



**EXPOSING
THE
ELEPHANTS**

**Creating Exceptional
Nonprofits**

PAMELA J. WILCOX

Exposing the Elephants



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There's an elephant in the room.

It is large and squatting, so it is hard to get around it.

Yet we squeeze by with, "How are you?" and "I'm fine". . .

There's an elephant in the room.

We all know it is there.

We are thinking about the elephant as we talk together.

It is constantly on our minds.

For, you see, it is a very big elephant . . .

But we do not talk about the elephant in the room.

—Terry Kettering



About the Author

Pamela J. Wilcox is founder and president of SAVé—staff and volunteer excellence—an organization that explores new ideas and offers practical solutions for strengthening nonprofit leadership. She is committed to helping boards and CEOs build exceptional nonprofits from the inside—by removing the obstacles that impede nonprofit success.

An innovative executive with more than 20 years experience in nonprofit leadership, strategic planning, staff management, and day to day operations, Pamela works in the forefront of change, revitalizing nonprofit offices, devising new ways to optimize volunteer and staff talent, directing mergers, and developing new methods of strengthening board and staff leadership. Her experience as a nonprofit executive director, senior manager, and consultant combined with for-profit experience as CEO and senior executive, brings her a unique perspective that has consistently elevated the performance of individuals, teams, and organizations.

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Contents

PREFACE		xiii
ACKNOWLEDGMENTS		xv
INTRODUCTION		xvii
	<i>Live Lessons and At the Salt Mines</i>	xvii
	Terminology	xviii
PART I	Promise versus Reality	1
CHAPTER 1	Nonprofits: A Closer Look	3
	The Wide Reach of Nonprofits	4
	Myths That Surround Nonprofits	7
	Higher Expectations Equal Better Nonprofits	11
CHAPTER 2	The Nonprofit Dilemma	15
	Rating Nonprofit Performance	15
	“If It Ain’t Broke, Don’t Fix It.”	17
PART II	The Problem Elephants: Bad Behavior, Bad Results	21
	Uninvited Guests: The Elephants of the Nonprofit Sector	21
CHAPTER 3	The <i>Mission Impossible</i> Elephant	25
	Where’s Mission?	25
	The <i>I’m the Expert</i> Archetype	26
	The Two Nonprofit Components	28
	Constraints to the Volunteer Role	29
	Roles and Relationships Defined	31
	<i>I’m the Expert</i> Takes Over	36
	A <i>Live Lesson</i> : “Two Does Not Equal One”	38
	A Primer of Lessons from “Two Does Not Equal One”	47
	Where’s the Mission?	55

CHAPTER 4	The <i>Earth to Board</i> Elephant	61
	A Reality Check	61
	The Siren Call of “Members”	62
	Connect and Articulate	62
	Protect and Supervise	65
	The Board’s Worst Enemy	69
	<i>A Live Lesson: “Intentional Grounding Is Not a Foul”</i>	71
	The Economic Cost of the <i>Earth to Board</i> Elephant	82
CHAPTER 5	The <i>Board Fiddles, Rome Burns</i> Elephant	87
	Whose Job Is It?	87
	Policy and Strategy Uncensored	88
	Board-Level Policy and Strategy	93
	<i>A Live Lesson: “Behind CEO Mismanagement Lurks Board Failure”</i>	100
CHAPTER 6	The <i>Smile, Not Skill</i> Elephant	117
	Then There Were None: The Disappearing CEO	117
	A Brief Introduction: Four Elephants and a Code	118
	The Board and CEO	120
	The CEO and Staff	127
	<i>A Live Lesson: “If the CEO Fails, Blame the Staff”</i>	133
CHAPTER 7	The <i>Read My Lips</i> Elephant	147
	Hubris and Nonprofits	147
	Outsized Rhetoric: Up Close and Personal	148
	Why Are Nonprofits Addicted to Outsized Rhetoric?	151
	<i>Live Lesson: “Great Is Just a State of Mind”</i>	158
	The Reality	159
	The Consequences	162
	The Cost of Opportunity Lost	163
PART III	The Elephant Solutions: Good Behavior, Exceptional Results	167
	A New Mindset	167
	Coaxing Elephants into the Open	168
	The Five Elephant Solutions	169
CHAPTER 8	The <i>Mission Impossible</i> Solution: Create One Mission System	171
	Taming the <i>Mission Impossible</i> Elephant	171
	Elephant Solution One: Create One Mission System	172
	Making the Changes Stick	193
CHAPTER 9	The <i>Earth to Board</i> Solution: A Shared Reality	203
	Taming the <i>Earth to Board</i> Elephant	203
	Elephant Solution Two: Seek a Shared Reality	204
	Making the Changes Stick	218

