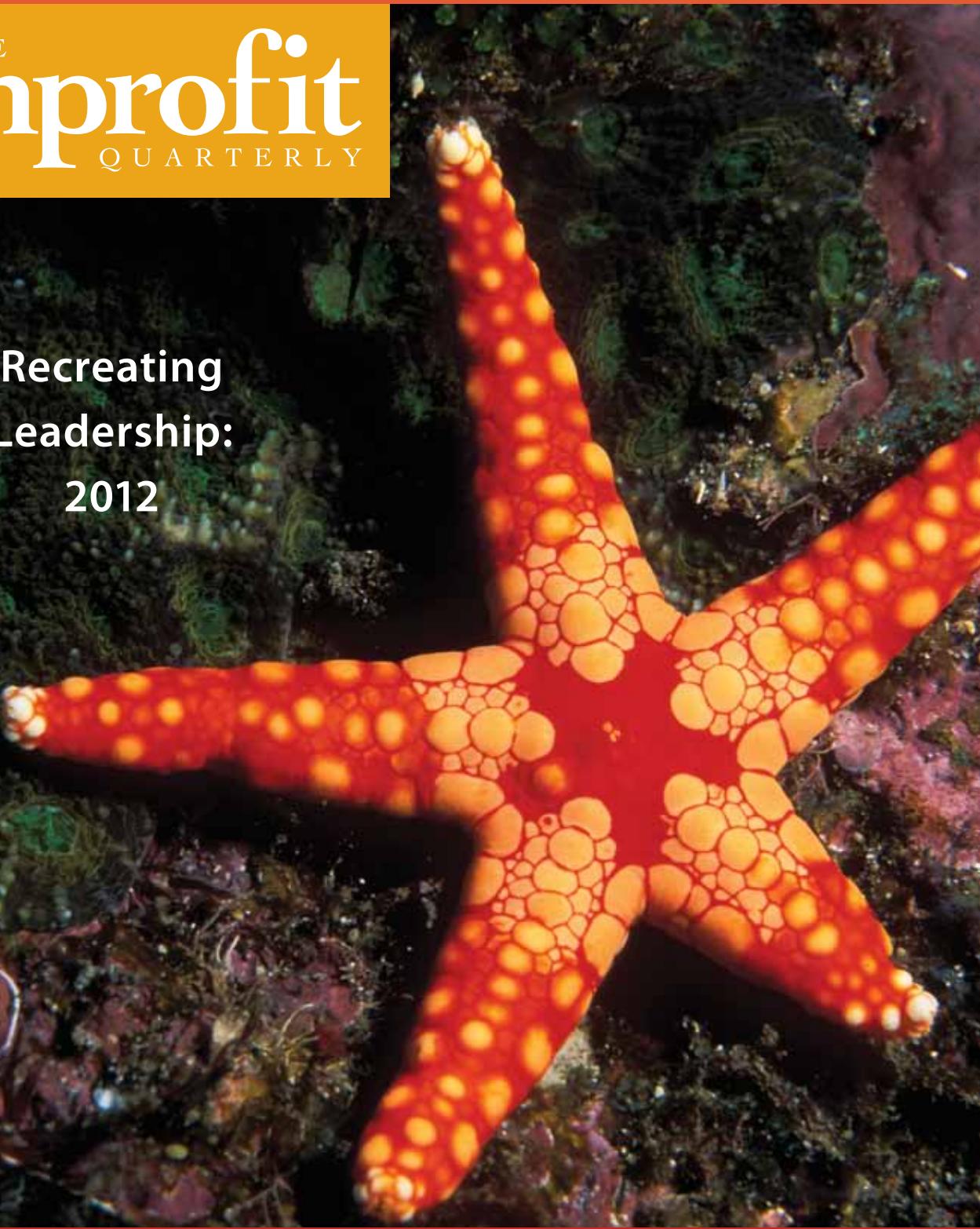


# THE Nonprofit QUARTERLY

Recreating  
Leadership:  
2012



Fung on Web-Enabled Protest  
Simon on Journalism as Leadership  
Writers for the 99% on the General Assembly



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# THE Nonprofit QUARTERLY

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Nonprofit  
QUARTERLY**

[www.npqmag.org](http://www.npqmag.org)

The *Nonprofit Quarterly* is published by Nonprofit Information Networking Association,  
112 Water St., Ste. 400, Boston, MA 02109; 617-227-4624.

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ISSN 1934-6050

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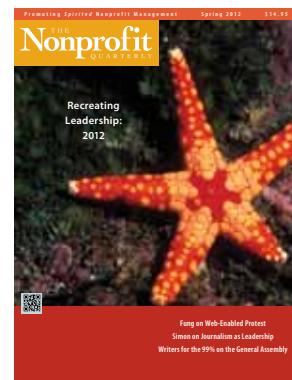
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# Welcome

It's very comforting to believe the government has got things in grip. But if they don't, what is a more plausible politics? What is a better method of addressing our politics, our problems? And I think actually it's entirely logical that one should look to self-organized action as the answer.<sup>1</sup>

—Carne Ross, author of *The Leaderless Revolution: How Ordinary People Will Take Power and Change Politics in the 21st Century*



**D**EAR READERS,

Carne Ross, quoted above, is a former British diplomat who worked on issues like the Arab-Israel dispute, terrorism, and the Afghanistan and Iraq incursions, and who resigned after testifying that the British government had exaggerated the case for invading Iraq and ignored the available alternatives to war.

While Ross could be considered an outlier, as we prepared this issue it became clear to us that ideas about leadership—or, more precisely, the ways in which individuals were taking leadership in civil society—have been undergoing radical change, and that we are facing an era-changing moment, when people's faith in and relationship to the institutions that have dominated society are changing rapidly.

Many people covered in this edition of *NPQ* have taken leadership as individuals. Often, they are without institutional backing and followers when they act. Some throw themselves into situations where there is risk of public censure, job loss, social marginalization, and even injury or death, and often with the full knowledge that these consequences are not only possible but, in some cases, likely. Others take action in ways that provide them more cover—for instance, they may take a position online, with a collective whole, on an issue of public concern.

But what we find interesting is that these legions of actors are often not following anybody in particular—or, if they are, it is momentary. Tomorrow, they may throw in with another group on another issue. They are, in effect, civil society's free agents.

This edition also addresses how nonprofits in particularly contested fields are demonstrating leadership—facing their own sets of questions regarding where they fit and how they must remake themselves in this new era. These considerations are not easy ones, often necessitating both openness to working in fluid networks, where power is shared, and a deep sense of savvy.

Finally, there are the leaders hard at work locally, building alternatives to unaccountable institutions—the social entrepreneurs, if you will, creating community banks and barter systems and farm systems. Can all of this remake society in a more equitable and sustainable form? It's anyone's guess. But in the meantime, to quote Ross paraphrasing Gandhi, "We must act as if the means were the end."

**NOTE**

1. Carne Ross, interview by Bill Moyers, "Gambling with Your Money," *Moyers & Company*, American Public Television, April 5, 2012.

# The Nonprofit Ethisit

by Woods Bowman



*When a situation puts an organization in conflict with a funder, the organization can change its position (as Susan G. Komen for the Cure recently did, before reverting its decision after public outcry) or relinquish funding (as did Reel Grrls, some years ago). Per the Ethisit: "Take the money, but, in case of emergency, don't hesitate to 'Break Glass'—as fire alarm signs say."*

**D**EAR NONPROFIT ETHICIST,  
*How do you feel about having representatives from grant-funding government organizations on private nonprofit boards? Do you see this as a conflict of interest in that they act as the stick and the carrot? My community created an organization to facilitate ending homelessness. At the time there were two shelters and a transitional housing program. The board was chosen pursuant to an interlocal agreement between the city, county, and housing authority.*

*After twenty years the system of housing services has become immensely robust, with millions of dollars of housing opportunities and services. In the meantime, the board added a small number of private citizens with little to no experience with homelessness. The elected official members rarely attend meetings. They send alternates who happen to be the same people that oversee the grants that support the organization.*

*Should government officials, as board members, represent government*

*agencies that provide contracts, or should they represent the best interest of the nonprofit and its mission? When those two interests clash, which interest should take precedent? Is it a conflict of interest for these officials to ask private citizens to contribute to the organization?*

*Concerned Citizen*

Dear Concerned,

These situations, while not unusual, tend—predictably—to be a mess. As a principle, when you have a nonprofit that is working hand in glove with government on an important problem, it may be tempting to reserve a number of seats on the board for government representatives; when the effort is fresh and new, it may feel like a kind of utopia of high-minded collaboration. However, it all too often ends up in the same old predictable place. In fact, many boards with appointed members of any kind end up after a while with uninterested surrogates representing institutional stakeholders whose attention has wandered. In the case of government officials, this

is often because there has been a change of administration or a change in agency leadership.

The practice of public officials—in particular—sending proxies raises a serious governance issue. It muddies the question of who is accountable to whom. In my opinion, neither the public official nor the proxy feels accountable to anyone. Further, as is often the case, public officials who are ex officio board members have statutory protection, and so it is impossible for a diligent board majority to remove them for misfeasance or nonfeasance. Because the operations of nonprofit boards are not transparent, voters are unable to hold elected officials accountable at the ballot box when they fail to perform in their nonprofit role.

Finally, having some board members who are mandated to be present mixing with board members who are there because they personally care about the organization generally ends in the first category draining the life out of the second. This is, however, not an ethical but a practical problem.

Ethically, elected officials and their surrogates should be kept far away from fundraising from private parties. As state campaign finance laws become more stringent, persons and companies wishing to “buy” access to certain elected officials may make donations to their favorite charities instead. These charities may also employ the officials’ friends and relatives—which may be perfectly legal, but not ethical.

*Dear Nonprofit Ethicist,*  
*I am writing about a direct conflict with a major funder over a piece of legislation at the State Capitol. My organization was working hard to kill a bill that one of our major funders decided to support. They take the 501(h) election, as do we, and hire contract lobbyists, ditto. While they did not actively lobby this bill, this situation put us (and a number of our member organizations that were also working to kill the bill) directly in conflict with the funder.*

*Generally, the situation has been handled well—there weren’t really any attempts by the foundation to get us to change our position, and there hasn’t been any impact on their support for us. Still, it was awkward, and the perception that we might be persuaded, strong-armed, or tempted to change our position because of the funding from this source is worrisome.*

*While it is great that more foundations are supporting advocacy, it can create a problem when foundations are doing the same work as their grantees and not just funding the work. Another organization that I spoke to about this complained that a major funder keeps poaching their staff because they are engaged in very similar work and the foundation can pay so much more.*

*I’m doing a survey of peers in other states, but a quick round of calls to other executive directors in my field when this*

*situation arose pretty much gave me similar feedback: grantees have gotten into policy conflicts with other grantees, but not directly with a foundation.*

#### *Worried about the Future*

Dear Worried,

You were lucky that your funder left you alone, and their behavior was commendable. Unfortunately, examples of heavy-handed foundation behavior are not hard to find. In the 1990s, when New York City was considering a smoking ban in restaurants, Philip Morris contacted their grantees, mostly in the arts, requesting assistance in defeating the proposal. Last year, Comcast pulled their funding from Reel Grrls, a Seattle nonprofit that teaches teenage girls about filmmaking, because of a tweet critical of the company. Recently, Susan G. Komen for the Cure pulled their funding from Planned Parenthood.

Everybody knows that it is unethical to use nonprofits to advance private agendas, whether economic or political. The resulting public reaction to the treatment of Reel Grrls and Planned Parenthood was quick and effective in restoring funding (which Reel Grrls declined to accept). We can only guess how many other cases fly under the radar, to the permanent disadvantage of grantees.

Take the money, but, in case of emergency, don’t hesitate to “Break Glass”—as fire alarm signs say.

*Dear Nonprofit Ethicist,*  
*I advise an educational nonprofit, which I’ll call SchoolPlus. The vice president of the board and chair of the development committee is the executive director of a large social service nonprofit I’ll call State Street Center. Recently, the executive director of SchoolPlus accepted a seat on the board of directors of State Street Center.*

*I immediately questioned whether this creates conflicting interest in the duty of loyalty for both the VP and the ED. How does a board member carry out effective oversight of a director when that same director has oversight responsibilities for the professional life of the board member?*

#### *Troubled Advisor*

Dear Troubled,

You nailed this one. These people definitely do have divided loyalties. Fortunately, it is not a common occurrence—at least not in higher education. The best information available indicates that just 6 percent of higher education chief executives have ever even been invited to serve on the board of a company where a trustee was in a leadership position.<sup>1</sup>

#### **NOTE**

1. See *Higher-Education Chief Executives and Service on Corporate Boards*, a 2010 report of the Association of Governing Boards, as reported in the *Chronicle of Higher Education* on January 15, 2012.

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#### *Ask the Ethicist about Your Conundrum*

**Write to the Ethicist about your organization’s ethical quandary at [feedback@npqmag.org](mailto:feedback@npqmag.org).**

# Web-Enabled Protests Are Producing a New Breed of Leaders—Us

by Brian Fung, MSc

"Having your own megaphone  
 in the form of a blog, Facebook profile,  
 or YouTube channel makes you  
 the master of your own message.  
 And while some coordination is necessary  
 to point all the megaphones in one direction,  
 the center of gravity rests with the collective,  
 not with some charismatic iconic leader figure."

**A** GENERATION FROM NOW, TODAY'S CHILDREN might well remember *The Lorax* less as a colorful page-turner than a cheerfully animated feature film. An irritable mustachioed gremlin may still speak for the trees and rage against Thneeds, but the experience will have become very different indeed.

By then, it might also be an anachronism to think that social and political protest could look anything like it does in Dr. Seuss's classic.

More than a story with a message, *The Lorax* and its eponymous character are an argument for

---

**BRIAN FUNG**, MSc, is a member of the Chairman's Innovation Lab at the Atlantic Media Company.





**It is sometimes said  
that a leader is only  
as good as his or her  
followers. But what  
happens when leaders  
and followers become  
indistinguishable  
from one another?**

a particular style of protest leadership. The Lorax is a singular figure, unique in manner, appearance, and deed. He speaks on behalf of the disempowered, because they lack the means to represent themselves. He can be moralizing and judgmental but also earnest and forthright. His purpose is to overturn the status quo and to recruit readers—er, viewers—to his cause. And, of course, he is the only one of his kind.

Many of the last century's protest leaders fit this model. Women's suffrage had such iconic trailblazers as Elizabeth Cady Stanton and Susan B. Anthony. The battle for civil rights had Martin Luther King, Jr. The environmentalist movement traces its roots to Rachel Carson. We remember these advocates not only because of their unique style but also because, in some ways, their groundbreaking leadership *was* the movement. Without them, someone else could (and likely would) have filled in, but the larger point is that the role needed playing at all.

What's going on today in the world of public demonstration is at least more ambiguous, if not entirely different.

In the past year, we've witnessed mass uprisings in the Arab world whose defining features were their very leaderlessness and contagious potential. Other viral democratic movements include the Occupy Wall Street protests, the rise of "black hat" Internet hackers, and the ordinary netizens who united to kill off two ominous-looking Internet bills in Congress—not to mention managed to convince the Susan G. Komen for the Cure Foundation to reverse its decision to defund Planned Parenthood—in a matter of weeks.

It is sometimes said that a leader is only as good as his or her followers. But what happens when leaders and followers become indistinguishable from one another? Not only does it pose predictable organizational challenges for the group, it also raises larger questions about who in the movement is qualified to speak for it—and, in turn, whom the movement can legitimately claim to represent.

On their own, these aren't new problems, but they do get more complicated in an era when amorphous, decentralized modes of demonstration have become the norm.

If the recent history of the Internet has anything to teach us, it's that the social web empowers ordinary people to represent themselves online in a way that would have been extremely costly just decades ago. As critics of the Internet sometimes point out, this trend toward self-representation often manifests at a trivial level.

We post videos of ourselves singing along to bad pop music. We cultivate imaginary plots of farmland as entertainment—often giving up real money for the right to do so. We share pictures in real time to illustrate the frustrations attending our imaginary day-to-day lives, which we also broadcast to anyone who will listen. We give thumbs-ups to Hitler parodies and we down vote the inane comments on said parodies. At times the whole business can feel like so much waste.

But, much as the civilian interstate system is meant to accommodate troops at a time of military crisis, in rare cases entire online communities such as Facebook can be deputized in pursuit of a larger goal. And it works precisely because it's a platform we all know and use for other reasons.

The new trend toward self-representation has kicked off a freewheeling debate among public intellectuals about what the Internet is doing to us. There are debates about the impact of social networks on political action. There are debates over whether social media strengthens or weakens societal bonds. There are debates about the extent to which the web allows individuals to translate online social power into more traditional forms of power.

Fortunately, we don't need to dig into those debates very far to grasp the link between self-representation and leadership.

Having your own megaphone in the form of a blog, Facebook profile, or YouTube channel makes you the master of your own message. And while some coordination is necessary to point all the megaphones in one direction, the center of gravity rests with the collective, not with some charismatic iconic leader figure.

It's a curious evolution of the traditional understanding of the leader-follower relationship. Today, we are all leaders—and all followers.

There were no Loraxes spearheading the January fight against the Senate's Protect IP Act (PIPA) and its sibling in the House, the Stop Online Piracy Act (SOPA). No single man or woman emerged to pave the way toward defeating the measures or to speak for the crowd. The crowd spoke for itself.

That isn't to say leadership, as an activity, was absent. Congress proved unusually responsive to the public outcry over the bills. A number of the legislation's co-sponsors, in particular, proved invaluable to the movement when they changed positions. Major web entities took the lead, too. Reddit, Google, Mozilla, and others all spread the message about SOPA and PIPA with a day of blacked-out service, simulating what a stripped-down Internet might look like under the proposed rules.

For the Internet protesters, collective leadership—not one charismatic individual—won the day.

Collective leadership can work as well internally, as an organizational principle, as it does externally, as a political strategy. To outsiders, Occupy Wall Street sometimes seemed anarchic and directionless; reports from the inside, however, revealed a kind of lightly managed chaos. Racial minorities and individuals from other underrepresented groups often got to speak first in group settings. White males, the traditionally privileged demographic, had to wait. Protesters adopted a system of hand signals that they used to indicate support for ideas in decision-making circles. Official decisions had to be approved by an extraordinarily high nine-tenths majority.

No single person was responsible for creating and propagating these practices—instead, the practices were remarkable (if inefficient) examples of group leadership and self-governance.

At its most abstract, collective leadership can lead to national-level cultural shifts. Just as the broader struggle for civil rights changed American discourse about race and privilege, so too are groups like the Tea Party and Occupy Wall Street responsible for changing how we talk about national spending and inequality.

That said, even the most nebulous protest

groups have retained certain control structures. Earlier this month, the FBI announced that it had arrested five members of the Internet hacking organization LulzSec, thanks to the help of the group's ringleader, Sabu. What's surprising about Sabu's involvement with LulzSec isn't that he was in charge, but that the group needed somebody to fulfill a leadership function at all when its reputation is so dependent on the image of a classless, decentralized army of code masters.

But if Lorax-like leaders are generally going out of style—as Occupy's exercise in near-direct democracy and demonstrations over Congress' web legislation seem to imply—it also complicates the question of representation. Who speaks for the group?

In an ordinary social movement, one or two organizers might naturally take on the role of spokesperson, offering a single point of access to a much broader campaign. Mass leadership—or, more precisely, the trend toward self-representation and individuality associated with mass leadership—makes the business of public relations much more complex.

The problem isn't simply cosmetic. A movement's ability to attract new members depends in part on how it lays claim to that support. Who does the group speak for? For Occupy Wall Street, rhetoric about "the 99 percent" makes for strong, inclusive slogans. It also belies the group's aspirations to become a mouthpiece for nearly all Americans, whether they like it or not.

The same could be said about hacktivist movements that generally use cyberattacks as a way to undermine government and corporate structures, all on behalf of the world's oppressed. The risk in making such universal representative claims is that a group's credibility suffers when any fraction of the people it claims to speak for turns against it.

The hacker collectives behind LulzSec and Anonymous discovered such pitfalls when their attacks against Sony, the Arizona state police, and the global research firm Stratfor led to the release of sensitive personal information—acts that heightened scrutiny from the media as well as from the very people the group claimed to represent.

But if Lorax-like leaders are generally going out of style—as Occupy's exercise in near-direct democracy and demonstrations over Congress' web legislation seem to imply—it also complicates the question of representation. Who speaks for the group?

[I]t may well be that we've reached a turning point in which distributed, amorphous protests taking place in real time, at great distances over the Internet, are becoming increasingly common compared to the kind of structured, leader-centric movements of the twentieth century.

Self-representation can be extremely powerful in the right context, but it can also mislead. It can encourage movement members to think that their base is broader and deeper than it is. It can convince them that their magnitude of support gives them license to speak for an even larger constituency. And it can create a kind of negative feedback loop that skews members' perception of themselves.

Which brings us to one of the murkiest issues surrounding Internet-enabled protest: the function of these movements as a way to delineate in-groups and out-groups.

Historically, protest movements have been as much about providing a safe haven for like-minded individuals as they have been about opposing some perceived injustice. Building internal cohesion depends partly on routines and rituals, or jargon and code words.

