



3 Steps to a More Ethical Organization

Whether it's in the business, government or not-for-profit sector, ethics seem to be on everyone's minds these days. To ensure your supporters and community understand your nonprofit organization's values and the policies that uphold them, a formal code of ethics is essential. Here's how to create one.

1. Identify rules of conduct

You probably already have a mission statement that explains your values and goals. So why would you also need a code of ethics? Think of it as a statement about how you *practice* ideals. A code of ethics not only guides your organization's day-to-day operations but also your employees' and board members' conduct.

The first step in creating a code of ethics is determining your values. To that end, review your strategic plan and mission statement to identify the ideals specific to your organization. Then look at peer nonprofits to see which values you share, such as fairness, justice and commitment to the community. Also consider ethical and successful behaviors in your industry. For example, if your staff must be licensed, you may want to incorporate those requirements into your written code.

2. Formalize policies

Now you're ready to document your expectations and the related policies for your staff and board members. Most nonprofits should address such general areas as mission, governance, legal compliance and conflicts of interest.

But depending on the type and size of your organization, also consider addressing:

- The responsible stewardship of funds,
- Openness and disclosure,
- Inclusiveness and diversity,
- Program evaluation, and
- Professional integrity.

For each topic, discuss how your nonprofit will abide by the law, be accountable to the public and responsibly handle resources. When the code of ethics is final, your board must formally approve it.

3. Communicate and train

Finally, implement the code and communicate it to staffers. Present hypothetical examples of situations that they might encounter. For example, what should an employee do if a board member exerts pressure to use his or her company as a vendor? Also address real-life scenarios and how your organization handled them. And if your nonprofit doesn't already have one, put in place a mechanism, such as a confidential tipline, that stakeholders can use to raise ethical concerns.

Contact us with questions about creating a code of ethics.

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