CHAPTER 10	The <i>Board Fiddles, Rome Burns</i> Solution: Develop Policy and Strategy at Every Level	227
	Taming the <i>Board Fiddles, Rome Burns</i> Elephant	227
	Elephant Solution Three: Develop Policy and Strategy at All Levels	228
	Making the Changes Stick	246
CHAPTER 11	The <i>Smile, Not Skill</i> Solution: Demand Performance	253
	Taming the <i>Smile, Not Skill</i> Elephant	253
	Elephant Solution Four: Demand Performance	254
	CEOs and Performance	269
	Making the Changes Stick	278
CHAPTER 12	The <i>Read My Lips</i> Solution: Reward Results, Not Rhetoric	283
	Taming the <i>Read My Lips</i> Elephant	283
	Elephant Solution Five: Reward Results, Not Rhetoric	284
	Making the Changes Stick	292
CONCLUSION	Exceptional Nonprofits	297
	Transforming Unruly Pachyderms into Well-Behaved Guests	297
	Exceptional Nonprofits Meet Future Challenges	300
	Exceptional Nonprofits and the Future	303
INDEX		305



Preface

After completing a massive change effort for a large nonprofit, I resigned my position as executive director to chill out, enjoy my daughter's wedding, and quietly contemplate less strenuous career options.

As happens so often, inspiration came when it was least expected. Finding myself at a Christmas party with revelers from different nonprofits, I listened as total strangers recounted surprisingly similar tales of working woes. Though this was nothing new, hearing the same complaints yet again triggered an old intrigue. How can an industry that espouses such lofty ideals be so frequently devoid of them in practice? Why do nonprofits continually tout change, while basic problems remain the same? And most important, can those problems be resolved?

Then it struck me. Although we now live in a very different information-based world and nonprofits form a large, important sector of our economy, their inherent mindset about volunteers and staff has not changed in a century. And just as individuals must have the right mindset to succeed, so must organizations. In that moment, the idea for this book began to take shape.

Exposing the Elephants identifies and holds the old mindset and old dogmas up to the light of day. It is a guide to help nonprofits openly and honestly question cultural and ingrained standards and examine organizational parts and performance in a fresh new light.

Something I heard during a seminar led by *Leadership and the New Science* author Meg Wheatley stuck with me: "It takes just a small pocket of heretics to start a revolution." Let the revolution begin with *Exposing the Elephants*. The stakes for winning the battle are great indeed—success means nothing less than the forward acceleration of social and economic progress on all fronts of everyday life.

This book is dedicated to the heretics already in the midst of the fray—the special and wonderful group of volunteers and staff who have been my working partners throughout these many years. Despite flawed governance and management practices at

many nonprofits, these talented people found ways of flying under the radar screen and working effectively.

Exposing the Elephants expresses their vision of what should be and forms a body of knowledge that supports their ongoing efforts. May it lend support and give courage to all forward-thinking boards and CEOs as they brave the small but powerful group of insiders who so frequently block real change.



Acknowledgments

In some ways writing a book is a solitary effort—in others it is a joyous group affair. Here, it is my greatest pleasure to acknowledge the group that made this book possible and to ask them to step into the spotlight and take a well-deserved bow.

My deepest and most heartfelt thanks go to my husband Robert and friend and former colleague Solveig De Sutter whose faith in this book and in my ability to write it never wavered—even when mine did. Robert held me together personally with emotional support, enthusiasm, and love, and contributed professionally with business wisdom and patient discussions. My dear friend Solveig devoted countless hours brainstorming ideas, editing drafts, and renewing my spirits through the dark writing days.

Many, many thanks go to my book review team comprising volunteer and professional nonprofit leaders. These people donated their precious time and provided wisdom for early book drafts—Sue Adlesic, Mary Ulich, and Gary Taylor. Other former colleagues and friends gave freely of their time to comment on drafts and provide good ideas—my fervent thanks to Rosemary Butler and Sabine Schwark. Others provided just the right idea at the right time—many thanks to friends and colleagues Valerie Holton, Jane Dahlen, Denise Reens, Cathy Koessler, Ron Hamburger, Judy Myers, and Deb Darr.