This is hardly controversial. Affinity groups offline, regardless of their size and political leaning, tend to rely on such devices, too. Consider summer camps, or religious groups, or industry associations. Or entire national cultures, for that matter.

It's no surprise, then, that movements like Occupy are also subject to these forces. As Matt Stoller, a fellow at the Roosevelt Institute, observed back in September:

What these people are doing is building, for lack of a better word, a church of dissent. It's not a march, though marches are spinning off of the campground. It's not even a protest, really. It is a group of people, gathered together, to create a public space seeking meaning in their culture. They are asserting, together, to each other and to themselves, "we matter."<sup>1</sup>

They're not alone. Anonymous and LulzSec take care to establish norms of their own that govern member behavior and enhance group solidarity. Among these is the use of seemingly nonsensical Internet slang, much of it drawn from the online forum known as 4chan.

Beyond these cultural signifiers, becoming a hacker generally requires a modicum of technical skill and a working knowledge of the underground web, which raises the barriers to

entry for most people. The result is a culture at odds with its image of itself—one that, despite its claims to represent the bulk of humanity, is fairly exclusive and undemocratic in terms of accessibility and transparency.

What sets the latest round of Internet protests—the ones targeting SOPA, PIPA, and the Komen Foundation—apart is that they operated largely unselfconsciously, with very little attention to in-group/out-group dynamics and image control. Perhaps it was a function of their short-term goals to challenge a one-off threat rather than to pursue fundamental changes to the governing system, but at no point in Janary's campaigns did protesters stop to ask, "Who are we?"

To believe that the age of in-groups and out-groups is over, or that movements unconcerned with creating an affinity group will do a better job, is to fall victim to a fallacy. That said, it may well be that we've reached a turning point in which distributed, amorphous protests taking place in real time, at great distances over the Internet, are becoming increasingly common compared to the kind of structured, leader-centric movements of the twentieth century.

These movements are being bolstered by the impulse to free—and, more importantly, personal—expression that comes along with the social web. As users have grown accustomed to representing themselves on the Internet in particular ways, it seems only natural that they would translate that to the physical world. Granted, whether it necessarily leads to real political power is still an open question. But if what we've seen over the last year is any indication, it won't be long before we have an answer.

#### NOTE

1. *Naked Capitalism*; "#OccupyWallStreet Is a Church of Dissent, Not a Protest," blog entry by Matt Stoller, September 29, 2011, [www.nakedcapitalism.com/2011/09/matt-stoller-occupywallstreet-is-a-church-of-dissent-not-a-protest.html](http://www.nakedcapitalism.com/2011/09/matt-stoller-occupywallstreet-is-a-church-of-dissent-not-a-protest.html).

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Project Bread's

# Thanks for Walking!

# Walk for Hunger

May 6, 2012



Photo © Matt West

If you walked or volunteered for The Walk for Hunger, thank you! But don't forget to return your pledge sheets so that hungry families in Massachusetts get the food they need. If you missed it, there's still time to help. Go to [www.projectbread.org](http://www.projectbread.org) to donate.



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[...] I myself  
create it,  
edit it,  
censor it,  
publish it,  
distribute it,  
and get imprisoned  
for it. [...]<sup>1</sup>

-Vladimir Bukovsky

People working in the new environment of citizen journalism are uniquely vulnerable, not having the backing of traditional media organizations. It is up to us, as a sector, to advocate for their safety and "defend the medium on which we've all become dependent": the Internet.

## *Embedded in Chaos: Journalism in 2012 A Conversation with Joel Simon*

**Editors' note:** In January, the Nonprofit Quarterly's editor in chief, Ruth McCambridge, sat down with Joel Simon, executive director of the Committee to Protect Journalists, to discuss that organization's role in shielding journalists. What we heard from Simon was not only a description of this brilliant collective effort of journalists to protect those in danger of imprisonment or death, but also a powerful discussion of the shifts occurring in journalism and in the ranks and vulnerabilities of those acting as journalists. Journalism is, of course, central to a healthy, engaged democracy, and it is more and more often seated in a nonprofit organization or even pursued by individuals unattached to any formal institution.





"JOURNALISTS PHOTOGRAPH LIBYAN REBELS AS THEY FIRE ON GOVERNMENT TROOPS" © JOHN MOORE/GETTY IMAGES



**N**onprofit Quarterly: At NPQ we've been covering journalism—and exploring the intersection between journalism and nonprofits in terms of being vital parts of civil society—for a while now. And what we've tried to do before, and what we want to do now, is alert nonprofits to their responsibility toward journalism and their dependence on it. We would like to talk with you a little about the morphing of journalism sites—how that whole landscape is changing, and what it might mean for the protection of journalism and journalists. But first, could you describe the committee and the critical role it plays in protecting journalists?

**Joel Simon:** We just celebrated our thirtieth year. CPJ was established in 1981, and we have a founding/creation myth of sorts, if you will. . . . In 1980, a journalist from Paraguay named Alcibiades González Delvalle was on a one-month U.S. State Department exchange trip. González had written some critical columns about the Stroessner dictatorship, and one week into his visit to the United States he learned that a warrant had been issued for his arrest in Paraguay. It was probably an attempt by the government to keep him in exile. González alerted journalists in the U.S. to his situation, but it appeared there was no group in existence that was prepared to step up and defend him. But there were a couple of journalists—Michael Massing, who was executive editor

of the *Columbia Journalism Review*, and Laurie Nadel, a writer at CBS News—who got wind of the story and notified friends and the media, and asked them to cover it. The story was written before González even got on the plane, and on arrival in Paraguay the authorities let him clear customs. But the next day he was arrested while getting into a taxi, and at that point the network Michael and Laurie had established mobilized, and there was a series of stories and denunciations. And, lo and behold, the Stroessner government, which was sensitive to international criticism, reacted, and eventually González was freed.

And, from that one case, a model was born that seems today to be widely accepted but that at the time was something of an unusual viewpoint, which was that journalists, particularly journalists working in places where they don't face repression and persecution and violence, have an obligation to stand up for their colleagues around the world and to use the tools of journalism to achieve that. And, that's what we do today, except we do it on a much larger scale. We have about thirty employees, including an expanding network of consultants and representatives all over the world. We have a large and involved board of directors who help amplify all the work that we do. But we remain committed to those same founding principles, which is to use the tools of journalism to ensure that all journalists everywhere are able to do their jobs freely without fear of reprisal.

**NPQ:** Do you see any particular trends playing out around the world with respect to the dangers posed to journalists?

**JS:** First I would like to say that, throughout its history, CPJ has always had a fairly flexible definition of what constitutes journalism. We don't have a rigid kind of box that we try to put everything in. We use common sense. We use our experience. We judge things contextually. So, we've always broadly defended the rights of people everywhere to report news and information through whatever means and to disseminate opinions grounded in factual analysis.

**NPQ:** Can you give some examples?

**JS:** We defended the journalists in the Soviet Union who used samizdat; and apparently (I wasn't here at the time) there was a discussion that led to the organization's getting involved with the Tiananmen Square wall posters issue because, in that moment in China, that was the only way to disseminate the ideas publicly. And in the view of the staff at the time, it was a form of journalism.

We've never said that you have to have a press card or you have to be employed full-time by an established media organization to be a journalist; we've always seen journalism as an activity. And so we've made the transition pretty seamlessly to the new reality of journalism—particularly international journalism—that has been transformed by technology. And in many ways it's a much more democratic exercise, because people can now use these new technologies to engage in journalism on their own. They can use social media. Sometimes it's rather informal. Sometimes there are just individual blogs. And the obvious ascendancy of this new form of media has occurred at a time when traditional forms of media, particularly large international media operations, are cutting back—have fewer foreign correspondents.

So, we live now in an environment in which both forms of journalism coexist and are necessary and supplement each other. It's not either/or; it's both. We need both: we need traditional media operations, and we need the information they provide to be supplemented by new forms of journalism. But what we're seeing is that the people who work in this new environment are uniquely vulnerable, because, while the technology may be harder to control if you've got many, many people witnessing events and uploading videos on the web, the individuals themselves are extremely vulnerable because they don't have some media organization backing them. They don't have institutional support. And we're seeing this in terms of the number of journalists who are in prison around the world. Half of journalists currently in prison around the world were working online. That's been a consistent trend over the last few years, which was reinforced this past year. The increasing numbers of journalists killed are online reporters. The past year was the second year in a row that we've seen an increase in that number.

**NPQ:** *And, when you say online, the implication is that they're also relatively less protected?*

**JS:** Absolutely. So, that's where we feel our role is critical, because, while we continue to defend in the way that we always have the work of traditional journalists, we've become increasingly involved with protecting this new generation of journalists. And there are two facets: One is you have to protect their physical integrity, defend them when they're jailed, advocate for justice if they're attacked, provide support, sometimes evacuation, medical treatment . . . whatever you need to do to ensure that this new generation of journalists are able to carry out their work. The other thing you need to do is to defend the medium on which we've all become dependent, and that's the Internet itself. That technology has become the essential platform for journalism, and you cannot have a free press nor can you *envision* a free press in the future without a free and open Internet. So we've incorporated that into our advocacy, and that's become a growing focus of our work.

**NPQ:** *So you're seeing an increasing number of people who are relatively unprotected because they're not backed by major media organizations and they're working more as individuals or with small groups. Are there other kinds of trends that you're noticing?*

**JS:** I think what really surprised us this past year was the dramatic increase in the number of journalists in jail around the world and how much the role that the Arab Spring and journalism, both new and traditional forms, played in keeping the events perpetually front and center on a global scale. Traditional forms of journalism are crucial in terms of reaching large audiences. You still need that. It's still critical in terms of reaching large and, particularly, global audiences. Then you have citizen/informal journalists with the ability to observe events as they unfold and provide that information. And the power that those two combined forces had in fueling and maintaining the momentum that led to the uprising throughout the Arab world—well, repressive governments have taken notice.

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And so what we're actually seeing is a growing crackdown in response to that, particularly to online speech. We're seeing that in China, where there was this pervasive fear on the part of the government that there was going to be what some dissidents and activists had dubbed a "Jasmine Revolution." And, of course, the Chinese government responded aggressively to this possibility, which was, as far as we can determine, remote. But they took very aggressive action to curtail the development of this kind of critical speech online. And then you've got a country like Iran. . . . Everyone points to the success of these new media technologies in fostering uprisings and revolts, but, of course, that's not the story of Iran. In Iran, the government successfully suppressed this emerging information society and has once again regained control of the information sphere there, and that means that the protests have been crushed.

So, those are the trends we're seeing. We're seeing a powerful new force emerging globally and within societies that have sought, if they're not closed, to be able at least to maintain control over information and how it's utilized within the society. We're seeing the power of that, but we're also seeing that governments that are threatened by these new developments are taking very aggressive, very repressive action, and that's led to a spike in the number of journalists in prison around the world and also an increase in repression in many countries.

**NPQ:** Let's turn to this country for a moment and talk about the number of arrests related to the OWS protests around the country. What was your take on that?

**JS:** I should point out that our focus is global, and so we only tend to get involved in situations in the United States when there's a considerable level of violence and/or repression, and we definitely took a position on the arrests related to the OWS protests. But the phenomena that I was describing happening outside the U.S. are exactly what we saw in the coverage of Occupy Wall Street. Who was out there? It was a mix of bloggers and people using social media along with professional journalists, and when the authorities decided to

move in, and tried to take control of this space, they had a very hard time distinguishing between these groups or even responding in a way that recognized the role of the people who were gathering and disseminating information of interest and relevance to the public—whether or not they had credentials hanging around their necks.

And, that's what we saw. There were large numbers of arrests, and we were very troubled by that. I don't mean to suggest that it compares in any way with what happened in Tahrir Square or in Tunisia or in Bahrain or in lots of other places around the world, but the phenomenon is the same, which is this new sort of information space in which it's not just professional reporters who are out there but also people who are doing journalism on a more informal basis. And that mix creates challenges, and it creates an environment in which authorities, certainly in this case, overreact, and I think we've seen that the press and free-speech community in this country has responded pretty strongly to that.

**NPQ:** *We were at the Boston Occupy site the night they were expecting to be raided. That didn't end up happening until the following night, but we did see numerous young people walking around with pieces of paper on their backs that said, "Press," and we wondered, how is this going to play out? If the police did decide to move in, how would they view that? It presents an interesting situation. . . .*

**JS:** And, just extrapolating from what we're seeing in terms of the coverage of Occupy Wall Street and via a much more segmented media market, anyone can take what they're seeing and disseminate it through social media and other forms, and they have a targeted audience. But I was talking to a veteran war correspondent recently who covered Libya, and I was saying, okay, you've been doing this for a long time. When you were out there covering a war thirty years ago, who were your colleagues? And they were pretty much all professional journalists working for established media outlets. Some on a freelance basis, but pretty much everyone had some sort of assignment or they wouldn't be out there, and they had

some media organization behind them—maybe not fully committed to them, because they were freelancers, but still, they weren't completely on their own. And Libya was a real mix. There were people out there who were experienced, but there were young people with iPhones, too. And, that's the reality. Wherever there's a big story now, whether it's Occupy Wall Street or the front lines in Libya, you get this mix of people.

**NPQ:** So characterize that shift for us. What do you think it means on a larger kind of civil society level?

**JS:** We're still sorting it out. There are a lot of people out there trying to fit this into some neat paradigm, i.e., we've suffered a grave loss because there are fewer professional journalists out there covering conflict, and so we're less informed. I don't buy it. There are other people who say that with the advent of social media and crowdsourcing and new technologies, this is the new way that information is being disseminated, and the traditional forms of journalism are irrelevant. I don't buy that either. We're living in a transition period, where both forms of journalism operate side by side and interact with one another, but what's totally clear is that the journalism space is now open. Almost anyone can get into it.

**NPQ:** What an extraordinary moment this is. . . .

**JS:** What's amazing to me are civil society groups, including, for example, human rights groups, documenting human rights violations as they occur in real time. I consider that a form of journalism. Yes, they're doing it because they have some broader purpose, which is to defend human rights, but I don't see a meaningful distinction between that and the role that journalists have traditionally performed. So, we're living in an environment in which the traditional role that journalists have played is still very valid and still very important and still very useful, but they're having to share the space, not only with individuals and citizen journalists and what have you, but with civil society groups, too, using journalism to achieve their larger goals.

**NPQ:** It's still in such a turbulent state. . . .

**JS:** But it's exciting.

**NPQ:** Absolutely. So, let us just ask you about investigative journalism. . . . The really long-term, dig down deep kind needs to be supported by someone. What is going on there, and what do we need to pay attention to?

**JS:** When you look at this new reality there is a certain kind of journalism, a sort of eyewitness journalism, that the new technology unquestionably benefits. In other words, the ability of people to observe and transmit their observations is so much easier now. You don't have to be a journalist and run around and find people who saw something, and then make sure they actually saw what they said they saw. You can look at five cell phone videos that have been uploaded, and maybe talk to one or two people and confirm that information, and feel pretty confident that the reality that you're describing is what actually occurred. But investigative journalism is a different animal, because many of the skills needed to carry out effective investigative journalism take years to acquire and huge amounts of experience to master, and these projects take an enormous amount of time. Yes, it's true that it's much easier now than it has ever been to get your hands on documents because of these technologies. But putting it all together, and putting it in context, and explaining it, and then disseminating it to a large audience? That takes significant resources, and there are fewer resources available to do it. So that's why it is so vital that nonprofits have emerged to fulfill this role, because I think that it would be very hard to sustain otherwise. So, that's certainly a positive development, but it's a response to a situation in which traditional investigative journalism is in jeopardy.

**NPQ:** If you were to look forward five years, what would you expect the landscape to look like?

**JS:** The rate of change is so dramatic that it's very, very hard to predict. Technology is going to continue to transform the way that news and

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information is disseminated. I'm looking at it very much from a global perspective. I think there's going to be more and more information available. The question is, will there be a structure that makes it financially viable for people who do this kind of work to get a salary? And will there be a structure that ensures the information reaches the largest possible audience, or will it continue to segment and fragment in a way that doesn't necessarily encourage collective understanding? Those are the questions. But I think the underlying principle, and the one that gives me faith, if you will—and I really believe this—is that the desire both to receive and disseminate information is inherent in our humanity. It's an essential component of any society. It's the way that human beings relate to one another. So this is a deeply embedded impulse that, ultimately, I don't think can be suppressed, and the demand is so powerful that one way or another it will continue to be met.

**NPQ:** *With respect to Time Magazine's Year of the Protester (the Protester being Time's Person of the Year), how does the dynamic that you see occurring around the world—with people deciding, Okay, we've had it, we're taking to the streets—intersect with what you see happening in journalism?*

**JS:** There's a direct relationship. One is, around the world, the demands that street protesters often have—especially when they're young people—is to be able to participate in this new world in which information is free, and to be able to access the information that they care about, and to be able to communicate with like-minded people. And attempts by governments to restrict participation in this new global culture are often one of the things that inspire these protests. So, the access to information and participation in this new global culture of information sharing is often one of the key demands of the protesters. And the other thing is that the protests themselves are obviously facilitated by the use of these new communications technologies, which help to fulfill basic organizational needs but also allow people to share information about newsworthy events that might inspire them to get out and protest.

Whether a terrible abuse committed by their government or evidence of voting fraud or evidence of corruption, it's much easier to share that information. And then, finally, journalists and social media—and this whole new kind of information environment—make it possible for the demands of the protesters to be communicated to a broader segment of the society, and then the people who become aware of the grievances of the protesters identify with them, and that creates the broader social movement. That process is also facilitated by these new technologies. So, we live in an environment, if you will, in which if certain conditions are met there's plenty of oxygen. The information is the oxygen that fuels these protests. The flip side is governments are very aware of this. It's obvious to me but it's also obvious to governments, and so they're taking efforts to ensure that these information flows are disrupted and that the oxygen that sustains these protests is not readily available.

**NPQ:** *So what do you see right now in terms of what's going on in the nonprofit sector with respect to holding entities that view their work as journalism? And what's going on in the for-profit sector? What do you think is the trend there? Are we likely to see more and more investigative journalism held in the nonprofit sector, and how fast do you think that's moving?*

**JS:** That's very hard to answer. It's kind of linked to the earlier question about what are the new models that are going to emerge and will those models be able to generate the financial resources to sustain investigative reporting. And, if that happens, we could see investigative reporting move back into—at least in this country—the traditional for-profit journalism. We could see more of it there. But, it's sort of being warehoused, and, you know, there's a lot of excitement about nonprofit entities like ProPublica and Center for Public Integrity, and obviously they're doing hugely important work. The question is, is it a transitional arrangement, or is it a permanent one? Is this where investigative journalism will reside indefinitely, or is this where it will reside until new models emerge? And that's a question that I'm not in a position to answer.



**NPQ:** You look at the amounts of money that it's requiring, and you know the faddishness of philanthropy. . . .

**JS:** It's vitally important, obviously, because a generation of investigative reporters could disappear if there aren't ways to sustain them. But, yes, I think the question is, how long will this arrangement need to go on, or should we expect this to be the new model?

**NPQ:** If you could urge people to action in the nonprofit sector, what would you say to them?

**JS:** Consider the role of information in everything you do, and consider your dependence on your ability to function in that information-rich environment, and imagine what would happen if you did not have access to the information you needed—which, of course, is the environment in which many nonprofits and civil society groups operate in many parts of the world. So, I think the key thing to keep in mind is that, particularly in the globalized world in which we live,

information is absolutely vital. It is sort of the currency. I think the question to consider is, do you have access to the information that's necessary for you to make informed decisions? And, if you don't, why don't you? And are you able to fully participate in using the resources available to disseminate information to the people you are trying to reach? I think those are the questions that nonprofits—and individuals—need to ask themselves. This is an era in which information is as critical as it's ever been, and the hybrid structures that have emerged to provide it are varied—which is a good thing—but in many ways they're also vulnerable.

#### NOTE

1. *Samizdat*, as defined by Vladimir Bukovsky, Russian dissident and author. *Samizdat* was the term used in the post-Stalin USSR for self-published, self-distributed publications censored by the state.

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# Leaning into Discomfort

Transformative change, says director of National People's Action George Goehl, is never comfortable, but, as director of the Center for Reproductive Rights Nancy Northup so perfectly describes it, we must lean into that discomfort in order to effect change. After all, as Ai-jen Poo, director of the National Domestic Workers Alliance, puts it, "people are both aware of the risks but also are able to tap into the courage that they tap into every day and say, 'If it's not us, it's not going to happen. If we don't do it, no one will.'"

by the editors, in partnership with Robin Katcher, managing director of Management Assistance Group, and Jeanne Bell, CEO of CompassPoint Nonprofit Services

THIS HAS BEEN AN ODDLY INTENSE POLITICAL season in any number of ways. One unusual aspect of it has been the degree to which the electioneering has taken almost a second seat to grassroots activism; another has been the strange juxtaposition of two hot-button issues: the economy and women's reproductive rights. Both have become battlefields, and in their related movements there are any number of nonprofits doing advocacy and direct services, touching millions each day. The *Nonprofit Quarterly* interviewed Nancy Northup, of the Center for Reproductive Rights, Ai-jen Poo, of the National Domestic Workers Alliance, and George Goehl, of National People's Action—three leaders who are among those in each of their movements facing a political moment in which an enormous amount is at stake. The question: How are they thinking about the political moment, and how are they and their organizations responding in terms of taking leadership?

