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The challenges of small business groups are just as hard as most nonprofit businesses these days. How do you differentiate one group from another? Do we give money to one group because of relationships?

It's helpful to realize that the word nonprofit can mean many things. You can be a nonprofit organization just by getting together with some friends (ex. to form a self-help group). In this case, you're an informal nonprofit organization.

Before starting one consider incorporating your nonprofit so it exists as a separate legal organization in order to own its own property and its own bank account, also to ensure that the nonprofit can continue on its own (even after you're gone), and lastly to protect yourself personally for operations of the nonprofit.

You incorporate your nonprofit by filing articles of incorporation with the appropriate local state office. An incorporated nonprofit requires a board of directors.

The board determines who will be the executive director (ED) and the driving force for the company. Remember, if you are a board member, you determine the vision of the founder or founders and the executive director works for you.

I have seen so many situations where they have clashed and because the job is not getting done.

An ED is responsible for the day to day operations of a corporation so they must have great expertise in management and not only understand the field or industry that they are managing

but have a substantial amount of experience in the industry.

In a nonprofit organization, no single internal relationship is more important than that between the executive director and the board of directors. One carries the responsibility of leading the organization to the efficient execution of its mission and the other shoulders the burden of finding the money that makes it all possible. In many ways, these two individuals are joined at the hip.

Good EDs work hard to see that the organization fulfills its mission effectively and efficiently. If they are to succeed, they need to represent each of the different parts of the organization at different times. They need to be the person driven to meet programming needs and committed to seeing that the organization stays in balance.

I have always believed that a good manager, or in this case an ED, adjusts to the style and personality of her or his people as much as possible. Getting good work out of direct reports is part of the ED's job and challenge.

Good EDs set their staff up to succeed. The best EDs are flexible. After all, the theory is that the person at the top is the one most capable of adapting and accepting different ways. That's why he or she gets the impressive title and the big bucks! An ED, new to an organization, needs to adapt to the organization, not the other way around.

There are a lot of great organizations out there that's striving hard in attempt to help our community, like the Community Development Corporations (CDC) throughout the city. These EDs are committed to helping and are just a few great examples of the hard work from EDs. Debra Prater, John Hopkins, John Anelifo, and Vicky Eaton Johnson, Tom Stone all lead CDC's throughout our city. EDs should be recruited with care as the company's operational efficiency depends on the decisions taken by the executive Directors. A good executive director has robust expertise to handle and accomplish distinct tasks at the same time. The executive director should have knowledge about the various industries and market segments to which the company is targeting its product.

A good ED possesses good leadership skills. It is a prominent quality of a good executive director to be able to lead the team of employees and other stake holders.

A good ED is proactive rather then being reactive to the situations. They have a clear vision and are able to prepare for the upcoming market situation.

If you have employees and board members resigning because of the same executive director, someone should check the facts because there's a problem. A successful ED has excellent communication skills. He should be able to communicate effectively with the board of directors.

A good ED has the ability to negotiate with customers, suppliers, employees and other parties. It's not just a question of having all the right individuals on the board though, it's crucial that the board works well together well with the executive director as a team while the responsibility for that falls squarely at the feet of the chairman. You can have a non-executive who is perfectly competent and able but, if the dynamics of the board as a whole don't work, they are not going to be able to be as effective as they could be.

An ED *should* **be a true believer in the organization and its mission.** If an executive director has dedication, passion and purpose, the rest of the organization is far more likely to have it as well.

Not all nonprofits are small organizations, Cleveland Clinic was founded in 1921 as a not-for-profit group practice, integrating clinical and hospital care with research and physician education
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If you want to be exempt from federal taxes and maybe some other taxes, too, you should file with the IRS to be a tax-exempt organization. The IRS states that you must be a corporation, community chest, fund, or foundation to receive tax-exempt status. Articles of association may also be used in place of incorporation. Probably the most well known type of nonprofits is an IRS classification of 501(c) (3), a "charitable nonprofit.'

Depending on the nature of your organization, you may also receive tax-deductible status from the IRS. Publication 526 lists the types of organizations to which donations are deductible.

A well run nonprofit is similar to a business that functions effectively. The mission is understood, the “customer” is clearly identified, and measurable goals are achieved. The nonprofit that runs like a business has checks and balances in its financial system and has objective oversight from board members and among professional associations. A nonprofit fills an understood niche in its service area and develops strategic partnerships to carry out the work.