My thanks to Carolyn Washburne, who shaped the original book proposal, and my deepest thanks to Karla Heuer, whose insights and editing abilities contributed greatly to the final draft. I am deeply indebted to Susan McDermott, senior editor at John Wiley & Sons, Inc., for recognizing the potential of this book and being willing to take a chance on this new writer. Words can't express just how much her acceptance and enthusiasm for the project meant to me—my most heartfelt thanks to her, senior production editor Kerstin Nasdeo, and all the other fine people at Wiley who made this book possible.

Finally, it's difficult to do anything worthwhile without the support of your family and friends, the people that I've mentioned and other wonderful people that form my personal support system—a special thanks to my daughter Keri, her husband Steve, and the pups—you make my life a wonderful adventure.



Introduction

Exposing the Elephants is divided into three parts. Part I introduces the nonprofit industry and explores the public perception of nonprofits. Nonprofit dogma in general is defined, and the resulting “nonprofit trouble cycle” is explored.

Part II tackles the “what” and “why” of the five nonprofit “elephants,” each elephant representing an uncomfortable truth that volunteer and staff leaders recognize but refuse to openly acknowledge. These “elephants in the room” dominate nonprofit meetings and undermine nonprofit actions.

Part III explores ideas and practices—elephant solutions—that can tame and transform unruly pachyderms into well-behaved friends. Successful tools and techniques for “bringing it home” are sprinkled throughout the chapters.

LIVE LESSONS AND AT THE SALT MINES

Really understanding how industry archetypes create problems in the internal workings of nonprofit life is essential. That’s where *Live Lessons* and *At the Salt Mines* come in. *Live Lessons* are real situations derived from actual nonprofit organizations, or, as they say in television land, “situations torn from the headlines.” Fictitious names protect the innocent and avoid embarrassment to all. Some situations derive from personal working experience and some from those recounted by colleagues or detailed in the media. All are representative of actual issues facing nonprofits each day.

At the Salt Mines are little docudramas depicting a *Live Lesson*’s day-to-day effect on nonprofit operations. Too often, a concept is easily understood but difficult to apply to real life. Together, *Live Lessons* and *At the Salt Mines* help the reader understand not only the specific elephant, but also how it operates in the real world of volunteers and staff.

The concepts in *Exposing the Elephants* cross the boundaries of all types of nonprofit organizations. Nonprofits are a diverse bunch of organizations that do not always share the same purpose, function, or vernacular. This book makes no attempt to target discussion

toward those differences; rather, its content applies to any nonprofit that is beyond the founding or start-up phase. Such an organization employs professional staff and engages in a variety of ongoing activities and programs that require daily management.

TERMINOLOGY

Exposing the Elephants also uses certain conventions to describe nonprofits, volunteers, and professional staff, and it is useful to look at a few of the most commonly used terms.

Nonprofits

In this book the terms *nonprofits*, *nonprofit sector*, and *nonprofit industry* are synonymous and apply to nonprofits as a whole. *Philanthropic organization* refers to nonprofits that rely on donations, not dues; *membership organization* refers to groups that rely on dues rather than donation dollars. People who are part of these organizations are called *donors* and *members*, respectively. The use of terms such as *charities*, *foundations*, or *trades* is deliberate and refers only to that specific group or subgroup.

Volunteers

Volunteers refers to all persons who donate time to a nonprofit; volunteers may serve in an individual capacity or as part of an advisory group, committee, or board. *Volunteer committee* or *volunteer board* refers to the volunteers who serve as members of that committee or board.

Governing board or *board of trustees* are synonymous terms that refer specifically to a nonprofit's governing body or board. Corporations refer to the same body as a board of directors and, in fact, many nonprofits also use this term. The term *volunteer leader* refers to the governing board of directors and the chairs of other volunteer committees, boards, or board-appointed groups. *Volunteer leadership* refers to the governing board only. *Nonprofit leadership* refers to the board and CEO.

Professional Staff

The top staff officer of a nonprofit is referred to by different titles, depending on the custom of that nonprofit. Some of the more friendly terms are executive director, executive vice president, president, and in some international organizations, secretary general. Another title, *CEO*, although controversial, is starting to emerge at many nonprofits. Some feel that this is a corporate business term, and thus should not be used by nonprofits. This book espouses the view that the top staff officer at a nonprofit should be the chief executive officer, so this book uses the term *CEO*.