Two different leadership frameworks served as backdrop to the interviews. The first is from Ronald A. Heifetz and Marty Linsky's *Leadership on the Line: Staying Alive through the Dangers of Leading*, in which they warn that leaders, if they are indeed leading anyone in a new direction, must be prepared to be diverted, attacked,



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marginalized, or seduced.<sup>1</sup> This is the natural response of a system that does not wish to be disturbed. As Linsky comments, it is an attempt on the part of a community to restore the status quo by shoving the difficult issue you are trying to surface back under the table where it will not disturb anyone. The second comes from an article by Bill Traynor that was published in *NPQ* in 2009, "Vertigo and the Intentional Inhabitant: Leadership in a Connected World."<sup>2</sup> In it, Traynor writes that he now sees that his job as a leader is to remain off-balance, adaptable, and open to other leaders taking the fore. We heard both these themes repeated in the interviews as people discussed their experiences and thoughts.

### **Leaning into Discomfort**

Nancy Northup looks every inch the serene lady in her publicity photo, but her response to the increasingly virulent dialogue about women's reproductive rights is to welcome the unvarnished fight. "We have been in a constant state of erosion on abortion rights issues," she said. "But, as we've seen recently, it's not just about abortion; it's about access to contraception, and, in the end, it's about women's right to be sexually active."

Northup has her work cut out for her as the United States finds itself in the midst of a presidential campaign in which, despite the fact that we seem to have bigger fish to fry—i.e., the economy—one candidate has come out opposing contraception (and, indeed, sex for any purpose other than procreation) while another has declared that he will strip Planned Parenthood of all federal dollars. At the state level, a legislator submitted a bill that would have required women to carry babies who had died in utero to full term, and in Virginia a bill was passed that requires invasive ultrasounds before abortions can be performed.

In nonprofitland, Susan G. Komen for the Cure apparently decided that the time was ripe for cutting off funding for breast exams at Planned Parenthood. Planned Parenthood had been a political flashpoint throughout the health care debate, and, for whatever reason, Komen had recently hired as their VP for policy a failed gubernatorial

candidate from Georgia, who had declared that she would cut all state funds to Planned Parenthood were she to be elected. The Associated Press reported on the decision on February 1, and by the next morning a backlash was predictably in full swing.

Northup talked about the incident as a catalytic moment: "So many American women have access to services at Planned Parenthood, and the reality is that one in three women in the United States has had an abortion," she said. "And, so, I think it was a final wake-up call to say, 'Hey, enough. We're not going to let you tarnish every single interaction with a really good provider of reproductive healthcare services.' It has been a loud alarm that exposed the fact that the debate about abortion is also a debate about women's ability to use contraception, which in the end is really a debate about women's ability to be sexually active and to plan the number and spacing of their children. Pretty basic. When Rush Limbaugh labeled a thirty-year-old law student a slut for defending affordable contraception, I think all of a sudden the American public realized that this is the same old fight about whether or not women can be sexually active, and to hear that kind of misogynistic attack on a mature adult woman advocating affordable contraception I think was a real stunner."

Northup went on to say that she welcomed the fight that must happen now, saying, "Movements happen when people feel extremely marginalized. That is typically what ignites social movements, whether it's protesting racial apartheid or protesting war or the 99 percent saying 'Enough!'

"We have not been—as a field, as a movement—assertive enough in our response to the very aggressive and extreme policies of the anti-choice movement. So it was interesting to think about the topic of this article when it was first presented to me: what it means to take unpopular positions. I think about it on all these different levels. What we do every day at the Center for Reproductive Rights is so contested that just coming to work is a salvo—a challenge—yet it's hard to say that we're in a marginalized position, because there's broad support in the United States for access to abortion. But at the same

time the issue is so volatile that you don't know when you run into someone what their response is going to be. But we have to take on that discomfort boldly.

"In fact, leaning into discomfort, I think, is critical, to make sure that what we are doing—both externally, as we work to establish reproductive rights around the world, and internally, at the organization level—is bold enough. The organization had better be feeling discomfort if it's leaning into new strategies and ways of working.

"You have always to ask, Am I pushing for the change that's really needed? On all of those levels, you have to continually refresh and check and make sure that you're getting the most power for the mission by being as uncomfortable as possible. Because change is hard, and the reason why you have to look at all those different levels—yourself, your organization, and then the world—is that if you're not willing to hold the tension of change as an organization, how can you begin to understand what you have to risk and what others have to risk to make change happen in the world?"

### Taking Your Place at the Table—and Building the Table if It Isn't There

Ai-jen Poo knows about the depth of the risks that ordinary people can and do take to pursue social change. She is director of the National Domestic Workers Alliance (NDWA), and she sees what it takes for that organization's constituents to take leadership. As Poo observed, "Domestic workers work in isolated workplaces. They don't have any job security whatsoever, and there are no labor standards or protections, except—for now—in New York, because of us. But really, there's nothing mediating the relationship between a worker and an employer—your workplace is somebody else's so-called castle. It already takes a lot of courage to assert your rights and dignity, and to make sure that you get paid on time, and to make sure that you can get home on time to your own children. And all of these challenges that are just day-to-day challenges of living in that environment already demonstrate a tremendous amount of day-to-day courage." So, when it comes to their standing up in public for the economic

rights of low-wage workers, "people are both aware of the risks but also are able to tap into the courage that they tap into every day and say, 'If it's not us, it's not going to happen. If we don't do it, no one will.'"

Embracing the opportunity to act, ensuring a place at the table for her constituents, and building greater power for themselves and the broader movement, is what this organization is prepared for. Poo pointed to a recent victory snatched from the jaws of defeat: "In 2010, we were hoping for a vote in the [New York State] Senate on the Domestic Workers' Bill of Rights. It was totally outside of our control, and it was right at the end of the legislative session, when bill decisions were getting made, and if they didn't go back to work then none of these bills would get decided on. And we had already been in this fight for five years, and we were all working so hard for so many years, and we were so close. And then, all of a sudden, [the government shutdown] happens, and it is something that we have no control over whatsoever, and things come to a halt. I remember that we felt an incredible amount of frustration at that moment but also realized that we always have choices, and that we could choose to take action, and we could choose to continue to have our voices heard, and there was always a way in. And we ended up organizing a twenty-four-hour vigil at the governor's office. And then we were joined by people like Gloria Steinem and Stuart Appelbaum, who is a labor leader here, president of the Retail Workers Union. We were joined by all kinds of people who really lifted the spirits of everyone involved in the campaign, and we really counted on each other to keep one another inspired, despite how challenging and how uncertain the future was. And I think there was just the recognition that there will always be things that are outside of our control, and there will always be choices that we can make to continue and to build as a campaign and as a movement, and that

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Similarly, when the Occupy movement emerged, in early fall of 2011, it created an extraordinary opportunity in its broad framing. Occupy by no means took the domestic workers movement by surprise. They knew that the discontent was there, waiting to be voiced, but the degree to which the frame for the action would include the very poor or immigrants or other marginalized groups as priorities is always

the question. "Of course, domestic workers have to be understood as part of the 99 percent," said Poo, "but now we are connected to so many other different people of other walks of life who are also suffering economically. Occupy has provided the opportunity for connection and for movement building and for large-scale change, which is what we need."

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NDWA's members have been involved in supporting Occupy and have been a part of general assemblies and involved in workers' rights working groups. Now NDWA has taken a leadership position in 99% Spring, an effort to train 100,000 people nationwide in the issues of Occupy and the practices of nonviolent action, to prepare and encourage them to go out in their communities and take action this spring.

### Taking to the Margins with Purpose

National People's Action (NPA) is now a primary organizational sponsor of 99% Spring and is leading efforts to reexamine the role financial institutions play in our democracy and economy. But when George Goehl became NPA's executive director in 2007, the organization was struggling to lead, despite its rich history. Thirty years earlier, NPA had spearheaded the passage of the Home Mortgage Disclosure Act of 1975, which forced banks to disclose where they were and were not making loans, and for whom they were approving and denying loans, by race and gender

and geography. That, then, led to the passage of the Community Reinvestment Act, in 1977. But for a time, said Goehl, the organization became "relatively insular and unconnected to peer organizations and potential allies." In fact, added Goehl, a former funder warned him that the organization was on the verge of becoming irrelevant.

Said Goehl, "I loved the DNA of the place, so in some ways I might have been the exact right person for the job, because it wasn't like I was going to come in and get rid of the good stuff. But, that being said, knowing that the financial crisis was based in foreclosures, and that housing and banking had been NPA's strong suit for thirty-five years, it was tough for NPA not to be a well-oiled machine. That was hard."

Nevertheless, Goehl and his organization knew that they were facing an unprecedented situation, and that now, maybe more than ever before, was the time to take strong action. "Really, it would be hard to make up a story as crazy as that," he commented. "The same banks that created subprime lending drove the economy to the brink of collapse; were then bailed out but kept handing out big bonuses; then spent \$1.4 million a day lobbying against financial reform—and the banks that were 'too big to fail' actually got bigger. In almost every case—Wells Fargo, J.P. Morgan Chase, and Bank of America—they acquired other banks in the process."

NPA knew that the time called for a bigger, bolder vision, even if it made some uncomfortable. As Goehl explained, "NPA can't really see a road toward a dramatically more just economy that doesn't include really restructuring big corporations and how we relate to them. We can make some things a little better over here, make this a little better over there. But if the imbalance of power is so significant that it feels like we have to address not just corporate money and politics but also the dominance that a set of really big, often very unaccountable corporations have in our economy, well . . . I do think that as a nation we feel that we have a right to expect more from government and to hold government accountable, but I think sometimes we question whether we have a right to expect more from corporations and to hold corporations accountable. But



corporations are a legal creation of our government, which theoretically is ours. However, I have been in rooms with people that I would think would be with us on this, and laid it out, and definitely gotten a bit of a stink eye.

“But I think we forget that the profound change we want is not supposed to be comfortable. We look back at the stories of the women’s suffrage movement or the civil rights movement and the farm workers movement, and we look back at the leaders and the members of those movements with admiration, almost as if they were winning popularity contests in their own time. And, obviously, that wasn’t the case. People were risking ridicule, embarrassment, and being ostracized, and I think that sometimes we think we can create change—and we can, marginal change—without taking those risks. But if we want to create *transformative* change we’re all going to have to risk those things. There’s increasing rhetoric around the notion of transformative change and a new economy and a dramatically more just and sustainable economy . . . but to really live up to that, our actions are going to have to be as powerful as we say our convictions are.

“I don’t feel like we’re doing anything radical. I think what’s radical is banks financing payday lenders who charge 455 percent interest rates, or people fraudulently foreclosing on people—that’s radical. Corporations hiring tons of lawyers to figure out how they don’t have to pay any taxes—that’s radical. Saying that’s unfair is what we do, and that seems like really normal and pretty mainstream to me. I do think that as a social justice movement we’re going to need to toughen up, and I do think we and our funders will need to have thick skins if we really want to create transformative change.”

Goehl is a leader who believes that the organization needs to remain open and a bit unstable in some ways. “We need to constantly ask ourselves what it takes to advance significant social change and break with orthodoxy, but,” he confided,

“that’s what makes this a fun place to work right now, because I think we’ve brought in those kinds of thinkers into our orbit, and so there’s just a lot of testing, experimentation—a kind of inquisitiveness and curiosity.”

\* \* \*

Social-sector leadership is not and should not be a completely comfortable role. In a world full of current and future ambiguities, leaders have to stay nimble and ready to rebalance their organizations to fit most powerfully into a whole field/movement strategy. The skills of consultation and engagement with other leaders inside and outside of an organization are never entirely straightforward but have to be kept moving in the right direction whenever a door seems to crack open—or needs to be cracked open.

We conclude with a passage from “*Vertigo and the Intentional Inhabitant*”: “In connected environments, leaders know that networks are always teetering on the edge of balance, requiring many small adjustments to achieve a measure of dynamic stasis. I have found that a network leader has to be in constant motion, paying attention to the habits and the small stimuli needed to incessantly reconstitute balance and motion. One must learn to feel the current of change, look for and recognize resonance, and deploy oneself not as prod, but as a *pivot* for the many moments of change that are called for every day.”<sup>3</sup>

#### NOTES

1. Ronald A. Heifetz and Marty Linsky, *Leadership on the Line: Staying Alive through the Dangers of Leading* (Boston: Harvard Business Press Books, 2002): 31.
2. Bill Traynor, “*Vertigo and the Intentional Inhabitant: Leadership in a Connected World*,” *The Nonprofit Quarterly* (Summer 2009): 83–86.
3. Ibid., 86.

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**“I think we forget that the profound change we want is not supposed to be comfortable. We look back at the stories of the women’s suffrage movement or the civil rights movement and the farm workers movement, and we look back at the leaders and the members of those movements with admiration, almost as if they were winning popularity contests in their own time. And, obviously, that wasn’t the case.”**

# Blowing the Whistle: *A Conversation with Louis Clark*

The consequences of whistleblowing can be harsh. So what motivates people to put themselves in such a perilous position? As Clark explains, "whistleblowers tend to feel personal responsibility for people with whom they identify yet do not know." Clark also highlights the important role that nonprofits can play in supporting whistleblowers.

**Editors' note:** For nearly thirty-five years, the Government Accountability Project (GAP) has handled many of the nation's most important and high-profile whistleblower cases. GAP helped whistleblowers ensure that Vioxx, an arthritis medication responsible for forty thousand fatal heart attacks in the United States, was pulled from the shelves; aided workers in pulling the plug on inadequately tested nuclear power operations and facilities; and assisted a Marine Corps whistleblower who exposed unnecessary bureaucratic delays in providing safe vehicles for troops.

GAP has witnessed truth tellers assaulted and their personal property vandalized, organizations illegally monitoring and spying upon workers in retaliation for whistleblowing, direct threats and bogus smear campaigns enacted—all of which can result in such all-too-common aftereffects as shunning by once-friendly co-workers, nervous breakdowns, and family unit disintegration.

As GAP president Louis Clark explains, because whistleblowing is such a potentially life-changing affair, GAP never solicits it. When concerned workers go to GAP for help, they are told exactly what they're in for: their professional careers (and more) are at stake. GAP is clear about the type of retaliation whistleblowers will likely endure. They, and they alone, decide. If they move forward, GAP is there for them. If they choose to remain silent, it is completely understandable.



CHANGE

**It has been our experience that once we start dealing with a whistleblower's concerns and begin to make headway on the issue—Congress is interested, the media is interested, there's clearly an investigation going on—additional people come forward because they see that people are paying attention.**

**Nonprofit Quarterly:** This issue of the Nonprofit Quarterly addresses the risks of leadership. Given the personal risk involved or perceived to be involved in whistleblowing, what is your experience with regards to the motivations of people who choose to blow the whistle?

**Louis Clark:** There's probably a broad range of motivations, but I should think most of them fall into the category of concern about the issue that they're raising. They can't let it go, they can't not focus on it, and they want corrective action

Surveys of federal employees have indicated this pretty consistently. On the other hand, there are surveys of corporate employees that indicate that 60 percent or so of the people who see wrongdoing don't do anything about it because they feel nothing will be done. In other words, if they saw whistleblowing as *not* being futile, they would do it; they just assume it *is* futile.

That, of course, can be a rationalization, but still, it's pretty realistic. It has been our experience that once we start dealing with a whistleblower's concerns and begin to make headway on the issue—Congress is interested, the media is interested, there's clearly an investigation going on—additional people come forward because they see that people are paying attention.

So I think that people seeing something "wrong" and wanting something done about it is a strong motivator. It's certainly the most common one.

Now, *why* a person gets concerned probably varies, but in our experience whistleblowers tend to be highly professional people with pretty high standards whom it really bothers to see shoddy work. Most organizations would like to see quality products; here are people whose motivation for blowing the whistle has to do with issues of quality, yet they're turned into pariahs. It's a huge waste of talent.

**NPQ:** In those surveys, do people also express fear?

**LC:** Yes. They express fear for their jobs, and that fear level tends to be around 40 percent. In other words, 60 percent say that one of the reasons they

don't blow the whistle is that it's futile; 40 percent say that they're afraid.

The Merit Systems Protection Board—the adjudicative agency of the civil service system—just did a huge survey of federal employees. The survey went out to seventy-two thousand employees (and I believe 58 percent responded, so nearly forty-two thousand)—and fear of losing their jobs or having severe personnel problems (for example, transfers or other negative things related to the job) was around 39 percent. That seems to be pretty standard.

So more people do nothing because of a sense of futility than from fear of losing their jobs. But fear of job loss is still pretty high.

**NPQ:** It helps to humanize this, because we want people as individuals to think about what's the balance—what's important to him or her when thinking about whistleblowing. . . .

**LC:** A professor in Maryland, Fred Alford, did an analysis, and he said that one of the characteristics of whistleblowers was a tendency to have empathy for people they don't know. In other words, when they say they're worried about the taxpayers or the American people who pay their salary, those aren't empty phrases. They really mean it. No one has done testing to my knowledge to see if that's true, but those were Professor Alford's observations: that whistleblowers tend to feel personal responsibility for people with whom they identify yet do not know.

**NPQ:** And enough of a connection to actually make them act. . . .

**LC:** Absolutely. Remember that peanut butter scandal from two or three years ago? A number of people died because of salmonella in the peanuts, and it got quite a bit of national attention. Kenneth Kendrick was the whistleblower, and because of his whistleblowing, not only did the company go bankrupt but, in the process, the plant was closed—and, as I recall, about three hundred people were put out of work.

Ken lives in a small community in Texas, and he's been targeted with some threats. I don't know

how specific they've been, but I do know that someone actually shot out a streetlight in front of his house. And he's been pretty much shunned by the whole town because all these people have lost their jobs.

I know Ken, and he really was worried about the people who buy peanut butter and might have died or been injured because of that product. He was very strongly motivated by that concern when he wrote letters to the Texas Department of Health, which, of course, ignored him.

**NPQ:** *That level of concern has got to be pretty much in the soul of every really significant social change leader; I think. But the act of leadership isolates the person.*

**LC:** An amazing number of whistleblowers believe in the institutions they've joined and actually believe company policy inviting employees to bring any concerns to their attention. They haven't entered their institutions with any cynical baggage that would cause them to see wrongdoing and say, "Well, that's what I expected."

**NPQ:** *So they're truly outraged?*

**LC:** Absolutely. And that's what gets them into trouble and is also what singles them out. Corporations are always saying, "I wish you had brought that to us first." Well, they have. It is rare that they have not done that—very, very rare.

I know a lot of people who work for the government who are always leaking stuff. They leak it to us, they leak it to other people, they leak like sieves—typical Washington stuff, too—and that's because people who join those organizations are already jaundiced. Their identity is not really wrapped up in the company; it's wrapped up in the issue. And they know that in order to further the mission they need to go outside normal structures.

On the other hand, it's my opinion—and there is nothing scientific about this, it's totally anecdotal—that whistleblowers just *don't* do that. This changes when they meet people like us, meet other whistleblowers, start having relationships with the media. Plus, they've already been jilted

by their institution. So they develop a different point of view or methodology.

We call the first whistleblowers in a company "granddaddy whistleblowers," and if they stay with the company, all kinds of people go to them with concerns, and they very often have a pipeline outside the company.

But in the beginning they certainly aren't like that—they don't leak, and they raise their concerns the way they are supposed to.

And that's when they get into a lot of trouble. It's why they're identified even if they're leaking anonymously. Everyone knows where the information is coming from.

So when they come to us and we work out a strategy, we tell them that if they leak the information anonymously, the other side will claim that they couldn't have been retaliated against, as no one knew that they had leaked the information or blown the whistle in the first place.

And in that event, there's no protection for the whistleblower. You have to prove that the company had knowledge.

We can still decide to leak anonymously if the whistleblower hasn't raised concerns ahead of time and so can't be identified, but that is so rare. By the time they come to us, they've already discussed their concerns—usually with co-workers.

**NPQ:** *When you counsel people on the dangers of whistleblowing, what do you tell them are the potential consequences?*

**LC:** Usually we talk to them about their job situation, which is our area of legal expertise. We tell them the worst-case scenario—except we don't talk about the dangers in terms of physical threat to the whistleblower or the whistleblower's family, because we just don't know what those are, and we wouldn't be able to do much about it even if we did.

All we can tell people to do is call local law enforcement and, in some cases, do a little video surveillance or sweep for bugs. But we don't like to warn about these things because, until people actually get the threat, there's really nothing we can do about it.

An amazing number of whistleblowers believe in the institutions they've joined and actually believe company policy inviting employees to bring any concerns to their attention.

[W]hen people report back that no one wants to have lunch with them anymore—which can be a very lonely situation and is very common—we caution them not to respond to those co-workers as if they are now the enemy or are now on the side of management. And we explain that more likely than not they're worried about their mortgages—they're worried about their jobs.

**NPQ:** Would it be fair to say that the consequences of whistleblowing fall on the professional side more often than the personal?

