid positions can still help you outline what the responsibilities might be. Then you can prioritize what is needed most or divide the tasks among various people.	Volunteer coordinator job description

Education	Volunteers need to understand your mission, what their responsibilities are, and how your organization works with volunteers. A handbook or other resource can fulfill this role. Handbooks can be for use by the volunteers or be an organization policy tool for managing volunteers.	Delaware Volunteer Manual Template; NMSC Volunteer Handbook
Time Management	Volunteers are more willing to serve on well-run committees where they feel their time is spent wisely.	Managing committees successfully
Using interns	Student interns can provide a skilled, regular, long term source of assistance. The interns can be paid or receive course credit. The internship can be for a semester or longer. An intern provides assistance on a regular schedule and creates bonds with nearby schools. In addition, the intern may grow into a permanent paid staff person. Internships can be set up through a central office at a school or by going directly to a professor or department focused in an area related to the work to be done by the intern. It is important that the internship be a meaningful education experience for the intern as well as valuable to the organization.	Comprehensive guide to starting and managing an internship program; Are interns volunteers, employees or something else?; Post your internship opportunity