The term *professional staff* refers to the CEO plus all other paid staff members working at the nonprofit. The term *senior staff* refers to the CEO and all direct reports.

Promise versus Reality



Nonprofits: A Closer Look

The luxury of doing good surpasses every other personal enjoyment.

—John Gay

Intense awareness of environmental issues; deep concern about poverty, hunger, homelessness; far-reaching cutbacks in government funding for social services, the arts, education; stringent requirements for professional licensing and continuing education; and a huge generation of baby boomers, having achieved the rewards of “doing well,” now interested in “doing good”—the confluence of these and other factors has fueled explosive growth in a major sector of the U.S. economy.

Most Americans don’t recognize nonprofits as a third economic sector, along with for-profits and government. Recognized or not, with over 100 million employees and unpaid volunteers, nonprofits represent one of the largest groups of employers in the United States. Nonprofit management is an acknowledged profession, with an increasing number of colleges and universities offering degrees in the discipline. Nonprofits also attract private-sector professionals who want to work for a higher cause. Clearly, nonprofits are big business in a big way. Yet this vast, diverse sector remains little understood by the public.

In This Chapter

To promote greater understanding of this puzzling mammoth, we examine the real size, scope, and impact of the nonprofit sector and demystify commonly held myths about it. With these myths set straight, nonprofits, volunteers, professional staff, and the public will be able to question the generalities surrounding nonprofits and refuse anything less than real results.

THE WIDE REACH OF NONPROFITS

Size of Nonprofit Sector

Nonprofits are almost 1.6 million in number and contribute 8 percent of the gross national product. That's over \$1 trillion in revenues, according to the Internal Revenue Service (IRS).¹ Over the last 25 years, the 2.5 percent annual average growth rate for employment in the nonprofit sector outpaced that of for-profit business (1.8 percent) and government (1.6 percent). Nonprofit employees now constitute 9.5 percent of the total American workforce or 12.5 million employees.² In other words, 1 in every 12 Americans works for a nonprofit.

Another 83.9 million Americans or 44 percent of adults volunteer for these organizations and contribute 15.5 billion hours to charitable organizations alone.³ Equally startling is the generosity of American households: 89 percent contribute to charitable organizations, with the average annual contribution being \$1,620.⁴ According to *Giving USA*, in 2004 that figure amounted to an historic high of \$248,520,000,000.⁵ Yes, you read that right—billions!

Clearly, the nonprofit sector is no cuddly cocker spaniel; it's a huge St. Bernard. It's important to note that the term "nonprofit sector" refers to nonprofits in the aggregate as all organizations granted tax-exempt status by the IRS. The nonprofit sector is widely diverse, and to fully understand its economic impact, it's helpful to review the major types of organizations and the terminology used within the sector.

Types of Nonprofits

Tax-exempt organizations are classified under Section 501(c) of the IRS tax code. Each type of organization is given a numerical subcategory number (e.g., 501(c)(1), 501(c)(2)). We'll focus on the three major types of nonprofits that make up the majority of what is commonly known as the nonprofit sector: (1) 501(c)(3), charitable and foundations; (2) 501(c)(4), welfare and advocacy; and (3) 501(c)(6), business leagues.

501(c)(3) Nonprofits The largest of the nonprofit subcategories are the 501(c)(3) religious, charitable, and similar organizations. This group totals almost 1,000,000 and consists mainly of charitable organizations (more than 800,000) and foundations (more than 100,000). This number could be even larger because certain organizations that would fall into this category, such as churches, are not required to apply for tax exemption.

Charitable organizations include those that provide care and services to the needy, such as the United Way, Salvation Army, and Catholic Charities, and also organizations such as hospitals, museums, orchestras, private schools, libraries, and public radio and television stations. Individuals, families, businesses, and communities can establish foundations (e.g., the Bill and Melinda Gates Foundation) as a way to support specific causes.

Charities and foundations also are the fastest growing segment of nonprofits. In fiscal year 2005 alone, the IRS received applications for 77,539 new 501(c)(3) organizations, representing almost 93 percent of all nonprofit applications received. The 15.5 billion hours of free labor cited earlier is what allows these organizations to serve a broad range of people at a far lower cost than private industry. Because many of these constituents would not be served by the profit-driven private market and would be supported only through government tax dollars, charitable organizations and foundations have a huge economic impact on individuals and the economy.