**LC:** In our international program, we do come across physical threats, and people can fear for their lives. But here in the United States, what is most common are personnel problems and devastating consequences to people's careers. It's what we tell people they can expect, and it's what we try to diffuse or prevent as best we can.

We also try to determine whether or not we feel they can handle the kinds of things that are going to be thrown at them professionally, because some people don't have the stamina to deal with it. So we do sometimes discourage people from blowing the whistle because we don't think they will be able to cope psychologically.

**NPQ:** Can you be a little more explicit about the sorts of characteristics you look for in someone you think would be able to manage his or her way through that kind of thing?

**LC:** We rely in part on past performance appraisals and personnel records, both of which give us clues. Because if there is evidence of having been disciplined—for flying off the handle, for example—that would be a red flag for us, because it might mean the person could easily be made to go over the top or to be angry or shout back. In other words, the person could be vulnerable because of his or her own temperament, and that's something we would have to address as far as going forward is concerned. We might look for another way of getting the information out, which we do as a matter of course, anyway, even if he or she has a perfect record.

We also take into account whether or not he or she has significant support within the organization and if that is likely to continue. And when people report back that no one wants to have lunch with them anymore—which can be a very lonely situation and is very common—we caution them not to respond to those co-workers as if they are now the enemy or are now on the side of management. And we explain that more likely than not they're

worried about their mortgages—they're worried about their jobs.

**NPQ:** It's got to feel as if a whistleblower has put him- or herself in a position that is just unbelievably lonely and isolated—marginalized.

**LC:** There's no avoiding that, but one way that we have tried mitigating it is by matching people with mentors—other whistleblowers who have been through it. For a number of years, we had a group that would meet here at the office twice a month to share experiences and, in the process, develop new relationships that they could rely on to help them with the isolation.

The mentoring has been very helpful. It gives whistleblowers a whole new set of people they can relate to outside of their usual work relationships.

**NPQ:** You've been doing this for over thirty-three years. What cases really stand out for you in terms of a whistleblower just not letting go—seeing it through to the end at risk to him- or herself?

**LC:** A big one would be the Vioxx case. David Graham, a senior doctor who had become a researcher at the Food and Drug Administration, was working with Kaiser Permanente, which had done a study of ten thousand of their patients. And through that study, Graham's team discovered that there was a higher-than-normal frequency of heart attacks and strokes among the patients taking Vioxx.

When David presented the evidence to his bosses, they said that he couldn't publish his findings. When he expressed his intention to publish his findings with or without their support, they told him he had to change his recommendation, which was to take it off the market.

They wanted him to recommend instead that a heightened black-box warning about the possible heart attacks and strokes be put around the bottle. When he refused, they tried to move him to a job with no oversight responsibility for drugs already on the market.

That's when we went to the Senate and got the hearings. Talking to Congress was primarily a

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**That's when she started seeing all these phony mortgage applications. Basically, employees were cutting off the signatures of loan applicants who had accurately reported their income and assets, and were putting them on phony applications where they had fudged the income and assets without the applicants' knowledge.**

means of protecting David and protecting his job. He was already going to go ahead with publishing his report. So he testified to the Senate, and it made a huge impression.

David is also responsible for raising concerns about Avandia, the diabetes drug that was in the news two or three years ago.

Just like Vioxx, it was a billion-dollar-plus drug, and just like Vioxx the makers were forced to change all the warnings on it. The FDA recommendation now is that if nothing else works, use Avandia, which, of course, has killed the market for it. There are now a number of other drugs for diabetes sufferers that must be tried before going on Avandia.

So David's had a huge impact on the drug industry, and he's given support to other whistleblowers in the industry, which has become very helpful as a peer-review process. He certainly stands out as someone who has had enormous impact—he was tenacious and just refused to back down.

Another example that comes to mind is Eileen Foster, a Bank of America executive we represent who was recently on *60 Minutes*.

Eileen was senior vice president at Countrywide, which was later acquired by Bank of America, and had been put in charge of monitoring and investigating mortgage fraud. She started finding problems in Boston (and subsequently eight or so other major cities across the country), so whenever she went to a branch she would immediately go to the recycle bin and search through it.

That's when she started seeing all these phony mortgage applications. Basically, employees were cutting off the signatures of loan applicants who had accurately reported their income and assets, and were putting them on phony applications where they had fudged the income and assets without the applicants' knowledge. And Eileen blew the whistle on it.

Eileen is a very calm person, very professional, so it was just outrageous when Bank of America subsequently fired her for "unprofessional conduct and perceptions of retaliation."

Eileen reported to Internal Audit that Employee Relations (ER) conspired with Lending Management to fire whistleblowers who challenged

fraudulent loan origination practices. Instead of investigating Eileen's allegations, Internal Audit colluded with ER and concocted a sham investigation against her.

Eileen's staff reported to management that derogatory characterizations were "jammed down their throat" by ER and they were intimidated into agreement out of fear of retaliation themselves. It just made no sense whatsoever, which is exactly why Bank of America is going to get creamed in the hearing as we move forward.

**NPQ:** *What's her employment status now?*

**LC:** She's been fired, and she's fighting back, but the Department of Labor did a huge, two-year investigation, the result of which was to order Bank of America to pay her \$930,000 and reinstate her.

Bank of America is challenging the investigative decision, and so now we're headed to trial. Last month there was a hearing before an administrative law judge—I believe it was an argument on a motion—because they had been trying to identify all the people who had been bringing concerns to Eileen while she was on the job, which started the discovery of the case.

And she said she would drop the case—a case that could potentially bring her a million dollars, if she had to name these people.

We went to the judge and got a protective order so that they couldn't ask her the names and identities of all the people who had raised concerns covered by Sarbanes-Oxley. It's pretty unprecedented that a judge would give us that ruling, but if she didn't get some protection, she was willing to give up her case.

And that's not uncommon among whistleblowers. They are very ethical, and they take stands that are somewhat unusual for the average citizen, I guess. They're willing to give up a lot on principle. Fortunately, we won.

**NPQ:** *How does your organization work with nonprofits to support whistleblowers? For example, take the case of Eileen Foster. . . .*

**LC:** In the typical sort of whistleblower situation,

at the beginning there will be one person in an organization within a company or an agency, and—as with Eileen Foster—she will be isolated, being made a pariah, perhaps. She will be raising these concerns, upsetting people, and will be very vulnerable. She's inside the institution, and the whole institution is bearing down on her and putting pressure on her to change her position—to change her behavior, essentially.

What we do as a strategy is very simple. We take the internal concerns the whistleblower has raised, and, if they're significant concerns, we take them outside that institution to law enforcement, Congress, some regulatory body—other public interest groups, very frequently.

And all of a sudden these other institutions and organizations—often nonprofits—are putting pressure on that original institution about the concerns. So it just totally changes the dynamic.

And the nonprofit world is very much a part of that. We always try to have and connect with nonprofit organizations that can make use of the information. And they get it—they're usually really happy to get the information from us.

**NPQ:** *Can you give an example?*

**LC:** A good example is the Humane Society. There was a plant up in Vermont where there was horrific, inhumane treatment of animals before they were slaughtered, and the Humane Society was really concerned about that issue.

Our whistleblower was a vet with thirty years of plant experience who worked for the U.S. Department of Agriculture, and one of his responsibilities was seeing that animals were not treated inhumanely in the slaughterhouse. He had identified inhumane treatment in Oklahoma, and when he raised his concerns, the Oklahoma managers for the Department of Agriculture were angry and, essentially, took him off the job.

So he didn't have a job for about a year and a half. I think he was paid . . . I believe they have to pay you, but the regional managers decide on whom they want doing the work—what vets they want in their plants and parts of their regions.

Eventually, he was able to get in the New England region, where he found very similar types

of things going on at the Vermont plant, and he raised his concerns. USDA management didn't believe him and said, "Well, you had this trouble in Oklahoma. . . ." And they decided that they would retrain him.

Thirty-plus years of experience as a vet—a committed, excellent worker, obviously—and they were going to retrain him because they didn't believe him.

And what happened then is that the Humane Society snuck a camera inside the plant and filmed an animal being abused. And I won't describe it—it was horrible. Essentially, they were skinning an animal before it was dead. They captured it on film, and the Department of Agriculture inspector who was present is heard on camera saying, "You'd better be glad that the doctor isn't here." And what he meant was the vet.

The video went viral on the Internet, and the plant threatened to sue the vet, saying that he had snuck the Humane Society people into the plant, which he had not actually done. The Humane Society knew about his concerns, and that's probably why they brought a camera in. But the immediate reaction of the plant owner was to go after this guy and try to get him fired.

Well, it totally boomeranged on them when the story went viral, and all of a sudden everything changed. The story captured the attention of Congress, and they had a hearing. The Department of Agriculture had to back down and admit that this guy not only shouldn't be retrained but also was absolutely right to have the concerns he had. So it was a total vindication of the vet.

And the Vermont plant was closed down by the Department of Agriculture, and the Vermont attorney general brought criminal charges against the plant owner for inhumane treatment of animals. And the Oklahoma plant recently faced administrative actions from the USDA for inhumane treatment of animals.

**NPQ:** *That is just absolutely heartbreaking.*

**LC:** It shows exactly where nonprofit organizations and GAP work really well together.

We're concerned with the inhumane treatment of animals, we're concerned with food safety, but

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**It works a lot better for us to be the broker, I guess, between the whistleblower and the nonprofit world, because we're nonprofit ourselves. We have these relationships that we developed organically, and the nonprofit world won't have to worry about the person's identity or about protecting him or her—or, if the sector has to worry about it, it'll know chapter and verse how to carry out that responsibility.**

the cases themselves are not our central focus. What we try to do is take the information to all those organizations that should care about the issue. They will have the resources.

The whistleblower sometimes just starts working with those organizations on a confidential—and usually informal—basis. In the nuclear industry alone, we have taken on over six hundred whistleblowers (mostly in the 80s up until about '91), and we almost always took the information straight to the citizen groups that were raising concerns.

In our early days we set up what we called a “citizens’ clinic” to help nonprofit groups work with whistleblowers—to supply representation or recruit lawyers for them. But it just didn’t work, and probably part of it was that we didn’t have the personnel to make it work. But I think another reason was that it was almost as if we were trying to turn nonprofit groups into little whistleblower support groups.

**NPQ:** *But in some instances that could be completely appropriate. I guess my question would be that when you’re working with whistleblowers, would you say to them that as an option they might try finding some nonprofit groups for whom their concerns would be a central issue?*

**LC:** We do that in almost every case. Every case that goes public, for sure. But we’re the ones who find the groups, because most of the whistleblowers are not connected to the nonprofit world; they don’t have the relationships.

And so it’s just an array of potential groups out there, and they have no idea whom to trust and whom they can work with. So we tend to do that vetting and making of those connections, and sometimes we just dump documents on groups, while other times it might be more structured and more hands-on.

But very often we just try to get the information out; we try to get the groups to write letters of support if we feel that’s needed. Sometimes we try to get them to join in and meet the brief, if it’s appropriate.

More likely, though, we try to get them to join the campaign on a piece of legislation that

would help bring whistleblower protection. There are over four hundred groups signed on to the Whistleblower Protection Enhancement Act, of which there are probably around five that deal with whistleblowers. But they all see the need, and they often see the value of whistleblowers in terms of the regulatory process.

So it works a lot better for us to take the information from whistleblowers and get it to the groups that can use it. We can then use their analysis, and, in terms of pressing the issue, it’s helpful to us to get their endorsement.

Sometimes it’s also helpful to work with the groups in order to get some kind of reading on the importance of the information.

For instance, if it’s a nuclear issue, it can help to work with an organization or project that’s focused on nuclear power or nuclear weapons, because they will know a lot more about the subject matter than we probably will. So they can give us a sense of the importance of that issue and concern, or they can help open the doors in terms of potential oversight hearings in Congress.

It works a lot better for us to be the broker, I guess, between the whistleblower and the nonprofit world, because we’re nonprofit ourselves. We have these relationships that we developed organically, and the nonprofit world won’t have to worry about the person’s identity or about protecting him or her—or, if the sector has to worry about it, it’ll know chapter and verse how to carry out that responsibility.

**NPQ:** *That is exactly what I felt was missing. I knew there was a lot of activity between nonprofits and whistleblowers, but I didn’t know that it was consciously facilitated by GAP.*

**LC:** It’s very much a part of our methodology—no question about it.

**NPQ:** *What do you think are the real differences between the protections for whistleblowers in nonprofits versus in for-profits or government?*

**LC:** They’re diminished for people in the nonprofit world—not eliminated, but diminished—because

most of the whistleblower statutes are either focused on government (so, government employees), or they're focused on contractors carrying on a government function.

So if the nonprofit is a hospital, it may very well have whistleblower protection around, for example, healthcare legislation. Or, if the nonprofit has a government contract, it could be that it will have protection. It's totally random in a lot of ways, because almost all the statutes have to do with a particular industry or segment of the private sector.

For example, there's a bill on products, so we have the Consumer Product Safety Commission, which reviews thousands of products. But nonprofits don't make products—there are probably not many nonprofits in the manufacturing business—so they're not included in the bill. Then there's the food safety bill, which only covers products that the FDA oversees, so nonprofits aren't in that business.

Congress has not been willing to pass legislation that simply covers everybody. It tends to pass legislation covering a segment of the population that is being regulated.

Corporate bills covering all companies have been introduced, but they have not gone anywhere legislatively, although they're increasingly getting stronger support. I mean, what's silly is that, for example, if someone is blowing the whistle on pizza, you're covered if it's a cheese pizza but you're not covered if it's pepperoni. [Where food safety is concerned,] whistleblower protection does not extend to the poultry and meat industry; it only extends to the industry that the FDA oversees, which is non-meat food products. That's how fickle the legislation is.

**NPQ:** So it wouldn't just be nonprofits that are not covered; it would be many odd areas of endeavor?

**LC:** That's right. It seems the law is made where there are consumer interest groups that are part of the push for change.

So, for example, there were strong food-safety organizations—mostly public interest groups and some unions—pushing for the passage of

the Food Safety Modernization Act, and those people, as a rule, see whistleblower protection as an important part of the regulatory process. The Food Safety Modernization Act got through in the lame duck session of Congress, but Congress didn't get around to passing legislation to give more money to the FDA to actually regulate. So they greatly expanded the FDA's jurisdiction and responsibility but didn't get money for them, and the Republicans are totally opposing any kind of real money for regulation.

So whistleblowers become a really important part of the regulatory process. And the nonprofit groups and the unions recognize that, and that's why they've also supported whistleblower protection.

Same thing with the Consumer Product Safety Commission: it was being reauthorized, and the people concerned about consumer products saw the need for whistleblower protection, so that was part of their legislative agenda—as, of course, it was ours, because they reached out to us and we worked together and got some really good protections in that legislation.

I think nonprofits are most likely to have whistleblower protection when there are contracts with the government, but right now this is not the case in terms of federal government contracts, except for the stimulus.

The stimulus bill had whistleblower protection. So anyone getting stimulus funds—whether it be nonprofits, whether it be state government, or whether it be private profit-making contractors—got whistleblower protection. And the House version of the Whistleblower Protection Enhancement Act bill that just passed their committee thirty-five to zip has whistleblower protection for federal government contractors, but the Senate bill, which also passed their committee, does not.

Whether the final bill will end up having it or not, I do not know. We certainly hope so. If it does, there will be a significant increase in nonprofits getting whistleblower protection.

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# The General Assembly

by Writers for the 99%

There is much about

Occupy Wall Street that

came as a surprise to

observers, and one of

those things was the

General Assembly.

We all know it will

evolve as the movement

does, but it may also be,

in the authors' words,

"a pointer to a new way

of doing politics."

**Editors' note:** This article is excerpted from "The General Assembly" chapter in Occupying Wall Street: The Inside Story of an Action that Changed America, by Writers for the 99% (published by OR Books in December 2011).

**T**HE GENERAL ASSEMBLY, AN EXTRAORDINARY NIGHTLY DISPLAY OF CONSENSUAL DEMOCRACY IN ACTION, SOON BECAME ONE OF THE DEFINING EXPERIENCES OF OCCUPY WALL STREET. NO ONE ATTENDING ITS MEETINGS, GENERALLY HELD AT 7 P.M. EACH EVENING IN THE SHADOW OF THE BIG RED STATUE AT THE EAST END OF ZUCCOTTI, COULD FAIL TO BE IMPRESSED, indeed often moved, by the spirit of community engendered by the GA, as it came to be known.

Participants, on some evenings numbering in the thousands, sat on the steps running down from Broadway, or huddled together at their foot, on the paving of the park. Behind them, activists gathered in serried rows. [...] The meeting was addressed from the steps, with speakers distinguished only by the fact that they were on their feet, surrounded by the GA's facilitators, bellowing their words in the steady, rhythmic cadence that the "people's mic" demands.

The diversity of the crowd was immediately apparent. Those sleeping in the park, with the grimy demeanor and clothing that signaled the

rigors of camping out, stood next to smartly attired office workers, who had apparently dropped by on a detour from their evening commute; older activists, dressed as if they had just returned from hearing Country Joe play Woodstock, sat crammed next to college students, who dressed, well, pretty much the same way.

What unified this disparate throng was a tangible sense of solidarity, a commitment to the cause of the occupation but also an evident commitment to one another. [...] The crowd was united also by a gentle but firm resolve to respect the rights of others: to space, to be heard, to be whoever they were.

This respectfulness extended to the facilitators running the meetings, whose patience and good nature in the face of often arcane and protracted procedural negotiations bordered on the superhuman. Identifying themselves only by their first names, and rotating responsibility, both within each meeting and on different nights, their effort not to appear in any way as "leaders" seemed admirable, if sometimes less than convincing.



Running a meeting of hundreds or thousands, without amplification and under rules that many present found unfamiliar, required considerable charisma and eloquence, qualities that the young people facilitating the GA evidenced in spades. [...]

Formally, the GA served a prosaic function: it was the decision-making body of the action and the forum through which organizers made sure that the needs of those participating were met—reports from groups dealing with food, legal and medical assistance, sanitation, and security took up much of the agenda.

But the GA also provided a place for protesters to air grievances, decide on direct actions, and debate movement strategy, among other things. Although its use of the people's mic and consensual decision making often proved frustratingly clumsy and time-consuming for resolving detailed issues, as a means of bonding and establishing the broad principles of the action, the GA proved highly effective.

The facilitation working group took responsibility for preparing the agendas, calling the meeting to order, and quieting a sometimes distracted crowd. The facilitators were trained

prior to hosting their first GA, and so were familiar with the techniques that enabled them to let all opinions be heard in the most respectful and efficient way. In order to prevent the emergence of an entrenched leadership, facilitators were not allowed to lead two meetings in a row. [...] New facilitators were paired with those who were more experienced so that a basic skill level was maintained throughout.

To the uninitiated, the GA could sometimes seem overwhelming, unfocused, and unproductive. Even some of those who had participated in previous actions and were thus familiar with the precepts of participation, consensus, and transparency that underpinned the running of the GA were surprised to see the model attempted in a public space with such large numbers present.

To help address the problems this inherited, facilitators took the first few minutes of each meeting to explain the mechanisms through which the GA operated.

First were the hand signals that made it possible for the crowd to communicate en masse with one other and with the facilitators. The most frequently used of these gestures is called *twinkling*.

To the uninitiated, the GA could sometimes seem overwhelming, unfocused, and unproductive. Even some of those who had participated in previous actions [...] were surprised to see the model attempted in a public space with such large numbers present.

**During the early days of the GA [...] the core organizing group realized that, despite their openness and desire for diversity, the majority of those taking the floor remained stubbornly white and male. As a response to this inequity, a decision was made to give preference to those groups such as women and people of color whose voices are typically heard less often.**

A wiggling of the fingers with either one or both hands raised, twinkling originated as a symbol in American Sign Language to express applause. Over the course of OWS, its use evolved and expanded as Marina Sitrin, whose experience as a facilitator stretches back to the 1999 Seattle anti-WTO mobilizations, explained, “... by twinkling you see the reaction of the person next to you. Are they happy or not? Are they liking it? The language has started to change, so now when people talk about twinkling, it’s not silent applause, it’s *do ya like it?* Now there’s the temperature check, so there’s twinkling in the middle and twinkling down below. Twinkling with your fingers straight in front of you means *I’m on the fence*. This is the language people use: *I’m in the middle*. And then wiggling your fingers in a downward direction is *I’m not liking it, I’m not feeling it*. The first time I’ve ever seen it [the temperature check] is in Occupy Wall Street, and I’ve been in a lot of big democratic spaces. I like it because it’s a way of shouting out, without the shouting.”

A range of other hand gestures is commonly used at GAs: *Point of process* is signaled by forming a triangle with the thumbs and index fingers. It indicates that a transgression of the agreed procedures of the meeting has occurred, perhaps by someone speaking out of turn or off topic, and constitutes a request that the facilitators move the discussion back on track. *Point of information* involves raising one hand with an extended index finger and is used to convey that the signaler has an important fact related to the matter under consideration. *Clarification* is made by curling one hand into a “C” shape, and indicates that a person is confused and needs to ask a question to better understand the discussion. And the *wrap it up* signal is made by a rolling motion of the hands and is meant to convey [...] that the person speaking should draw his or her comments to a close and step back so others have a chance to talk.

