Ethical Blind Spots in Development, Administration and the Board Room

BY BARBARA R. LEVY, ACFRE

If you drive a car, you are all too familiar with the infamous “blind spot.” You prepare to pass, check the side-view mirror and rear mirror and turn on the turn signal. Suddenly you realize there is a car coming up right beside you. If you have been cautious, you are not in danger. If, however, you have started to pull over, you can be caught between lines of traffic with nowhere to go without damaging your car and another as well.

The same is true in your organization with ethical blind spots. If no one is watching for them, you can easily suffer an administrative or development “bent fender” or “scrapped door”—or worse. Your best preventive measure is to be prepared for them. Your organization must be particularly focused and well-organized to ensure both staff and board members alike receive appropriate training in the principles of ethical practice. That entails getting down to the details that will definitely escape notice by anyone not well acquainted with the AFP Code of Ethical Principles and Standards.

How Pervasive Are Blind Spots in Your Organization?
Blind spots are not limited to just the development department of the executive director’s office. Consider the following:

1. Your front-line staff members are most likely to be caught unprepared.
2. Suppose a telephone call comes in on Jan. 25 from a donor who says she wrote a check on Dec. 31. However, the check got lost on her desk and she never put it in the mail until now. The donor wants to be certain that the gift is booked in the previous calendar year, and the receptionist, wanting to do the right thing, assures the donor that it will be done. The well-intended receptionist is not likely to know that the Internal Revenue Service requires that a donation envelope be stamped with a Dec. 31 date. Now the development staff has one very nasty “fender bender,” and it will not be easy to repair. You can be fairly certain that there will be no solution that will make the donor happy. The misinformation given to the donor could have been avoided if the front desk staff had been trained in anticipation of such a request. (See Standards No. 2 and 5 of the AFP code.)
2. Those involved with your organization’s administration also may have ethical blind spots. When financial reports are tweaked to make the financial stability of an organization appear stronger, you can mislead donors about the financial well-being of the organization and, at the same time, raise questions about what percentage of a philanthropic gift goes to your organization’s programs. How will you answer this one? How carefully are administrators changing lanes in traffic? (See Standards No. 2 and 12 of the AFP code.)

3. What happens when you come upon an accident on the highway? How do you get where you need to go with the least possible disruption to traffic? Your organization’s board members can be especially vulnerable to “accidents.” Suppose a well-intended board member submits a low-ball bid for contracted work after being advised of the level of competitors’ bids. This board member is not only ignoring the conflict of interest policy but is also putting the IRS designation of the organization at risk due to the obvious fact that the board member would now receive personal reimbursement through contracted work. (See Standards No. 3 and 5 of the AFP code.)

These are only three examples of the issues that can be potential blind spots if your organization is not vigilant and does not have a significant ethics training program. The development officer and the executive director or CEO have the responsibility to ensure a transparent and ethical organization. You may even consider recommending that your risk-management team include ethics training along with the workplace safety program. It is that important to your organization.

Training, Planning and Education

You and your organization have only just begun when you distribute the AFP Code of Ethical Principles and Standards. Training entails dialogue, understanding and the ability to explain the reasoning behind such issues as why percentage-based compensation—perhaps the least understood principle—is a violation of the code.

Avoiding blind spots also requires planning. The process includes teaching the rationale and the components of the code. It begins with determining who should be part of the training and establishing the goals for each training session. The plan requires consistent messaging throughout the organization, touching not only staff and board members but constituents as well. Organizations that include their constituents in such messaging are building stronger relationship with them.

Initiating such practices at your organization will require the support of the CEO or executive director, senior staff and the leadership of the board. As you seek to build awareness, start by taking the AFP Ethics Assessment Inventory or by having your organization’s director of development take it. (The EAI is available in the members-only section of the AFP website at www.afpnet.org/EAI.) The assessment captures the basic concepts of ethical practice. Once the inventory is completed and the confidential score received, you or the development director

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Resources

**Standard No. 2 of the AFP code:** Members shall not engage in activities that conflict with their fiduciary, ethical and legal obligations to their organizations and their clients.

**Standard No. 3 of the AFP code:** Members shall effectively disclose all potential and actual conflicts of interest; such disclosure does not preclude or imply ethical impropriety.

**Standard No. 5 of the AFP code:** Members shall comply with all applicable local, state, provincial, and federal civil and criminal laws.

**Standard No. 12 of the AFP code:** Members shall take care to ensure that all solicitation materials are accurate and correctly reflect their organization’s mission and use of solicited funds.
will have a better understanding of how to initiate dialogue about the most common ethical infractions. The more educated your organization family becomes, the more likely it is that you will be able to effectively communicate your ethical values.

Some simple steps to begin the process of education include:
1. Recruit a few key people to implement the process.
2. Identify and prioritize the audiences to be included in the training.
3. Develop a timeline for the process.
4. List techniques for introducing materials.
5. Teach steps in ethical decision making.

Once the process is well under way, there are more potential blind spots to avoid. One is an awareness of new hires in all areas of the organization. A critical piece in the process includes having a method for bringing these new employees up to speed quickly. It is not realistic to assume that they will “catch on” once they are part of the culture. This practice can be easily addressed, because those who have been involved in training become the exemplars and mentors of the new culture and are invited to share it with others.

It is critical to be aware that an organization’s reputation is created by how the public perceives its actions. Once an organization is tainted with even the perception of unethical activity, it is at best difficult and sometimes impossible to overcome that negative impression.

As you focus on the most effective way to communicate your organization’s values to your constituents, know that donors who share those values will be drawn another step closer to your organization. These are the very people likely to offer valuable, unsolicited and outspoken endorsements. Such third-party endorsements are a prize well-earned for organizations that are conscientiously building a culture of ethical understanding and practice.

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