501(c)(4) Nonprofits The second largest subcategory is 501(c)(4), the social welfare or advocacy organizations. Included are 136,060 organizations such as the National Association for the Advancement of Colored Persons (NAACP), the National Organization for Women (NOW), and the National Rifle Association (NRA). These nonprofits participate in legislative advocacy, lobbying, and political campaign activities. They serve as a link between individuals and the broader political process, providing the means to bring group concerns to the public attention and to push for change not only for the group but also on behalf of the general public. Again, the economic impact of such governmental influence is significant.

501(c)(6) Nonprofits The third largest subcategory is 501(c)(6), business leagues. These are the more than 85,000 professional and trade organizations such as the American Bar Association and the National Association of Realtors that promote the business or professional interests of a community, industry, or profession. The real and potential impact of this group on research, professional training, and influence through endorsements permeates our daily lives. Nine out of every 10 adults belong to an association, and one only needs to contemplate the increase in prestige and sales of a product endorsed by the American Medical Association to understand the potential economic impact of these organizations.

Not only do nonprofits affect our economy directly through the constituents served and the revenue generated, but they also exhibit tremendous purchasing power and are a revenue source for other businesses. Associations alone pay \$6 billion in health premiums and spend \$2.2 billion on technology, \$56 billion on meetings, \$66 billion on travel and hotels, and more than \$12.3 billion in state, local, and federal sales and income taxes.⁶

Although these three categories are the largest and most influential, there are a total of 27 categories of 501(c) tax-exempt organizations, including credit unions, social and recreation clubs, fraternities, and veterans groups. The wide diversity in types of nonprofits is one key to understanding some of the public misperception regarding nonprofits. The image conjured by the word “nonprofit” is subjective depending on one’s personal experience with a certain type of organization.

The situation is further complicated by a lack of consensus on terminology within the sector. Even insiders are befuddled by the use of terms like “philanthropic organizations,” the “independent sector,” the “social sector,” and “charities.” Typically, people using these terms are referring only to 501(c)(3) organizations, but others may think they are referring to all tax-exempt organizations.

Terms like “membership organizations,” “professional organizations,” or “trades” might be used to describe all 501(c)(6)s, but they more commonly refer to that specific category within the 501(c)(6) category. Even associations that act as advisers to nonprofits lend to the confusion by being fragmented and divided by nonprofit type (e.g., the American Society of Association Executives (ASAE) primarily represents 501(c)(6)s, and the Donor’s Forum primarily represents 501(c)(3)s).

Anyone researching the subject understands how risky it is to assume anything with regards to the meaning of such terms that appear in public discourse. Questions to clarify the user’s meaning are always in order. Nor do these divisions lend anything other than confusion when it comes to discussing global issues. After all, men and women are distinctly different, but they share many more commonalities by being human beings. In a similar fashion, although distinct differences exist among the various nonprofit categories, nonprofits share many more characteristics such as culture and management practices.

The Role of Nonprofits

Clearly, nonprofits have a huge impact on the American economy and in the fabric of our lives. This impact is assumed in the very reason that the government provides tax-exempt status to such organizations. Nonprofits relieve a burden that otherwise might need to be supplied by the government or not at all. In fact, the trend for federal and state governments to shift social services to outside providers has fueled the growth of philanthropies.

Setting aside the tax dollar question and the public’s general low esteem for public officials, you might be wondering why this nation would want to shift things like social services outside of government. The answer to that question lies in the differing expectations of how nonprofits versus for-profits perform the service role.

A study from the Johns Hopkins Comparative Nonprofit Sector project is illuminating.⁷ The study considers five areas where we might expect the nonprofit role to differ from for-profit business: (1) service, (2) innovation, (3) advocacy, (4) leadership development, and (5) democratization.

Service Role Nonprofits, like for-profit companies, must make a profit (known as net revenues or surplus in nonprofit language) to remain in business. The difference is that any profit must be returned to the mission of that nonprofit, whereas corporations and businesses can distribute that wealth to shareholders, business owners, CEOs, and staff.