Of all the signals used in the GA, the *block* is the most consequential. It is expressed by the crossing of arms over one’s chest, and it indicates a serious moral or practical objection to the proposal. Facilitators regularly caution against overuse of the signal, explaining that it is

an extreme measure indicating that the objector will leave the group if her or his concerns are not addressed. Typically, the person making the block will explain the reasoning behind the objection and offer a “friendly amendment,” designed to make the proposal under discussion something that can be supported.

Like many other aspects of OWS procedures, the use of hand signals has a long history. According to Marina, “... the tools and language [that OWS uses] originate with the Quakers. We’re talking about generations, the antiwar movement, the feminist movement; a lot of different social movements in the U.S. have used different forms of consensus that include [facilitation] tools.” Marina also pointed out that, because they are silent, the hand gestures were particularly useful in large assemblies where clapping or cheering would use up time that could be otherwise devoted to the business of the meeting, a consideration of particular importance for proceedings being conducted at the tortoise tempo of the people’s mic.

The other major structural component of the GA is the use of the *progressive stack* to order crowd comments on proposals.

During the early days of the GA, when it was being held in Tompkins Square, the core organizing group realized that, despite their openness and desire for diversity, the majority of those taking the floor remained stubbornly white and male. As a response to this inequity, a decision was made to give preference to those groups such as women and people of color whose voices are typically heard less often. Orchestrating progressive stack is part of the role of the stack taker, who recognizes those wishing to speak to the GA. “If people aren’t being respectful of others’ identities, or are speaking from a limited perspective, that will be added into the conversation. People will be called out on it. The process makes it easier to do that,” explains DiceyTroop, a member of the press team who has live-tweeted GA meetings.

This sensitivity to inequities that exist in society at large is part of a fundamental unease on the part of OWS organizers toward any form of hierarchical structure.

Another feature of the introductory segment of the GA is an explanation of the idea of *step-up/step-back*. This concept encourages those requesting time to speak to consider whether they might “step up” by recognizing their relatively privileged role in society at large and cede the floor/“step back” to allow someone from a group with traditionally fewer opportunities to have his or her voice heard.

The hand signals, progressive stack, and step up/step back are key components of how GA facilitators try to ensure genuine democracy at the meetings. Having explained their use at the outset of proceedings, they then introduce the agenda for the meeting. On most evenings this is a mix of proposals, working group report-backs, and announcements. During this section of the meeting, those in the crowd are discouraged from any lengthy exposition of their opinions, and business moves at as brisk a pace as the people’s mic, points of information, requests for clarification, amendments, and temperature checks allow. The chance for those present to speak off-the-cuff comes toward the end of the GA with a session called, appropriately enough, the soapbox. This period of the meeting, perhaps unsurprisingly, can stretch for long hours into the night, often with a dwindling audience, but the same rules of affirmative speaking and respect for the rights of others to be heard apply.

Over time, the procedures of the GA have become more sophisticated. Latterly, for example, working groups bringing proposals to the GA are required to post them on the OWS website forty-eight hours ahead of time, so that people can prepare their responses and plan their attendance to coincide with items they consider of particular importance. Furthermore, the GA is now no longer the only decision-making body within OWS: the formation of a Spokes Council, consisting of representatives from each of the working groups, was latterly agreed on so that the movement could more easily coordinate financial and legal decision making.

The GA does not always function smoothly. Its proceedings can easily be derailed by people making unnecessary calls for a mic check or superfluous points of information. Though the

use of the block is generally restrained, it can on occasion throw otherwise broad consensus into chaos. Moreover, the fact that the meetings are held publicly, open to anyone who cares to show up and with the intention of giving voice to everyone present who wishes to speak, poses a number of problems: The meetings can be populated by people entirely unfamiliar with OWS proceedings or, worse, unsympathetic to its aims. The crowd varies in both size and character from one meeting to the next (most of those present are not attending consecutive meetings, and for some this will be their first and only visit). Especially since the eviction, the issue of who is participating in the GA has become particularly acute, and anyone carrying a large bag, a group that includes many of the original occupiers who stayed overnight as well as some of the homeless, has been denied entry to the park by the police and thus prevented from attending the meetings.

In the face of difficulties intrinsic to the GA process, facilitators and organizers have continued their work to make the meetings more accessible. Emergency proposals can be taken at the GA even though they have not been circulated in advance, minutes of proceedings are posted to the OWS website, and a live account of what’s happening is conveyed in real time by the press team using social media. DiceyTroop is just one of those who have taken responsibility for live-tweeting the GAs and Spokes Councils. Live streaming via video blogs such as *The Other 99%* also helps to get the word out.

Debates about how to refine and develop the process continue apace, and important questions remain as to whether the General Assembly model can maintain a genuinely democratic movement as it develops beyond the first flush of enthusiasm of a new movement. But for those lucky enough to have been present in Zuccotti during those heady evenings of early fall 2011, the OWS General Assembly has provided a trove of inspiring and unforgettable memories, and a pointer to a new way of doing politics.

**Debates about how to refine and develop the process continue apace, and important questions remain as to whether the General Assembly model can maintain a genuinely democratic movement as it develops beyond the first flush of enthusiasm of a new movement.**

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# The Courage of Persistence

by Steve Schnapp, MSW

Whatever one's take on OWS, there is one thing on which all can probably agree:

the discourse on our country's economic woes has been significantly altered.

As the author puts it: "It is no longer possible for the emphasis on deficits and government spending to dominate the national conversation about what's wrong with the economy."

**Editors' note:** Anyone who has ever worked on an unpopular social issue understands that there will be periods during which the public is just not ready to hear the issue or move on it. But then there is that moment that you have waited for, when a window opens up in public discourse and there is a sudden flash of political will . . . and you are there to step in. This persistence in the face of detractors may sometimes make the committed activist look completely out of touch, but we know that it is often just part of a cycle. The personal courage that it takes to stay energetic and on point on an unpopular issue—sometimes over decades—is underestimated. Here is Steve Schnapp's story. Schnapp has worked for decades on economic justice, and for the past fourteen years has been at United for a Fair Economy.

**A**T HOME AFTER A LONG DAY AT THE OFFICE, and ready to put in an hour of reading e-mail and paying bills, I came across a message with a link to a live feed from Occupy Wall Street. This might make interesting background noise as I scan mail and write checks, I thought. I guess I was hoping to hear the

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STEVE SCHNAPP, MSW, is education coordinator at United for a Fair Economy, where he helps design and develop their popular economics education workshops and materials. Steve leads workshops and presentations around the country, and has nearly forty years experience as a community-based organizer, educator, and activist in New York City and the Greater Boston area.

sounds of protest that were beginning to catch mainstream attention.

"Mic check!" a female voice shouted, and the crowd quickly responded "Mic check!" "I've got a good source," she went on, as the OWS protesters repeated each phrase, amplifying her words using the "people's microphone." "For a great source of information about the economy," she shouted, "go to w-w-w-dot-faireconomy-dot-org!" and the crowd echoed the URL.

My ears perked up. That's United for a Fair Economy's website, I thought, and it's being announced at the Occupy Wall Street encampment!

Perhaps I shouldn't have been surprised. We at United for a Fair Economy (UFE) have been



[W]ith the slogan “We are the 99 percent,” OWS had brilliantly framed the issue, in effect creating a meme for the story that we had been trying to push into the mainstream: namely, that inequality hurts everyone....

struggling to shine a spotlight on extreme inequality for the last fifteen years. And now this seemingly spontaneous creative uprising was drawing widespread support, inspiring similar occupations all over the country and pointing a collective finger of responsibility for our economic woes at the top 1 percent.

Since the protesters set up camp in Zuccotti Park, in late September, the UFE staff had been puzzling over the significance of OWS. We recognized two great achievements. First, by establishing the encampment at Wall Street, the epicenter of the financial sector in the United States, the occupiers had zeroed in on who was most responsible for the economic crisis. Second, with the slogan “We are the 99 percent,” OWS had brilliantly framed the issue, in effect creating a meme for the story that we had been trying to push into the mainstream: namely, that inequality hurts everyone, and it is precisely the over-concentration of wealth and power—not the deficit, not unions, not immigrants—that is at the heart of the current “Great Recession” and the thirty-year slide into economic insecurity that preceded the financial crisis.

After hearing the UFE shout-out on the OWS live feed, it was clear that we were in a strategic position to try to amplify the impact of the Occupy movement and thus help grow a much broader social movement with a goal of creating an economy of broadly shared prosperity. Now what to do?

One strategy was to offer direct support to Occupy Boston (OB), just down the street from our office, and help establish Dewey Square as the place to be for progressive-minded folks. Taking one of the pages from UFE’s creative action playbook, we hauled ten folding chairs and a few handwritten signs to a section of sidewalk facing South Station, just beyond the encampment, as the evening rush hour was gathering steam. We performed a street version of the Ten Chairs activity ([faireconomy.org/videos/10-chairs-at-occupy-boston](http://faireconomy.org/videos/10-chairs-at-occupy-boston)), enticing a few occupiers and passersby to help us perform the skit that demonstrates how privately held wealth in the United States is distributed. (The top 10 percent own more than 70 percent of the pie [i.e., seven

chairs], the other 90 percent own just 30 percent [three chairs], and the top 1 percent have more wealth—34 percent of all privately held wealth [three-and-a-half chairs]—than the bottom 50 percent.)<sup>1</sup>

And we let the occupiers know that we were a resource for them. We could offer support in the form of our popular economics education workshops or in whatever ways they thought would be helpful. Despite our track record of doing effective community-based education on economic inequality, we were not going to impose our expertise on the occupiers. Instead, we would make ourselves available to them as they saw fit.

A basic premise of popular education, a pedagogical approach that uses problem-posing dialogue rather than lecture and that strives to put the participants on an equal footing with the teacher or trainer, is that everyone has expertise about his or her own circumstances. Thus, a goal of UFE’s popular economics education is to set up opportunities for the participants to look for patterns in how they experience the economy, explore their meaning, and then apply new understanding to their issues, engaging in a cycle of reflection and action (praxis).

A week after the Ten Chairs activity in Dewey Square, we were invited to lead a piece from our Closing the Racial Wealth Divide workshop at an OB general assembly. We did this in support of an ongoing effort led by a group of veteran anti-oppression activists and supporters of OB to work with the occupiers to unpack issues such as race, gender, and homophobia in their encampment and in the larger society. The dialogue begun that night is ongoing, and from time to time we’ve been asked to share materials like charts and graphs that reveal some of the racial dimensions of economic inequality, expanding our understanding of “the 1 percent and the 99 percent.”

As the Occupy movement struggled with the challenges of maintaining their encampments, establishing nonhierarchical structures for decision making, keeping their infrastructure functioning (communications, food, shelter, etc.), and educating themselves and the general public, we began to field more and more requests from around the country for our popular economics

education workshops and materials. Teachers and organizers, religious and labor leaders, community activists and social service providers, as well as occupiers and their allies, are seizing this moment of ferment to talk with their students, congregants, co-workers, neighbors, and families about economic inequality.

It is no longer possible for the emphasis on deficits and government spending to dominate the national conversation about what's wrong with the economy. We now have the space to examine the role of the 1 percent, Wall Street, and politicians on both sides of the aisle in the creation of the rules and policies that guide the economy and our political structures.

A year ago, when my granddaughter Zuzu was born, things looked bleak. We have witnessed three decades of unrelenting attacks on public services and those who provide them, and on public funding for the nonprofits that tried to pick up the pieces dropped by government and the private for-profit sector. The effects of environmental degradation, social disorder that pits communities against one another, devastating wars that waste

vast resources, and political processes that range from outrageousness to ineffectiveness, seemed too overwhelming to turn around. And I feared for the world that Zuzu would grow into.

Then Occupy Wall Street happened.

Now it is a thrill to see the fruit from years of labor in "the garden" by organizers, activists, educators, and service providers who tilled soil, planted seeds, weeded, and watered, day after day after day. The opportunity for a harvest that encourages the building of an economy that works well for all of us, not just a few, has become a possibility.

#### NOTE

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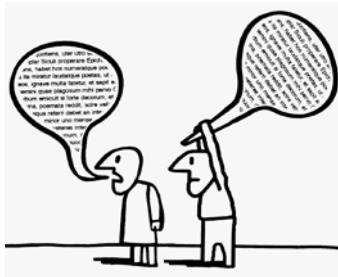
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# Dr. Conflict

by Mark Light, MBA, PhD

What do you do when your boss is a tyrant? Doctor Conflict advises reaching out to Human Resources, documenting your leader's transgressions, and helping to create solidarity among your colleagues. Dusting off your resume—while tempting in the heat of the moment—should be your last resort.

**D**EAR DR. CONFLICT,  
*I am texting this sitting outside my office. Frankly, the idea of going in is more than I can bear.*

*The thing is, in my organization there isn't one specific conflict I am concerned about, but a kind of constant tension. My boss is very short-tempered, and people are so nervous around him that everyone walks on eggshells all the time. It's kind of like having a hyper-critical parent. You get hit (not literally, of course) when you least expect it.*

*It has made the office very quiet. No one speaks up in meetings, and we need to talk about things because I do not think the organization is doing well financially. I don't want to lose the job and I doubt anyone else does either, but it's as if we exist in a fog.*

*Carl (not his real name) became the executive about a year ago. He came from a financial services background and has never led an organization before. His nature is to be frugal. He*

*actually outfits the office with free pens from our local bank, and he makes people pay into a fund for the watercooler.*

*I know that what I am describing is not conflict per se but maybe an avoidance of conflict? What could I possibly do to try to help in the situation?*

## *Existing in a Fog*

Dear Existing in a Fog,  
Your executive is tyrannical: intemperate and hypercritical. Your executive is new to the corner office: door closed, fog city. Your executive is frugal: free pens and watercooler surcharges. Your agency is not doing well financially.

And you? You are very unhappy: "the idea of going in is more than I can bear." Although it does not salve the pain, you're not alone—20 percent of people have brutal bosses, and almost everyone (90 percent) has worked for one at some point or other.<sup>1</sup> Even though conventional wisdom is to get out now, you want to help. Dr. Conflict will try to lend a hand, but do dust off your resume just in case.

Explaining Carl's behavior is tricky; only he can know his motivations. But it is helpful to think about who he is so that you can make an informed decision.

Because of Carl's financial background, he's bound to be focused on the cost of things rather than their value, more certain about the world, and less adaptable. Given all we know, his personality type is most likely the "hard-nosed and silent" inspector<sup>2</sup> who is "driven by accountability, productivity, and the bottom line."<sup>3</sup>

The problem with this approach, even in financial terms, is that it is likely to have an effect on staff productivity. Because he has not been a top manager before and has not experienced firsthand the terrible cost associated with having low staff morale, he may not see that as a financial issue—but, of course, it is. That said, a sense of urgency is a necessary first step in undertaking the changes needed to fix your financial problems, but Carl's approach is the opposite of "always focusing on the *heart* and not just the mind."<sup>4</sup> You don't do this by hunkering

down in your office lobbing incendiaries and creating a stifling panic.

If there's an upside, it's that this is his first shot in the top job and he doesn't want to blow it. This may give you hope (and leverage) for resolving the situation. Maybe, like most managers, he is more clueless about his behavior than he is deliberate.

With that said, the old joke about how many psychologists it takes to change a lightbulb applies (the answer is, only one, but the lightbulb has to want to change). It is very hard for people to change fundamentals, and Carl may be no exception. But if it's just polishing rough edges, maybe you won't have to leave your job.

Overall, there is cause for optimism. Robert Sutton's Asshole Rating Self-Exam assessment says this about Carl: "You are a borderline certified asshole; perhaps the time has come to start changing your behavior before it gets worse."<sup>5</sup> Sutton's Boss Reality Assessment Survey System evaluation says this to his subordinates: "You could do better but could do a lot worse too."<sup>6</sup> Personality types like Carl "may be slow to change, but once they see the practical value in making a course correction, they can be quick to implement it and often become zealots of the new way of thinking."<sup>7</sup>

Let's turn now to what you can do to help. First, reaching out to your agency's HR department is a must. Although bullying is still prevalent in the workplace, there is much less tolerance for it now. Second, you must document whenever Carl acts out. List the date, time, people involved, and circumstances, and give a thorough description.

Third, reach out to your co-workers. Beyond one-on-ones, create some rituals and ceremonies (birthdays, holidays) for you and your colleagues to enjoy. In addition to the comfort of group activities, you'll begin to band together as a group,

which can empower all of you to action later on if things don't improve.

Don't forget to invite Carl to some of these events. It's probable he avoids this sort of thing, but once he loosens up, he'll enjoy himself. Make it easy for him to attend, and be ingratiating. Once he gets to know you and your colleagues, he will be easier to work with. Who wouldn't love you once they get to know you, right?

Finally, reach out to Carl with your concerns. But before you do, know what you want. What behaviors do you want him to stop, start, and continue? Prioritize the choices and work on your script. Describe the offending behavior and how it affects you in nonjudgmental terms, using "I" statements. For example, "I can do a much better job when I know how the project fits into the bigger picture," or "I get very anxious and lose focus when I feel pressured."

Rehearse your script until you know it by heart, and then say to Carl, "I need your help to make my work better." Don't overwhelm him; pick your top choice for the first conversation and add one thing he does that is helpful. Keep it short and simple. If things improve, keep building the relationship and the feedback.

If the conversation fails or he doesn't improve, try again. It's important to do this, because when you take it to his boss, he or she will ask if you tried to resolve the issue directly. "Not once, but twice" should be your answer. And then present your journal of Carl's misbehavior.

Ken Blanchard said, "Feedback is the breakfast of champions."<sup>8</sup> That may be, but it's a tough meal to eat; most of us don't know how to ask for it and don't want to hear it. That's why real feedback is priceless, especially when delivered carefully, sincerely, and with tact.

Maybe you'll be the one to help Carl, but keep that resume warm. And be ready to take your concerns to his boss, backed

up by your evidence, good will, sincere attempts to resolve things directly, and that coalition of co-workers empowering you.

## NOTES

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# From Small to Scale: Three Trade-offs for Smaller Nonprofits Trying to Get Big

by Peter Kim, Suzanne Tollerud, and Gail Perreault

In order to grow, small and midsize nonprofits must be willing to make some tough decisions: putting secondary, less-strategic funding opportunities aside; investing in development over programming; and accepting short-term uncertainty.

**M**ONEY OFTEN COSTS TOO much," wrote the philosopher Ralph Waldo Emerson. Many leaders of smaller nonprofits, struggling to find the funds to grow or sustain programs, surely feel the same way. It is easy to rack up costs chasing after foundation grants, public donations, and government funds, and the wrong chase can be financially fatal.

Yet The Door, a midsize, youth-focused nonprofit based in New York, managed to zero in on the right path to growth from small to relative scale. Founded in 1972, The Door began offering youth services from a free storefront space in Greenwich Village, staffed entirely by volunteers. Today it serves eleven thousand at-risk young people from across New York City with health care, college prep, daily meals, and a range of other services—all under one

roof. The Door has almost doubled in size over the last decade. Like many midsize youth organizations, it relies primarily on government funding, which makes up about three-quarters of its approximately \$11.8 million budget. "Our government funding approach is now a well-oiled machine," The Door's executive director Julie Shapiro told us. The question—and in our experience it is the number one question for tens of thousands of smaller nonprofits—is how did they build it?

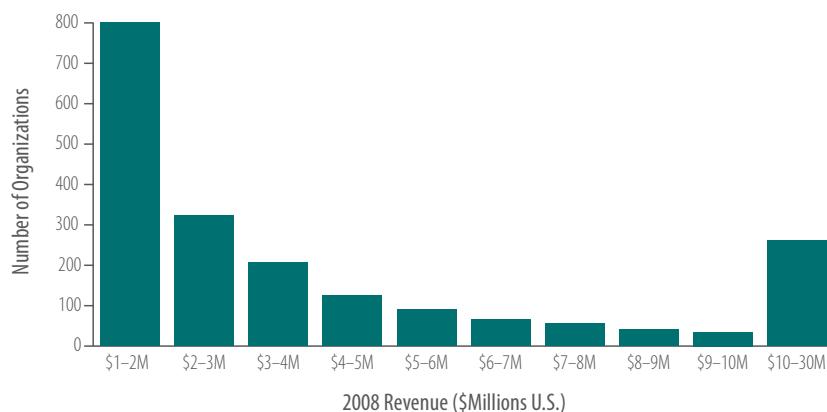
Truth be told, for most smaller nonprofits, growing revenue is more scatter-shot than science. Often, they can meet their budgets by inspiring a handful of donors, seizing unanticipated funding opportunities, or patching together a variety of funding sources. At the other end of the spectrum (as reported in the 2007 *Nonprofit Quarterly* article "In Search of Sustainable Funding: Is

Diversity of Sources Really the Answer"), nonprofits that grow very large tend to be highly focused: they raise most of their money from a single type of funder (such as corporations or government) that is a good match for their mission.<sup>1</sup>

But how do you connect the dots? Is the path to growth linear, or are there distinct, required inflection points in funding strategy as a smaller or midsize organization grows? And how does a smaller nonprofit need to adapt organizationally as funding needs change over time?

To begin to answer these questions, we recently studied a group of fast-growing nonprofits, including The Door. Starting with a sample of roughly 3,500 organizations in the youth-serving and environmental fields, we narrowed our focus to organizations that had doubled their budgets between 1998 and 2008 to reach \$10 million to \$30

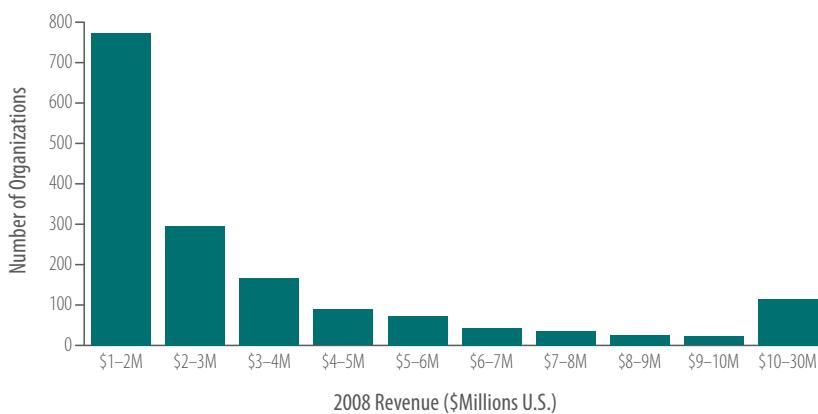
Figure 1: Youth-Serving Organizations



## Methodology

We began our study by choosing a set of growing, midsize organizations. We decided on two distinct domains: environmental organizations and youth-serving organizations. Data from the National Center for Charitable Statistics (NCCS) included more than 3,500 organizations in these domains. We focused on organizations that had doubled in size over a ten-year period, with a total revenue of between \$10 million and \$30 million in 2008. Only a fraction of this set—5 percent in environmental organizations and 8 percent in youth-serving organizations—met our criteria. For each organization in this sample, we gathered and analyzed detailed financial data. Interviews with leaders from nonprofits that represent this sample helped refine and explain the drivers behind these trends. Our goal in these interviews was to explore the challenges and benefits of current funding approaches and better understand the paths these organizations took to grow.

Figure 2: Environmental Organizations



million in annual revenues. Only a fraction of the organizations in our sample achieved this level of growth: 5 percent of environmental and 8 percent of youth-serving organizations. In order to understand what sets these fast-growers apart from their peers, we analyzed their funding history and conducted in-depth interviews with senior leaders from over two dozen of them.

Their stories offer guideposts for how small and midsize nonprofits with ambitious aspirations for growth can find the money to fuel that growth. While the program focus and funding mix of these organizations varied, the key message that stands out is that *their leaders made a series of thoughtful trade-offs that put their organizations in a position to*

*navigate the journey to funding their growth over time.* In particular, we identified three important types of trade-offs:

- Early in their growth trajectories, generally before reaching \$10 million in annual revenues, they made the decision to prioritize the cultivation of a primary type of funding aligned with their program goals, which meant de-prioritizing less-strategic funding opportunities.
- They institutionalized the roles and practices required to raise those types of funding over time, often making tough decisions about when they needed to invest in development capabilities over program priorities.
- Many recognized that their funding strategy might need to change as their

growth targets grew, and proactively evolved their funding approach over time, which often required them to accept short-term uncertainty and commit to long-term investments that might not bear immediate results.

One important note: we are *not* arguing that growth, in itself, is a virtue. Many nonprofits may already have reached the right size for the work they are doing. But for those that believe they have a successful program model that could reach many more people or have an impact in more places, growth may be a critical path to mission fulfillment. The Door, for example, knew that there were far more at-risk youth in New York City than could be served from its original storefront. And Trout Unlimited

(another one of the organizations we studied), which started in 1959 with sixteen dedicated anglers on the banks of Michigan's Au Sable River, believed that there were fisheries across the nation that needed protection and restoration, and tens of thousands of enthusiastic anglers who could help them do it. As Trout Unlimited's CFO Hillary Coley told us, "In thirty years, every child in the U.S. will be able to fish in their home waters. To get there, we'll need to become a \$40 million organization."

### Finding Funding Focus

Clear revenue patterns emerged in our group of high-growth nonprofits. Fairly early in their growth trajectories, generally before reaching \$10 million in annual revenues, these organizations identified and cultivated a primary type of funding, such as government or individual, aligned with their program goals. We saw a pattern of revenue concentration around this source, accounting on average for 70 to 85 percent of each organization's total revenues. What we did not see was nonprofits continuing to grow using a largely even mix of diverse sources.<sup>2</sup>

For nonprofits that funded their operations through a diverse mix of funding sources early in their history, the decision to build around a primary source instead of pursuing diversification can be difficult; the decision can feel counterintuitive since, at times, it may be necessary to forgo pursuing some seemingly promising funding opportunities. Moreover, relying primarily on a single type of funding may seem like a risky venture. But for most of the nonprofits in our data set, identifying the core source that was most likely to lead to funding success and then diversifying across many funding streams *within* that primary source as they grew provided the necessary risk mitigation.

Consider the experience of The Door, with its focus on government funding. Executive director Julie Shapiro told us: "We wanted to be recession proof, so we diversified across as many [government] agencies and sources as possible." When recession-related government funding cuts threatened half of its contracts, that diversification *within* government funding helped The Door navigate through the downturn. Stories from others who went through difficult times reinforced this message: when funding cuts hit, those with broader funding networks were better able to weather the storm.

Like The Door, the child welfare organizations in our sample relied primarily on public funds, and achieved diversification across levels of government (local, state, federal) and/or types of contracts and grants. The other types of youth-serving organizations, including the Posse Foundation (which focuses on youth in public high schools), and the environmental organizations, generally found greater potential in private support. For example, Trout Unlimited, which now has four hundred chapters nationwide, went after individual donations for community programs with "backyard impact," and now receives the majority of its funding from a broad base of affluent fly fishing enthusiasts who are motivated to protect and promote trout fishing. And in the same way that The Door diversified across government sources, Trout Unlimited has sought to diversify across individual sources, focusing on multiple geographies, income levels, and strategies to engage individuals and mitigate risk. But achieving this goal required Trout Unlimited to invest disproportionately in making sure that their individual-giving strategy was particularly strong. At the same time, the organization focused far less on some of the more scattershot opportunities.

Beyond their emphasis on a primary source of funding, these organizations also prioritized one or two *substantive secondary sources*, which contributed on average 20 percent of total revenues. As with the primary source, secondary sources were carefully selected and cultivated to complement program focus. Their usefulness was particularly significant in three areas:

- *Stabilizing rapid growth.* The Methodist Home of the South Georgia Conference, a child welfare organization, supplements its primary government funding by raising 35 percent of revenues from private sources. That secondary funding comes in handy when government rules change, as they did three years ago, when a rule required the organization to move therapists to a new building off campus. Derek McAleer, the agency's director of development, noted, "That move cost us [a considerable amount,] and there was no [government] money to cover that cost—we just had to eat it." Similar experiences were common across many youth-serving organizations, especially those relying on direct government reimbursements.
- *Supporting programs for which the primary funding source is not a suitable fit.* The Children's Bureau of Southern California, which focuses on child abuse prevention and treatment, found that while public dollars supported the treatment side of their work, this source was not well geared to their prevention programs, which Children's Bureau views as essential to keeping more children safe. It uses money raised from individual donors to support its prevention work. The organization also used private dollars raised through a major capital campaign to construct a new community center complex to house these programs. For The Door, unrestricted

foundation funds give flexibility to start new programs aligned with mission, which may not be immediately supported by government funds. In Shapiro's words, "Government is our life, but we don't want to be all government. You never want to be told 100 percent what you should be doing."

- *Laying the groundwork for expansion.* The primary source may be vital to sustaining a site or program once it is established but maybe not readily available to fund the expansion itself. This is particularly true for government funders, who typically prefer the tried-and-true to the new. But even organizations that rely primarily on individual donors may turn to a secondary source for expansion. Trout Unlimited, which gets the bulk of its money from its fly fishing base, starts new chapters with two to three years of start-up funding raised from a local foundation or government, which gives the new local board and staff time to build membership in the region and replace these start-up dollars with sustainable revenue.

### **Investing in Individuals and Institutionalized Practices**

Funds do not raise themselves, and executing even the most perfectly chosen funding strategy to carry a smaller organization to the \$10 million to \$30 million level requires building significant organizational capacity. Finding new funding opportunities, soliciting support, and deepening the relationships with existing funders needed to fuel growth required our fast-growing organizations to institutionalize roles and practices by adding key staff, defining and redefining roles, and installing practices to keep growth on track. But oftentimes, leaders had to accept new roles or make the tough decision to commit dollars to their development strategy, sometimes

at the expense of programmatic priorities, to ensure that their funding engine could continue to flourish.

For the nonprofits in our study, a charismatic executive director (or small team of dedicated leaders) often shouldered the brunt of the fundraising burden in the early stages, particularly below the \$3 million annual revenue mark. However, these organizations regularly reached the point where that burden became too much for the leaders to handle alongside their broader roles. The solution was often a two-pronged approach of supporting (but not replacing) the leaders' fund development role with formal development staffers, and shifting some of their internal management responsibilities to others within the organization.

Deborah Bial, the founding executive director of the Posse Foundation, described this shift as she built the organization over the past twenty years: "In the beginning it was just me and one other person. We trained the kids, recruited, visited colleges, *and* raised the money. Today, my role is really external. I work with the board, meet with major donors, and speak at events and conferences." Like many executive directors, Bial expressed a strong view that involvement in cultivating support is something that will always be part of the role. As she put it, "As an ED, you can never give that up." And yet, as she noted, "You're smarter as an organization if you have multiple people with power and authority raising funds." With growth, fundraising responsibilities become too great for one person to juggle alone, and leaders must find the balance of personal time investment and delegation that enables the organization to grow.

The Tejano Center for Community Concern's founding executive director reached a similar conclusion about sharing responsibilities with a

development team, and he expressed the sacrifice many executive directors make in recognizing that the best use of their time is often in supporting areas beyond their programs. Over twenty years, Richard Farias built Tejano from a five-person operation funded by barbecue plate sales to a widely recognized child welfare organization with its own charter school. "I didn't get into this business because I wanted to raise money," he told us. "I got into this business because I felt a burning desire to change things for children and families." Yet, as Tejano enters its next phase of growth, Farias intends to dedicate the majority of his time to fund development. Like many executive directors, he made the difficult trade-off of delegating program responsibilities to a trusted senior staff member in order to serve most effectively as the face of the organization in the community. His primary goal is to make sure the new capital campaign is a success, and he recognizes that his role in fundraising is critical. Farias reflected on the difficulty of the transition, noting, "I'm the founder. I know where I want to take this organization. But, at the same time, this new role is what Tejano needs now."

Difficult decisions about the roles and composition of the board may also be necessary. The Methodist Home of the South Georgia Conference attributes much of its success in maintaining and growing government funding to its board strategy. As the organization grew, it refined its strategy by clarifying board roles and being deliberate about board composition: the Methodist Home now seeks to keep at least two state legislators on the board, as well as influential county-level leaders. "They bring influence and relationships and insights," McAleer explained. "If I was going to tell you the two keys to the success of The Home, it's leadership and relationships.

## The Role of Foundations

Very few organizations in our study broke through to \$10 million to \$30 million in sustained annual revenue by focusing on foundations as a primary source. The few that did, including Oceana, were fairly new organizations. Nearly every senior leader we interviewed acknowledged that foundations are generally more interested in funding catalytic new programs than ongoing operating support. These organizations planned ahead to replace foundation dollars with other forms of support before the funding ran dry. Those that continued to generate funding from foundations were generally able to pitch new programs or innovations to sustain foundation support beyond the first few years—sometimes the same set of foundations and sometimes a new set.

earlier,” underscoring the importance of making deliberate decisions about who should be on a board and determining what they should and should not do.

A strong development staff is usually needed to support the changing roles of the executive director and the board. As development needs grew beyond what the executive director and board had capacity to execute, these organizations sought to implement structures to share responsibility for fundraising. They invested in dedicated development capabilities and strategically hired staff to hone in on their primary and targeted secondary sources.

Oceana is a case in point. Established by a group of large foundations, in 2001, Oceana is the largest international organization devoted solely to protecting the world’s oceans. As the organization grew, the day came when its leader could no longer meet personally with every major donor. A development director became critical to leveraging the efforts of Oceana’s executive director and board, helping to maximize their effectiveness as the face and voice of the organization while taking on the day-to-day responsibility of meeting with the bulk of donors and potential donors. This role generally goes from “nice to have” to essential as the level of funding an organization requires grows.

Lining up funding for these new development roles was often a great challenge. Leaders we talked to faced a constant tension between investing in the professional capabilities they often desperately needed and funneling more resources toward programs. The experience of Tejano’s CEO and founder was common among this group: “We hired our first development officer as soon as we felt we could afford one. We always knew we needed one, but those funds are hard to come by.” But these leaders saw the investment as critical to success.

Rare, an international conservation organization, added a senior staff role when the executive director concluded that his personal relationships couldn’t continue to drive funding and that he needed someone who could focus full-time on propelling Rare’s funding strategy.

## Breaking through the Funding Wall: Committing to Evolving a Funding Strategy over Time

Building the right development team is not the only change fast-growing nonprofits make to sustain growth. The funding strategy itself may need to evolve over time. While there are myriad ways for nonprofits to raise several million dollars a year, the number of options decreases as the revenue target increases. Growing organizations reach a stage where they must evaluate the extent to which their current funding strategy will let them keep expanding. Many of the nonprofits in our study hit a *funding wall*—in other words, a point beyond which they could not grow significantly with the same funding strategy.<sup>3</sup> To continue to grow, they needed to find a way to break through this wall. For many nonprofits this can be difficult, as it may mean laying the groundwork for a new development approach—potentially meaning different people and different skills—with the understanding that a new approach may not bear meaningful fruit for years. In an era of shrinking dollars, such patient, long-term investment in a development strategy can feel risky. But for those who face a funding wall, such a trade-off may be necessary in order to continue to grow to their intended size.

Circumventing a funding wall is almost certain to involve adopting a new *funding model*—a methodical and institutionalized approach to building a reliable revenue base that will support an organization’s core programs and services.<sup>4</sup> While not necessary on a small

Money follows relationships.” At other organizations, the board’s role is more focused on building secondary private sources. For Larkin Street Youth Services, a Bay Area nonprofit that serves homeless, runaway, and other at-risk youth, the board provides a link to other supporters in the community. The organization worked to promote a strong board “culture of giving,” which now underpins the board’s involvement in creating and executing fundraising events. As one board member told us, “It’s compelling to have the board as part of the face of the organization, where people can see that they’re volunteering their time and putting their reputations on the line.” The organizations in our study that managed to grow to this size without such active support from the board found the path incredibly difficult. A leader from one youth-serving organization that had not evolved its board’s composition or expectations, reflected, “I wish I had been more aggressive with the board

scale (where less structured approaches often work), funding models become essential to sustainability as organizations get larger. Some nonprofits design and implement their first funding model comparatively early along their growth curve. Among the organizations we studied, this was most common among youth organizations, which have only to survey the field to see that most of their large peers are getting the bulk of their revenue from government. The Children's Bureau took this path, building on early government support with an expanding set of contracts and grants. Others are able to grow for a number of years using more idiosyncratic approaches.

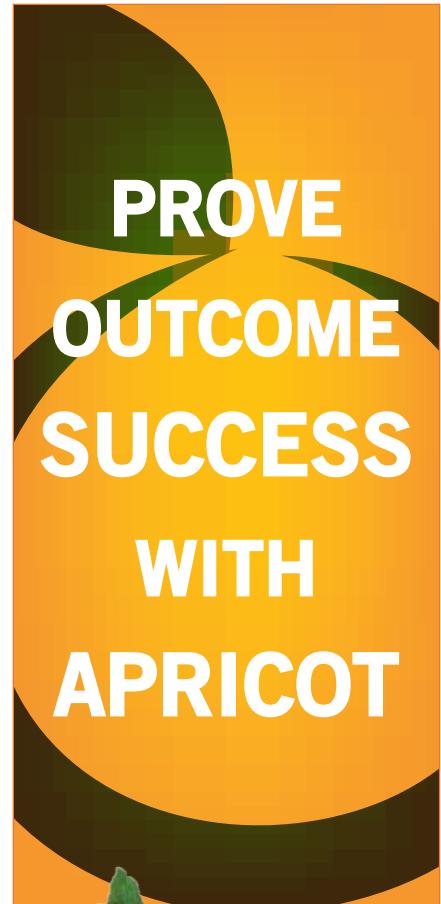
A nonprofit's first funding model may not be its last, however. Several of the organizations in our study have peered into the future and do not see their current models sustaining the growth they seek. Rare topped \$10 million in annual revenue with a focus on high-net-worth individuals in several parts of the world. But experience and research told the organization's leadership team that a funding wall was looming that would impede its programmatic ambitions to support conservation efforts in many more countries. Simply put, there were not enough international high-net-worth conservation enthusiasts out there whom they could enfranchise. In light of this assessment, Rare will pair ongoing cultivation of high-net-worth individuals with the pursuit of a new funding model rooted in public funding that is expected to become the organization's core engine over time. The leadership team, however, has accepted that developing this new engine will take time.

Like Rare, Oceana is also pursuing a funding transition. As a relatively young organization, Oceana still depends largely on support from foundations, corporations, and high-net-worth

individuals, many of whom have strong board relationships and have contributed to founding the organization. Bettina Alonso, vice president of global development, anticipates an inflection point. As she explained, "I'm concerned about hitting the 'ceiling' with traditional foundations. Less than 1 percent of the whole of environment funding goes to oceans. I don't think I can get to \$50 million via marine-focused foundations and corporations. Without a doubt, individuals are the source that will take us to \$50 million. We plan to focus there."

Now, it might be reasonable to ask why Rare is shifting *away* from a heavy reliance on high-net-worth individuals at the same time that Oceana is seeking to fund its desired growth by shifting *toward* individual giving. In fact, funding models are not cookie cutters—stamping out the desired result every time. A match between funding model and mission is essential. Rare has been targeting a relatively narrow niche—individuals who want to help fund conservation projects abroad; the difficulty is that the majority of U.S.-based environmental enthusiasts prefer to give to organizations that support areas that are personally connected to them. Oceana believes that its focus on the ocean, which most contributors personally connect with, and the sea turtles, sharks, dolphins, and other creatures it contains—not to mention an impressive roster of celebrity supporters—will prove appealing to a wider range of potential individual givers.

While the need to branch out from original funders at a relatively early stage is more common, those transitions can sometimes occur when the organizations are quite a bit older. CEO Earl Martin Phalen's approach to the future of Reach Out and Read, now in its third decade, illustrates this point. The organization, which improves child (age birth through five) literacy by partnering with doctors



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to prescribe books and encourage families to read, has grown to \$12 million by raising federal funds to purchase new books. But Phalen sees greater potential in local communities than in government, given the nature of Reach Out and Read's work and the success of other organizations with a similar model, so he is shifting the organization's focus. The nonprofit is transitioning to a funding model centered on community-based funding—emphasizing parental support of early education, building brand recognition, and seeding regional fundraisers in major cities throughout the United States.

The organizations that want to remain on the path to growth will experience ever-narrowing options to reach the next level. Some with highly scalable funding models will succeed by continuing to hone their current funding model. Others will need to anticipate a funding wall, identify a new funding model that will allow them to break through, and lay the groundwork to make a transition to that new model. Like Phalen's experience, this can be a difficult and slow process that requires patience, but the trade-off may be necessary to keep an organization's growth on a strong and realistic path.

## Getting Strategic about Getting Bigger

"Don't make money your goal," Maya Angelou once said. "Instead, pursue the things you love doing, and then do them so well that people can't take their eyes off you." In the ideal world, funds would flow freely to the organizations that had done their work so well that they were having a real impact on the people and communities they served. Tejano's Richard Farias, who got into nonprofit work because he wanted to do things for children and families, wouldn't be devoting most of his working hours to a capital campaign. Nor would Oceana's Bettina

Alonso, who has spoken to us about "a distress that the funds are never enough for the work we would like to do."

In this not-so-ideal world, nonprofits need a methodical funding strategy—and perhaps a good dose of good fortune—if they want to grow. Like the other organizations profiled in this article, Oceana has been among a select few that have managed to grow rapidly over the past decade. It has done the things that most of the other fast-growing nonprofits we studied have done—cultivated a primary type of funding, built the team and practices to match its funding model, and continued to evolve its strategy as it grows.

\* \* \*

The organizations discussed here started in widely different places, and their journeys have varied considerably. What they have in common is their remarkable growth—which has carried The Door a long way from its rent-free storefront in Greenwich Village, the Tejano Center for Community Concerns a long way from barbecue plate sales, and Trout Unlimited a long way from those sixteen anglers on the banks of the Au Sable River. Moreover, they have also embraced a common set of practices for funding growth. While a nonprofit can be founded with little more than a good idea and an energetic leader, funding growth requires commitment, thoughtful planning, and the willingness to make difficult decisions along the way. Growth in the nonprofit sector is rarely smooth, but the lessons highlighted here may provide inspiration and direction for organizations with ambitious growth aspirations.