Because of this nonprofit distribution character, nonprofits are expected to perform services that are public or collective in manner, serving constituents that the private market cannot because they are not paid for or require a special element of trust. This leads us to expect services to be of higher quality. Because nonprofits are not profit driven and have access to volunteers and philanthropic support, services should be delivered for lower cost. Also, nonprofits like charities and foundations with donor support should be more inclined to serve those in greatest need.

Innovation Role Given the lack of bottom-line focus, nonprofits should be more flexible and adaptable than other organizations and more likely to take risks. They should be a haven for new ideas and a laboratory for identifying and solving public problems. This suggests that nonprofits should be pioneers in particular fields and serve as a source of innovation.

Advocacy Role Not beholden to the market, nonprofits should be able to push for changes in government policy and public or professional conditions. They should provide a way to bring group concerns to public attention.

Leadership Development Role Nonprofits are potentially vehicles for individual and group expression. Such organizations promote citizen participation and protect the interests of specific groups.

Democratization Role At their best, nonprofits can make an important contribution to fostering sentiments of trust, social obligation, and belonging among their own members and between those members and others in society—democracy in action. Specifically, the underpinnings of liberal democracy rest with the exemption of religious nonprofits. Such institutions provide separation of church and state and limit government's ability to use tax policy as a tool to promote one religion over another or tax a church out of existence.

Any one nonprofit may not perform all of these roles well, but a good case can be built that the public should expect them all to do so. How well they are performing against the barriers and the drawbacks faced are a subject that we'll return to repeatedly. Right now, though, let's redirect our attention to the current public perception of nonprofits.

MYTHS THAT SURROUND NONPROFITS

In general, the public has a favorable impression of nonprofits, one that encourages tolerance and promotes a feeling to look the other way when something goes wrong. *Independent Sector* surveys continue to show that Americans express comparatively high confidence in nearly all charitable organizations while ranking corporations, government, and Congress among institutions in which they had the lowest confidence.

Unfortunately, the public's favorable image rests on some pretty squishy ground. If one is of an uncharitable mind, you might say that some of the perceptions are so wildly off the mark as to fall into the category of myth. The most common myths are:

- Nonprofits are “soft”: altruistic, gentle people working in a smaller, less competitive, nurturing environment for the greater welfare of society
- Nonprofits “do good,” not “make money”: profit is bad, nonprofits are good
- Nonprofits aren't a business: absent are measurements like per-share price, sales per year, total profit
- Nonprofits operate well as a whole

Why are these myths so widely held and yet so untrue? And what effect, if any, does this public misperception have on the nonprofit sector?

Nonprofits Are “Soft”

The nonprofit sector isn't what anyone should consider small, kind, and warm. The industry is large, in effect a third sector of our economy, and its impact is felt throughout the economy and society. Although nonprofits come in all flavors and sizes, so do for-profit businesses. And, like large corporations, large nonprofits are fewer in number but rival their for-profit counterparts in influence both outside and within their respective industries.

One reason for the public's misperception is that the word “nonprofit” conjures up different images if you volunteer for a small struggling charity operating out of a room full of scarred metal furniture than if you work for the American Bar Association with floors of comfortable offices in downtown Chicago.

Nor, on average, are nonprofit professional staff leaders paid extremely low wages. Although a small charity dependent solely on community donations may pay a CEO only \$30,000 per year, the 2002 median salary of CEOs at large nonprofits was \$285,000 and the median total compensation for CEOs in all size associations was \$142,800.⁸ That may not rival the multimillion-dollar deals of Fortune 500 CEOs, but it might be argued that it's more in line with what corporate CEOs really should make.

The real whopper is the public perception of a warm and soft working environment. As anyone who has worked at nonprofits can attest, often the environment is far from nurturing and noncompetitive. Nonprofit culture tends to be marked more by hierarchy and turf protection than collaboration. For reasons that will become clear in Chapter 3, some volunteers view professional staff as unnecessary, paid overhead, and some professional staff view volunteers as a hindrance rather than a help.

In fact, Giovinella Gonthier, co-author of *Rude Awakenings: Overcoming the Civility Crisis in the Workplace*, cites nonprofits as the most uncivil workplace of all. Gonthier

states: “They lose sight of their mission . . . a lot of these people think that the labor and employment laws that apply to for-profit corporations don’t apply to them.”⁹

Contributing to the public misperception, newspapers and magazine articles fail to mention that the rate of nonprofit staff turnover exceeds the turnover rate of for-profits. Articles tend to focus on “stress” and “low pay” as the main reasons for high nonprofit turnover rather than on the reality of the workplace. A huge reason for the high turnover of nonprofit staff is a work culture that is at best discouraging to creative, talented professionals and at worst actually toxic to worker productivity.