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consultant; former Bridgespan manager **GAIL PERREAU** is the director of learning and performance measurement for the Jacobson Family Foundation. The authors thank former Bridgespan partner William Foster for his guidance, and colleagues Kristen Morphew, Aaron Jenkins, and Bradley Seeman for their contributions to this research.

## NOTES

1. William Foster, Ben Dixon, and Matt Hochstetler, "In Search of Sustainable Funding: Is Diversity of Sources Really the Answer?" *The Nonprofit Quarterly* (Spring 2007): 26–29.
2. Ibid. See also William Foster and Gail Fine [Perreault], "How Nonprofits Get Really Big," *Stanford Social Innovation Review* (Spring 2007): 46. The pattern of revenue concentration resonates with lessons learned in these two studies: nearly all organizations over \$50 million cultivate a single primary revenue source closely aligned with program goals, with that source typically comprising 90 percent or more of total revenue. These large nonprofits tend to benefit from a certain level of stability that comes with scale. They have developed the reputation and relationships needed to generate the vast majority of funding from their primary source, and the confidence to know that this funding is generally reliable. Many of the midsize organizations we studied were on their way, but not quite there, at this point.
3. The concept of the funding wall was first introduced in Foster, Dixon, and Hochstetler, "In Search of Sustainable Funding."
4. See ibid for more on the concept of a funding wall. For more on the concept of a funding model, see William Foster, Peter Kim, and Barbara Christiansen, "Ten Nonprofit Funding Models," *Stanford Social Innovation Review* (Spring 2009): 33–39.

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# Tunnel Vision: Why Is the Nonprofit Public Policy Agenda So Limited?

by Rick Cohen

It appears that in this tough economic climate, the fear of alienating funders and the drive to protect existing assets has created a largely “risk averse” nonprofit environment. The good news is, “there is light at the end [of the tunnel] for nonprofits to recapture and revive their social change inspiration.”

**A**MERICANS’ UNDERSTANDING OF THE rationale for nonprofits is that they promote the public good. But are charities in some ways resting on their public-good laurels, increasingly focused on protecting their favored status in the tax code for charitable contributions and their access to state and federal government funding, as though the means were equivalent to the end?

While this is a huge generalization to make about 1.8 million 501(c) organizations (or 1.28 million 501(c)(3) public charities, according to the IRS’s 2010 data book), for many of these organizations the only bond of connection may be a shared tax status, not a set of values or beliefs about social change or community betterment.<sup>1</sup>

In February of this year, four knowledgeable and notably opinionated people sat down with the *Nonprofit Quarterly* to discuss the state of the nonprofit sector’s public policy agenda and whether nonprofits were turning somewhat myopic in their concerns and priorities. The four—former Senate Finance Committee tax counsel Dean Zerbe, Minnesota Council of Nonprofits executive director

Jon Pratt, president of the Foundation for the Mid South Ivye Allen, and New York University professor of public service Paul Light—come at questions about the nonprofit sector from divergent political and experiential perspectives, but together they reflect the kinds of debates that are—or sometimes should be—occurring in the nonprofit sector about what nonprofits do and how they are promoting social change and progress in our society.

It might first be useful to set the stage with an observation from Allen. From her vantage point as a funder for sometimes very small grassroots nonprofits, she notes that public policy is made at many levels—from municipalities to regions and states as well as federally. It is the mix of all of this that creates a policy environment, she reminds us, and some of those more local issues are very intense and important to local nonprofits. In fact, she notes, the limited time of state legislative sessions in the Mid South region (Arkansas, Louisiana, and Mississippi), ranging from 30 to 120 days once a year, does not allow for a lot of momentum on some state-level public policy positions. This is a useful observation in

a world where people tend to think of the policy being set at the highest levels as being most critical.

## Nonprofits Lost en Route to Inspiration and Mission

Has the nonprofit sector lost its way? Has it become so overly focused on protecting its access to government and charitable dollars that it has increasingly given short shrift to promoting the social and societal changes that the nonprofit sector stands for? Having watched charities from his position as chief tax counsel for the Senate Finance Committee under Republican senator Charles Grassley (until he joined alliantgroup, in 2008), Dean Zerbe expressed some of the growing frustration that segments of the public have with nonprofits. He believes that many charities “need to do some soul-searching: What is their charitable mission? What are they here for?” Zerbe cited some of the better-known examples of organizations whose “nonprofitness” has been increasingly suspect (and investigated by Senate and House committees), and decried the number of “nonprofit hospitals that don’t do anything charitable, and the universities

that seem far more interested in getting that next earmark than a healthy discussion about how they're going to control tuitions." He described some of these hospitals and universities as "almost tone-deaf to any of the issues that are actually facing the American people."

Much of Zerbe's critique was about charities that are reluctant, at best, to criticize other nonprofits that may be less-than-charitable performers. He bemoaned the limited voice of some nonprofits and their failure to "call on universities to control tuition and call on hospitals to open their doors to the poor," and is nonplussed by the efforts of some charities to undo the limitations that Congress enacted to control abuses in car donations. And Harvard University, with its \$32 billion endowment (as of Fiscal Year 2011), looks to Zerbe like "a massive hedge fund": "If you have an endowment as big as Harvard's and you don't have a serious payout, you have to wonder. The main interest of so many endowments is to basically grow and have something to look at in their passbook." Zerbe also identified a number of abuses, such as billionaire Tulsa oilman George Kaiser's family foundation's having invested a reported \$300 million plus in the now-failed, for-profit Solyndra solar-panel manufacturing firm, and having the investment marked as a charitable activity.<sup>2</sup> Kaiser's foundation, structured as a "supporting organization" (a category of nonprofits that Zerbe and the Senate Finance Committee investigated in 2005 as rampant with abuses), made the funding, for which Kaiser got a "huge charitable deduction . . . as investment with next to nothing for charitable. The charitable sector should be up in arms about this sweetheart tax deduction for millionaires." Calling the Solyndra affair "symbolic of charitable deductions already made not going toward helping a charity," Zerbe believes the lack of nonprofit criticism of the Kaiser/Solyndra

nexus "suggests a lack of seriousness on the part of the charities in terms of what's going on."

Paul Light, the Paulette Goddard Professor of Public Service at New York University's Robert F. Wagner Graduate School of Public Service, confirms some of the implications of Zerbe's critique: "In my data on confidence in charitable organizations, a broad term that doesn't capture donors' willingness to give to a local organization, the most significant decline I've seen is in Americans saying nonprofits are doing a good job in helping people," he said. "That figure has dropped by roughly a third between 2008 and 2011; Americans are starting to believe that nonprofits are not the destination for solving problems."

Jon Pratt, executive director of the Minnesota Council of Nonprofits, suggested that perhaps the problem was the "unnecessarily constrained views of some nonprofits concerning the proper scope of their agenda." It is due to a "fear of adverse consequences," he said—"the fear that someone somewhere might take offense about their speaking out." As examples, Pratt cited a settlement house in Iowa that was asked to oppose a utility rate increase but chose not to because of two local utility representatives on its board of directors. In another case, a donor's forum for foundations considered taking a position on the need to preserve the estate tax, possibly the most important tax incentive that exists for the endowment of foundations, but chose not to because of a perception that some of its foundation member CEOs or their trustees personally supported the elimination of the "death tax."

In Pratt's view, nonprofits can tend to be self-censoring, stepping back from taking positions because of a perception of what their funders and backers would accept, and he contended that there was much more room for nonprofits' taking a stand than they give their board members

and donors credit for. He suggested that for nonprofits to aggressively promote social change and community betterment, they have to accept risk. The civil rights movement and the women's suffrage movement, to name two examples, made progress by being confrontational and taking risks. That is "where our duty lies," Pratt said. "Our duty is not to keep everyone comfortable around us."

Unfortunately, in tough economic times, nonprofits' stepping back from promoting the kinds of social change warranted by their histories and missions may be in their roots as voluntary organizations. "Nonprofits are constantly trying to recruit others and gather voluntary resources," Pratt explained. "You become risk averse—you don't want to alienate any potential donors or volunteers." Pratt described some examples of nonprofits having fired staff for fear of alienating donors. One was a neighborhood group in Minneapolis whose young organizer, in response to community concerns that the banks weren't lending in the area, submitted a request to a local bank for its Community Reinvestment Act information. He got fired after the bank called on United Way and United Way called on the neighborhood group to tell the organizer to stop. In another case, an environmentalist who worked at an aquarium in Duluth criticized the size of the local utility's power lines, which prompted the utility to contact his employer, who subsequently fired him.

The problem is, Pratt said, "if you take the king's shilling, you do the king's bidding" (an argument for diversification of funding so that one's organization is not overly dependent on a couple of large donors). But, he noted, despite those examples of the negative consequences of speaking out, there are many more examples "of organizations that have been very forthright . . . receiving more acceptance of a broader agenda on issues

ranging from the role of the economy to the proper role of government." But too many organizations have accepted risk aversion as the norm, becoming "compliant with conditions of funding spoken and unspoken," a form of dependency theory. "If people are savvy," Pratt said, "they will understand those tacit conditions." Notwithstanding these stories, Pratt believes that "people actually have more maneuvering room than they understand." Dependency is learned behavior, in some ways, constantly reinforced by the cues of others. Nonprofits sometimes exaggerate the risks of speaking out, or fail to see that funders and allies have more tolerance for their speaking out than is assumed to be the case.

With respect to nonprofits that are seen as more committed to protecting their assets than solving problems, Light, like Pratt, views the challenge as an issue of advocacy, but he believes that the economic conditions of the times pressure many nonprofits to shy away from aggressive policy positions. "We're in a period of self-preservation," he said; "I'm not sure that nonprofits have much choice but to focus on keeping body and soul together." They fear, Light added, being "the big rooster that raises its head out of the grass and gets hit by a rock. Nonprofits are extremely nervous—retreating to safer havens, maintaining programmatic activities, trying to get through this long drought with minimal damage." They also fear advocacy catastrophes, like ACORN's, or being marginalized on a political wing, "shying away from being lumped together with Occupy Wall Street. But that's not to say that the nonprofit sector was ever particularly aggressive in its advocacy," Light continued, pointing to the charitable sector's "meager embrace of policy change, even prior to 2008." It is a matter of "nervousness coupled with economic stress," he concluded—"a lot of nonprofits just trying to make it through

the next payroll. But many nonprofits misunderstand the rules of advocacy and overestimate the dangers."

Zerbe, though, questions what they might be advocating for. Emphasizing the nonprofit universities and hospitals, he said, "I find them nowhere to be found on issues that actually matter, spending on themselves rather than on the public good." Zerbe admonishes the sector to "go, get your hands dirty . . . go do it" instead of "advocating for things on our own behalf." He is tough on the ever-increasing numbers of nonprofits engaged in lobbying: It is "too much of an easy comfort for charities that our goal is to be in a lobbying conversation in Washington. Most Americans support charities because they're *helping*, not because they're helping on Capitol Hill." Concerned about the recent propensity of large foundations to establish Washington policy shops, Zerbe feels that the Bill and Melinda Gates Foundation, itself ramping up its advocacy presence, "should be spending more time doing what makes sense, and let that be a light that shines. There is too much looking in the mirror of what's going to be good for *me*."

From her position as president of the Foundation for the Mid South, headquartered in Jackson, Mississippi, Ivye Allen takes a distinctly different perspective from both Zerbe and Light, whose perspectives suggest something of a nonprofit retreat from engagement, and Pratt, who implies that nonprofits may be a bit too timid in advocacy terms: "I think that nonprofit resources are an issue, so, yes, they have to raise money to keep their doors open to be able to advocate for issues," she said, "but it is not fair to say that they have lost scope." Allen cited as example the recent Mississippi legislation concerning the expansion of charter school opportunities. The state's advocacy organizations had to scramble to keep up with how fast the charter school

legislation was being pushed through and to make sure the legislature, which has gone farther and farther to the right, addresses "the policies that matter most to the people we care about that aren't even getting a shout."

Perhaps indicative of a regional-versus-national concern, Allen asserted that she hasn't "ever heard anyone talk about the charitable deduction issue" among Mississippi nonprofits. The situation is that the advocacy groups "say we have no clout right now but are not giving up. We're figuring out how to go back to cultivating relationships with people on the committees to find some common agenda." But they know their challenge. For example, on the charter school issue, the big promoter of the legislation appears to have been an out-of-state millionaire, but his motive was the money. "For the advocacy groups," Allen says, "it was to shape and control the agenda, not for their accessing the funding themselves."

"There's a continual need for the charitable community to look hard at itself," Zerbe contends. "What are we about? What are we trying to accomplish? What is our charitable mission? Let's make sure we have organizations that are really operating like charities. What is their priority? What are the best practices?" For Light, "we're not coming together as a sector to address societal issues and are barely moving except toward the big brand names. It is a sectoral "nervousness coupled with economic stress—a big risk that the funding base will continue to shrink even after the recession is over . . . continue in this downward spiral until it disappears. Nonprofits may not fully grasp that sometimes you have to get out on the wire in order to survive—counterintuitive behavior for those nonprofits living payroll to payroll that think that now is not a good time to get mixed up in advocacy."

## Multiple Tracks toward Rediscovering Nonprofit Mission and Vision

So what is the key to jump-starting the nonprofit sector back onto mission-driven social change?

Zerbe thinks it is a matter of the sector's "getting its own Augean stables cleaned up. Getting rid of the bad actors and making the IRS functional would boost the sector's credibility in action and message." Pratt thinks there is strength in numbers. He argues for the "formation of associations and ad hoc coalitions" for groups to pursue advocacy agendas jointly, noting that "there are many members of associations who support everything the association does but feel free from time to time to distance themselves from the association as needs be." He calls it "Good political strategy: spreading out the risk. It's like insurance."

For Allen, what keeps the nonprofit advocacy frame narrow is simple: "There's not enough money. The smaller nonprofits just don't have the resources to get to the table." Allen notes that even in the social change coalitions, the nonprofits "that are predominantly white-led are able to get a bigger voice, more newspaper time. There's a little more recognition of coalitions when it's groups of progressive Caucasians. The smaller, less well-funded groups led by people of color increasingly have to rely on these [organizations led by white] folks to let them know what's happening."

Light suggests that the super PACs (and, Zerbe might add, the 501(c)(4) social welfare organizations) "have been sucking away a lot of resources that would have gone to nonprofits with advocacy agendas. A lot of givers who would have done nonprofit advocacy funding have pulled back to give to the campaigns, exacerbated by Obama's decision to authorize a super PAC. In a way, the national campaign sets some parameters to the nonprofit vision and

mission. I don't see much advocacy by large nonprofits that would deal with the effects of income inequality affecting their constituencies, and even Obama won't say 'income inequality,' preferring the term 'fairness.'" For Light, Obama's reluctance to name inequality for what it is, and acknowledge the presence and growth of the super PACs as well as the negligible advocacy by larger nonprofits, "leads to more inequality."

\* \* \*

Four experts largely see a narrowing of the nonprofit agenda, but they differ on the diagnosis: Zerbe suggests that the nonprofit sector is unwilling to take on its internal problems; Pratt views nonprofits as simply too risk averse; Light cites the economic crisis that makes groups cautious; and Allen notes the resource constraints affecting local nonprofits. They also differ on solutions, with Zerbe asking nonprofits to clean up the big issues of hospitals, universities, and corruption; Pratt suggesting a stronger infrastructure of coalitions and networks; Light wanting to rein in the diversion of money to super PACs; and Allen calling for more money for grassroots advocates. They all agree on one thing, however: the nonprofit sector can and should be doing more for social change and community betterment.

What is clear from these four thinkers is that the nonprofit sector is systematically connected at multiple contact points with broader public issues. Efforts to focus on issues that might somehow be construed as purely "nonprofit" lead to a dead end for the sector. The call from the public, as Allen's stories about public policy issues in Mississippi and Louisiana suggest, is for nonprofits to reach out on issues beyond their comfort zones and regardless of their financial interests in the outcomes. That requires, in Pratt's

perspective, a willingness to engage in advocacy, even if there are risks of alienating funders or public officials who might not particularly like or endorse the nonprofits' agendas. None of these four experts would be likely to say that all nonprofits have retreated into narrow safe havens; there are admirable exceptions all around. But they would probably agree that the nonprofit sector has far more potential to deliver social change than it has been displaying. Fortunately, for nonprofit board members and staff who might feel as though their organizations are mired in a long, dark tunnel, there is light at the end for nonprofits to recapture and revive their social change inspiration.

### NOTES

1. *Internal Revenue Service Data Book, 2010: Publication 55B*, Washington, D.C.: Internal Revenue Service, March 2011, [www.irs.gov/pub/irs-soi/10databk.pdf](http://www.irs.gov/pub/irs-soi/10databk.pdf). Note that the number cited may not include the 275,000 small nonprofits whose 501(c)(3) status was automatically revoked in 2011 because of their failure to file required annual reports for three successive years, per Internal Revenue Service, *IRS Identifies Organizations that Have Lost Tax-Exempt Status; Announces Special Steps to Help Revoked Organizations*, IR-2011-63, June 8, 2011, [www.irs.gov/newsroom/article/0,,id=240239,00.html](http://www.irs.gov/newsroom/article/0,,id=240239,00.html).

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# POINT / Counterpoint: Is Philanthropy Engaging in Magical Thinking?

by Bill Schambra and Will Miller

As Schambra sees it, the idea that measurement as objective evidence around which all can rally has proven to be a fallacy. While Miller concedes that the "evidence-based" approach Schambra critiques carries risks, he warns against throwing out the baby with the bathwater, noting that "not all evidence comes from measurement."

**Editors' note:** The Wallace Foundation of New York, a practitioner of evidence-based philanthropy, recently invited Bill Schambra, of the Hudson Institute, to challenge its own practices. Below are Schambra's remarks to the Wallace Foundation on January 12, 2012, which reflect the fact that he is not a big fan of philanthropy's overdesigning, overly rational interventions for communities. Wallace president Will Miller's response follows.

## POINT Counterpoint

Bill Schambra Speaks

You've taken a step this evening—having a notorious critic of one of your core values appear before you to present his case—that is extraordinarily rare in philanthropy, and you're to be commended for that.

My meager commendation, you may find, is your only reward for having me here this evening, but I hope that's not the case.

I take my bearings this evening from a quote from your Chairman's Letter from 2004. As she put it, "The [Wallace] Foundation came to see its key resource as knowledge rather than dollars. Developing and sharing effective ideas and practices in our chosen fields is our most important stock in trade—far more than just giving away money."

This desire to be loved for your mind rather than just your

money is, in fact, the central characteristic of modern American institutional philanthropy, beginning with the Rockefeller, Carnegie, and Russell Sage foundations over a century ago.

Its distinctive characteristic would be to harness the new physical and social sciences to get to the root causes of problems, as opposed to decrepit, feeble charity, which merely puts Band-Aids on problems.

This focus on the development and dispersion of knowledge was evident in their grantmaking.

It focused on building up the modern research university, with its emphasis on the physical and social sciences; on the modernization of professions like medicine, public health, and social work, through the introduction of science into their work

and building codes of professional conduct based on it; and on constructing new institutions like think tanks and civic research bureaus, to begin to reshape public policy on the basis of science.

It's difficult to overstate the role that measurement was to play in philanthropy's plans for America. Statistics, numbers, metrics were to be gathered en masse as the best way to probe social problems to their roots.

The virtue of numbers is that they seem to be unassailably objective, neutral, nonpartisan. Figures don't lie, they believed, only later coming to realize that liars sure can figure.

Objective, nonpartisan numbers provided the political leaders of the time—the Progressives, especially—with an ideal way to dampen the raging political conflicts of the early twentieth century.

The politics of the day seemed to be hopelessly distorted by the narrow, parochial claims of political factions or by dangerously divisive and seemingly irreconcilable ideologies.

But *everyone*, they believed, could rally around measurements, which were to be gathered without regard to partisan preference, and which transcended interests and ideologies, pointing toward solutions that were indisputably in the objective public interest.

As the prominent Progressive (and founder of the *New Republic*) Herbert Croly put it, in modern, complex society, the “cohesive element” would be “the completest social record,” which could be assembled only by social science experts “using social knowledge in the interest of valid social purposes.”

We were assured by the Progressives that numbers could be gathered in a way that everyone agreed upon, and that over time they would add up to *real knowledge* about society—that is, accurate descriptions of the way people predictably behave under specified circumstances.

A widely accepted metric web would spread over the face of society, guiding social research into root causes, enabling ready statistical comparisons of outcomes from a variety of conditions, pulling together agents of social welfare in unified, comprehensive approaches to problems, and, most important, deflating and defeating the groundless, unscientific, snake-oil remedies peddled by mere partisan politicians.

Now, the first several decades of the twentieth century provided an ideal institutional setting for the development of this metric paradise. A closely knit cadre of massive Progressive foundations dominated the landscape of public policy, dictating and coordinating the scope of policy research at universities and think tanks, unchallenged by other significant actors, this being well before the emergence of large governments.