This same culture often extends to volunteers. Nonproductive committees, unclear volunteer roles, and weak volunteer boards stimulate the same kind of turnover of bright, talented volunteers. All in all, the nonprofit work culture often serves as a catalyst for the exodus of the best and brightest from the ranks of the organization.

Nonprofits “Do Good” Rather Than “Make Money”

Contrary to widely held belief, nonprofits must make a profit to stay in business long term, just like for-profit concerns. The difference between corporations and associations lies mainly in what happens to the profit.

A corporation can distribute profits to owners, shareholders, executives, and employees. The owner of a private business can put his or her profits right into a personal bank account. Nonprofits are prohibited from these practices and cannot distribute profits into any form of private or individual hands. Nonprofits do not exist to earn money for owners and employees; profits must be reinvested in the mission.

Anyone who has worked in both for-profit and nonprofit concerns can attest to the strong profit-making orientation of nonprofits. Specifically, nonprofit governing boards spend an inordinate amount of board time micromanaging the finance area. This means that the roles of the nonprofit and for-profit CFOs are both challenging—but in very different ways!

So, corporations and associations share a driving need to make a profit; they just do so for different reasons. Corporations must maximize “shareholder return” or “return on dollars invested”; nonprofits must maximize “member/donor return” or the return of mission results for dollars invested.

Nonprofits Are Not a Business, so Success Cannot Be Measured Quantitatively

Although great resistance and misunderstanding surrounds the term “nonprofit business,” a business component exists in nonprofits and includes all management aspects of services, products, programs, and organization. Nonprofit business success equates

to how innovatively or efficiently mission is fulfilled, and this success can be quantitatively measured.

The findings of Joseph Galaskiewicz and Wolfgang Bielefeld as they studied a sample of public charities in the Minneapolis–St. Paul area over a 15-year period are illuminating.¹⁰ The results of that study clearly showed that nonprofits that became more business-like did not suffer as a result and, in fact, experienced significant growth in donations, commercial income, volunteers, and professional staff. The fact that these findings are in a sector where conditions are most resistant to business practices hints at similar and even more favorable findings for the membership sectors.

One of the current rages in the nonprofit sector that has been widely discussed in trade magazines and books is nonprofit measurement. Although flying under disguised headings like “how to convert good intentions into measurable outcomes,” the intended result is quantitative measurement, but there is widespread disagreement on what to measure and how to measure it across the different subcategories of nonprofits.

It’s a big challenge to find consensus in an immense, diverse sector, where the “but, we’re different” excuse is a handy tool often employed by CEOs or boards to discount benchmark studies. A ready example is the operating ratios published by the American Society of Association Executives (ASAE). The potential for board misuse of these benchmark studies is so strong that often CEOs use that excuse to relegate the study to the bottom of their desk drawers.

Nonprofits Operate Well as a Whole

Most nonprofits operate well if the measurement is, “Does the job get done—are we helping people?” But the well-publicized problems since September 11 make it difficult to argue that all things are operating well. A look at the headlines from a cross-section of different types of nonprofits within a six-month period confirms that. The article “Grasso Quits NYSE Amid Pay Furor” refers to the forced resignation of New York Stock Exchange Chairman Dick Grasso amid a public outcry over a \$139.5 million retirement pay package.¹¹ Articles detailing similar problems include “More AmeriCorps Follies,” an editorial regarding the covering up of a program “rife with mismanagement and lack of financial controls”;¹² “Nonprofit Ex-Worker Charged with Theft,” detailing the former office manager of Tobacco Free Michigan’s embezzlement of \$50,000, the latest of several residents charged with embezzling money from area agencies;¹³ “NASA’s Culture Faulted in Crash,” where the investigating board cited failures of NASA management in the *Columbia* shuttle disaster and concluded the space agency has “a broken safety culture.”¹⁴

Not only headlines call into question just how well (or not) nonprofits are doing their jobs. Another meaningful indicator is the downward trend of membership and volunteers. Looking beyond the typical nonprofit explanations of a bad economy or