But it's clear today that we have come nowhere near the ideal of “Metric Nation,” and institutional circumstances are such that we are, if anything, moving ever farther away from it.

Instead of a handful of large foundations calling the shots for American philanthropy, we have tens of thousands of foundations. Notwithstanding incessant calls for collaboration and coordination, these countless foundations pursue an endless variety of purposes, very few of them related to the development of social knowledge.

Where once the nation's leading universities and research institutions were critically dependent on foundations for funding and so for guidance, today some of them possess endowments that dwarf those of most foundations, and pursue academic programs without heed to philanthropy's concerns.

Where once philanthropy was the leading player in national social policy, today government at all levels has grown enormously and dominates the landscape of virtually every public policy issue.

Government, in turn, provides substantial support for the social service nonprofits and cultural and arts institutions that once depended on foundations. Most nongovernment funding comes *not* from foundations but from fees for service or individual contributors.

Finally, and perhaps most important, few today have faith in a unified, coherent, rational, scientific approach to public policy capable of producing universally measurable and comparable outcomes.

It's not that measurement has become any less prevalent. Indeed, numbers saturate our news reporting, policy recommendations, and political speeches. It's just that no one believes anymore that the numbers will of themselves resolve or dampen down our political disagreements, or settle policy questions.

We now know that liars indeed sure can figure—that both sides of any political dispute are able to generate reams of social science evidence, proving indisputably that a given proposal will either *rescue* or *ruin* the republic.

Policy research institutions are now understood to be not neutral arbiters of abstract metrics but highly partisan numbers factories for diverse political agendas. Numbers don't settle political disputes—they have just become potent weapons in their prosecution.

Indeed, ironically, if measurement were valued initially precisely because it would settle the most important and divisive policy questions before us, today we know that those are exactly the questions it is *least* able to settle. The more salient and controversial an issue, the less likely it is to generate a set of widely accepted metrics.

We may be able to conclude empirically that, say, serving

wine at the Isabella Stewart Gardner Museum will attract more young adults than if you don't, though I suspect one could have deduced that without too much study.

But how about the larger issues that constitute much of our social welfare politics today and about which definitive data would be incredibly useful?

Does school choice work? Is Teach for America a good way to recruit teachers? How is welfare reform doing? Does Head Start produce lasting gains? What's up with global climate change? What caused the recent Great Recession?

All of these questions, once thought imminently amenable to measureable answers (and urgently in need of such, given their divisiveness) instead generate furious storms of diametrically opposed but metrics-based answers.

Measurement hasn't tamed politics. Politics has seduced measurement.

A foundation like Wallace must then pursue its knowledge agenda under circumstances that are severely constraining and delimiting.

Given the collapse of any hope for an all-embracing, widely accepted social science metric, Wallace and other "knowledge-generating foundations" can no longer trust that their findings will fit neatly into larger frameworks containing widely accepted findings, because these simply haven't emerged.

There are, rather, hundreds of different frameworks for collecting outcomes data, with thousands of consultants, each able to prove empirically that his or her approach is the best way to generate accurate readings.

There are tens of thousands of foundations selecting issues to study and measure based not on a shared, coherent, or encompassing research agenda but rather on factors ranging from careful investigation to a donor's quirky and ill-considered intentions to whatever cause a board member may have discovered at last week's cocktail party.

Measurements galore may emerge from this state of affairs, but only rarely and accidentally will they add up to a useful general proposition about public affairs applicable to more than a severely limited set of circumstances.

And even if measurable propositions were generated, they no longer bear the authority that science and objectivity once bestowed on metrics.

Published reports of measurable results might once have commanded respectful attention from and possibly replication by other social agencies. But today such numbers are likely to be viewed *not* as objective or neutral guides to social policy but rather as metric-tipped political missiles, to be regarded with suspicion and immediately countered by numbers proving the diametrically opposed case.

Conservatives, for instance, have not failed to notice that most foundation studies tend to follow a certain well-trodden path.

No matter the problem, the solution is inevitably a larger dose of the appropriate social services applied at ever earlier points and covering ever wider areas of human development; delivered by an expanded cadre of credentialed providers, who themselves urgently require ever more sophisticated professional training; and rewarded subsequently by ever better pay and benefits—all of which, of course, add up to more encompassing and expensive government.

However accurate by some arcane statistical standard such studies may be, their utter predictability and uniformity cannot fail to arouse skepticism among those opposed to expansion of the welfare state, and hence a certain cynicism about measurement itself.

Meanwhile, consider the daunting obstacle course to be run by nonprofit groups that seek funding from the "knowledge-generating" foundations under such bewildering circumstances.

Most nonprofits have developed programs based on the immediate, day-to-day encounter with the specific, idiosyncratic communities they serve, hence exhibiting the almost infinite variety of those communities.

But to win funding from a knowledge-generating foundation, the nonprofit must shoehorn its real-world work into the abstract, unfamiliar professional jargon to which data accumulators resort when they wish to generalize across (that is, make disappear) the varieties of particular experiences.

The ability of a nonprofit to attract funding from *multiple* sources is, of course, an essential ingredient for a successful grant request. So that means it must recast its programs into as many different languages and metric frameworks as the foundations from which it seeks funding.

And this vast tangle appears *before* you add in the very substantial burden of measuring and reporting imposed by government funding.

Under such circumstances, only the largest and most established nonprofits—that is, those that are already deeply enmeshed within the unsatisfactory status quo—are likely to have the ability to deal with metrics-based funders.

Why have foundations persisted in their metrics mania in the face of these problems? Well, that splendid philanthropic independence, that detachment from the pushes and pulls of the real world that allegedly enables boldness and creativity, also permits foundations to evade the evidence of their own failures.

Foundations are surrounded by consultants, academics, and professional experts whose livelihoods depend on selling

and applying measurement tools, and by grantees who cannot afford to complain that the reporting requirements of a grant are unreasonably burdensome.

Occasionally, reality unmistakably intrudes—a much-courted district superintendent resigns, a supportive mayor is defeated, budgets are ruthlessly slashed across the board—and suddenly the project that was generating such encouraging numbers vanishes in an instant.

This should be the moment when foundations realize that metrics, no matter how promising, do very little to sway policy decisions. Instead, they tell themselves that were it not for this one little election or unfavorable school board vote or budget crisis, the project would have worked wonderfully.

Foundations simply cannot face the fact that the old politics of interest and ideology—which numbers were meant to

tame—still rage beyond the tiny, fragile metric oases so painstakingly and evanescently carved out of the howling political wilderness.

Most foundations will never hear the voice you've heard tonight—a voice introduced to you courageously and generously by your own evaluation staff.

Ed Pauly and his colleagues have thereby suggested for us the best way to judge the progress of one's programs.

It is by inviting and cultivating robust and open discussion and disagreement among a variety of points of view, whether armed with numbers or not.

Because this is challenging, uncomfortable, and, given their insulation, unnecessary, most foundations will simply stay within their comfort zone and avoid, if not discourage, such debate. Congratulations to you all for choosing otherwise.

## Counterpoint IN 10d

### Will Miller Responds

Bill Schambra is a sharp and eloquent critic of the Wallace Foundation's approach to philanthropy. So when we invited him to our January board dinner, we knew that while we'd set the table, Bill would serve the food for thought.

Let's start by conceding that we savored some of Bill's observations. We'll come back to the portions we left on the plate.

To understand Bill's critique, you have to understand how Wallace, with a number of other foundations, "does" philanthropy. We use our money to test ideas with potential for driving widespread, beneficial change. One example: We believe if principals receive the right training and support, they can help turn around the nation's failing schools. Therefore, we fund efforts to develop ways to improve school leadership. We then study those efforts to see what works and what doesn't, and share widely what we've learned.

We readily concede that this "evidence-based approach," as we call it, has risks. Bill correctly notes, for example, that think tanks, which foundations like ours regularly rely on to conduct research, are often seen as "highly partisan numbers factories." He is correct that the power imbalance between grantor and grantee means grantees "cannot afford to complain." We agree, too, that foundation emphasis on "metrics" can force potential grantees to "shoehorn" their work into metrics buckets.

Bill fails to note, however, that these risks can be mitigated. Skepticism about think tanks? Wallace goes out of its way to

work with researchers known for independence, objectivity, and credibility, and we publish all evaluations, no matter what they find. Grantees afraid to speak truth to power? We join hundreds of foundations in asking our grantees to take part in a biennial, anonymity-guaranteed survey (by the respected Center for Effective Philanthropy) that gives us candid feedback on how our behavior stacks up against that of our peers—which enables us to work on fixing problems. Metrics mania distorting nonprofit endeavors? We select grantees already committed to the areas we are funding, so our grants do not torque them off mission.

I could go on, but there's a bigger point to be made: Our approach can accomplish a lot of good. Just ask the scholars who have documented an American history replete with examples of the key role foundations played in building the evidence that inspired the spread of innovations, such as:

- The Green Revolution (Rockefeller Foundation);
- The 911 emergency response system (Robert Wood Johnson Foundation); and
- Sesame Street (Carnegie Corporation and the Ford Foundation).

In the world of policy, there are many other cases—early childhood education and welfare reform, to name two—where foundation-funded evidence was crucial.

Bill suggests that foundation-generated "evidence" leads

invariably to government expansion. Really? In our work at Wallace, we've seen how evidence helped prompt the reallocation of tax dollars from lower- to higher-quality after-school programs for disadvantaged children. Moreover, evidence can put the brakes on overconfident claims of effectiveness that Bill rightly criticizes—and give foundations and grantees a better chance of helping society identify workable solutions as well as what falls short.

In the public sphere, we know evidence alone is insufficient. Politics, local experience, and solid evidence work together—raising new questions, uncovering unnoticed problems, highlighting failures and successes, and taking into account community context and needs. Throwing up our hands in frustration that measurement is messy could lead to the dangerous conclusion that facts don't matter in democratic deliberation. They should and do.

There's another issue. If strategy and metrics are futile, how is a foundation like Wallace, with its original donors long gone, to decide what grants to make? It's one thing to back an initiative that seems to make sense, but for which there is little or no evidence, when you're spending your own money, or, at least, acting on clear instructions from the founders; it's another when you are entrusted with other people's money and asked to exercise judgment. We believe good stewardship

compels us to act with clear strategic logic, ensure our work is aligned with our goals, and measure whether or not we are achieving them.

Breaking bread with a self-described "notorious" critic of your approach is an act of faith—that both sides can listen and learn from each other, that debate sharpens thinking. In my experience, civil conversation almost always bears this fruit. One small example: The day after our dinner, the board reviewed a draft values statement and replaced the word "metrics" with the word "evidence." Why? Bill's comments had reminded us that not all evidence comes from measurement. At the same time, our dinner dialogue reaffirmed our belief that one of the most potent ways a foundation can contribute to progress is to help forge new ideas in the crucible of real-world experience.

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You can read more about the Wallace Foundation's evidence-based grantmaking at [www.wallacefoundation.org](http://www.wallacefoundation.org).

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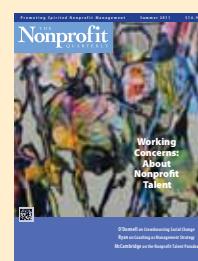
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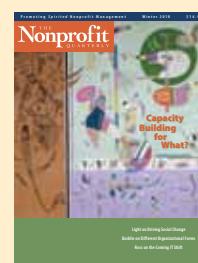
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# Enhance Attrition or Thank and Release? Firing Lousy Board Members

by Simone P. Joyaux, ACFRE

If you want a well-functioning board, recognize the gravity of governance and enable board members effectively. And, in the event of a nonperforming board member, gently—but firmly—release.

**Y**ES, YOUR ORGANIZATION SHOULD fire nonperforming board members. Of course, that means you must define good and bad performance.

You must articulate standards and communicate them.

You must conduct screening interviews before nominating board members.

You must monitor and evaluate performance.

You must fire nonperforming board members in ways that don't cause pain—to them or your organization—and you must find the guts to do this.

Are you overwhelmed yet? Thinking maybe it's easier to just keep lousy board members?

No! Stop that kind of thinking right now. Just stop it!

Let's start at the beginning.

First, serving on a board is serious

business. The board is accountable for ensuring the health and effectiveness of the corporation. That's what corporate governance means.

Serving on a board is hard work that requires business acumen, strategic thinking, and the willingness to challenge staff and fellow board members.

Serving on a board requires advance reading and regular meeting attendance.

Serving on a board requires that board members inconvenience themselves to learn new stuff and attend meetings when they'd rather celebrate Valentine's Day or a birthday.

Serving on a board is like being hired for a job. But you aren't paid when serving on a nonprofit board.

Since board service is that important and serious, inadequate performance is a serious offense. Repeated inadequate performance demands termination, just like in any job.

## Step One: Understanding the Importance of Governance

In my experience, the executive director and board members often don't understand the seriousness of governance.

I use two different approaches to help organizations, staff, and board members understand the importance of governance:

- Gracious gentle approach: "How about a little health checkup to ensure that your governance is top-notch? Let's assess your governance."
- Shock-and-awe approach—often the necessary choice: "Scandals abound in both for-profit and nonprofit sectors. Many of these scandals are governance failures. Governments are increasingly frustrated. They're new at inventing laws and regulations. It's just a matter of time before donors get fed up, too. Some already are. So let's make sure your governance is top-notch."

Too many executive directors don't know the basic principles of corporate governance. Too many executive directors don't know how to help the board and its members do governance. In fact, too many executive directors see the board as a distraction, a frustrating idiosyncrasy required by government.

These execs don't recognize their leadership role. They complain about board performance but don't accept their responsibility for effective enabling.<sup>1</sup> Some executive directors disempower their boards, denying governance accountability.

The bottom line: without accepting the seriousness of governance, you're in trouble. The other bottom line: without effective enabling by staff, it's difficult for boards to do governance well. If staff cannot enable effectively—and even if they can—you may want to recruit an experienced governance expert for your board.

Remember, board service does not mean an individual is a governance expert. In my opinion, most boards don't do governance well—including really sophisticated boards with high-powered important people serving. Serving on a board doesn't make someone an expert in governance. Sometimes those board members aren't even adequate.

#### *Another First Step...*

Understand the distinction between the board and the individual board member!

The board is a group. Corporate governance is a collective act. Governance only happens when the board comes together. The board is accountable for very specific things.<sup>2</sup> Things like:

- Defining values, mission, vision, and strategic direction;
- Ensuring financial sustainability by adopting a budget and fund development plan, and monitoring performance;

- Hiring, appraising, and firing the chief executive; and
- Ensuring legal and regulatory compliance.

The board member is part of the group that is the board.<sup>3</sup> The board member has no individual authority. The board member has responsibilities to the group—regularly attending board meetings, giving annual financial contributions, etc.

#### **Step Two: Standards and Recruitment**

You wouldn't hire a staff person without explaining the job and performance expectations in advance. The same holds true for recruiting board members. Your board must adopt a board job description and performance expectations common to all board members.

Before adopting these policies—or any others—*talk*. At a board meeting, explore ideas and concerns. But remember, a body of knowledge documents the role of the board—and it's pretty much the same for any board of any type or size. The same holds true for board member performance expectations.

With shared understanding in place—and policies defined—identify candidates that bring the right attitude, behaviors, and skills to the table. Pay attention to diversity and pluralism—from gender to generation, sexual orientation to socio-economics, race/ethnicity to networks. Make sure you're recruiting for the skills necessary to fulfill the board's job.<sup>4</sup>

Your screening interview is as formal and detailed as any job interview.<sup>5</sup> Ask candidates about their experiences and expertise. Clearly communicate the role of the board and performance expectations of the individual board member.

#### **Step Three: Orient and Develop**

Remember that staff enables the board, its committees, and individual board members to do the right work well. Staff

does this regularly and forever. Good bosses do the same thing with staff: enable people to succeed. So, conduct a comprehensive orientation process for newly elected board members. Regularly offer skills development for board members. Always set the context for conversations at board meetings by reminding board members of policies and procedures, systems and processes.

#### **Step Four: Monitor Performance**

You can't evaluate performance without articulating expectations first. You can't fire someone without comparing his performance to clearly articulated expectations. You can't fire someone without first providing feedback and the opportunity for improvement.

The board's governance committee does just about every step described here.<sup>6</sup> The board establishes a committee to provide leadership, in partnership with the executive director. The executive director enables the committee. The committee reports to the board. The board talks about stuff and takes action.

As a board chair, I call board members who are absent. I don't care if the board member RSVP'd her absence. If she's absent a couple of times, I'm calling to touch base. I find out what's happening. I remind her, graciously, of the performance expectations and how much we all value her input and participation.

The executive director, board chair, and governance committee talk about board member activities elsewhere in the organization. At some point, if there's sufficient concern about performance, the governance committee takes over.

#### **Step Five: Finally—Feedback Time**

The governance committee speaks formally with the board member about her performance. No staff person does this! The board chair is not in charge of doing this. This is governance committee work.

A member of the governance committee speaks with the nonperformer. This is a formal conversation, not a casual minimention. No firing. No nastiness. But an expression of concern about not fulfilling agreed-upon standards. Probe to see what's going on. Clearly state that this is a concern and needs to be fixed.

The governance committee representative is trying to help the nonperformer think this through. The nonperforming board member has to commit to improving—and improving now. Talk about what that looks like.

Sometimes there might be two formal conversations providing feedback and asking for change. But really, only twice. Then it's time to end this.

## **Step Six: Enhance Attrition or Thank and Release**

Aim to "enhance attrition" first. The goal is to help the board member recognize that he isn't fulfilling his obligations—and apparently cannot. The goal is to help the board member say, "Well, maybe this isn't the best time for me to serve on this board even though I really want to."

Agree with alacrity, and say, "It seems best for you to resign at this time, due to personal or professional reasons. It happens, you know. It's okay." That's "enhancing attrition."

If there's no change after one formal feedback conversation and the promise to do better, then it's probably "thank and release" time. The organization tried to enhance attrition but the board member didn't resign. And then she didn't improve her performance.

So now it's time to graciously say to that nonperforming board member, "You need to step down. Please resign because you cannot fulfill what you agreed to do."

### **"This Sure Takes a Long Time!"**

Yes, indeed.

And it isn't easy.

But it isn't as hard as organizations (and people) think it is.

It is not acceptable to keep nonperformers around. Nonperformers demotivate and frustrate hard workers. Nonperformers waste valuable staff and board time.

Your unwillingness to deal properly with nonperformers sends a very bad message to others.

This is serious business. Get it together.

### **"But . . ."**

I know, you have "buts." Talk about them. Explore them. That's part of getting it together.

This is scary and worrisome. What if the person gets mad and bad-mouths you? Make sure you do this work graciously and carefully. And exactly how will they badmouth you? "The organization asked me to resign because I wasn't performing well." Hmm. . . .

You think it's hard to find board members and don't want to lose any. Hey! Your organization deserves high-performing board members. Don't accept less. Yes, there *are* more candidates out there. Look harder.

### **And Finally . . .**

This is actually *not* about firing lousy board members. This is about "enhancing attrition." You work hard to avoid "thank and release." And you never use the word "fire."

### **NOTES**

1. Enabling is the process of empowering others. Effective enablers clarify roles and relationships, identify and remove barriers, communicate to build learning, provide direction and resources, and coach and mentor people to succeed. See my *Strategic Fund Development: Building Profitable Relationships That Last*, 3rd ed. (Hoboken, NJ: John Wiley & Sons, 2001) to learn about

enabling. And, boards, beware! Hire execs who understand governance and can effectively enable the board and its members to do the right work in the right way. If there's a good candidate who doesn't yet know enough about governance, make sure she develops this expertise darn fast!

2. Visit [www.simonejoyaux.com](http://www.simonejoyaux.com) for sample policies and procedures related to the board and its operations (click on "Resources" and visit the "Free Download Library").

3. See "Board Member Performance Expectations" in my "Free Download Library" at [www.simonejoyaux.com](http://www.simonejoyaux.com) (click on "Board Development" then on "Roles" to locate the document). By the way, the last item in my board member performance expectations is "Agree to step down from board position if unable to fulfill these expectations."

4. See recruitment tools in my "Free Download Library" (click on "Board Development" then on "Recruitment" to locate documents).

5. Conduct the interview in a way that allows you to *not* invite the candidate to serve on the board. You don't promise a paid job to a candidate when you first begin the interview. See recruitment tools in my "Free Download Library" (click on "Board Development" then on "Recruitment" to locate documents).

6. Some organizations call this the governance committee; others call it the board development committee. Don't use the term "nominating committee." The scope of work is much broader than just nominating candidates.

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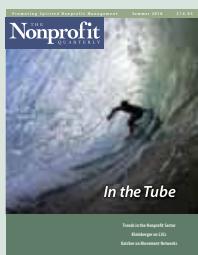


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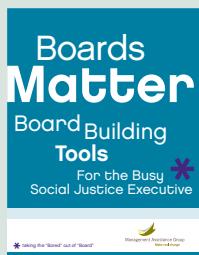
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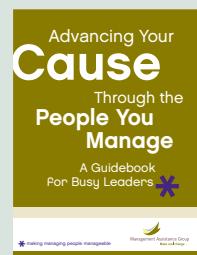
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