

Corporate Sector Can Learn from Nonprofits

By Angela Blanchard

HOUSTON, Nov. 1, 2002—Most of us in the nonprofit sector are in the business of transforming lives. We deal with human frailty, tragedy and vulnerability while seeking to provide the support and framework for transformation.

Some of us work on the scene in times of immediate and obvious crisis, others deal in longer-term, deeper-rooted issues. Some changes occur quickly, other transformations may not manifest themselves until the next generation.

People are healed, educated, housed, counseled, fed and comforted by hundreds of nonprofits that have made it their business to do so.

For the past 10 years every nonprofit leader has been subjected to steadily increasing pressure for greater "accountability." We have been told again and again that we must be more like businesses.

Some of the same people now defending their accounting and reporting practices to Congress and investors, have lectured and pressured the nonprofit sector for "outcomes" the same way they have been incessantly pressured for "earnings."

Driven by investor and executive greed, fueled by obsession with quarterly earnings, it appears some corporate leaders strayed over the ethical line to produce on paper what could not be produced in reality.

Now it would appear that the nonprofit sector may have something to teach the corporate sector after all. We have said for years that not everything of value can be reduced to units of service and cost per unit. We have said transformations take time. We have tried to educate the contributing public about the value of a stable organization, one with a proven history and integrity, as a vehicle for service delivery.

Mostly we have been ignored and told to produce more outcomes, more and more outcomes even when the dollars were declining. And to do it quickly.

Documented results were demanded. The temptation was strong to beef up the number of reported units — not outright lie, you understand — but to put the best possible face on whatever was being done.

The temptation was to act as though what one could measure mattered — as though that were all that mattered. And to act as though it could all be done in a quarter. Or at least in a year.

Nonprofits that spoke out about declining impact and quality, or those that sought to build strong organizations by investing in infrastructure were criticized severely. Every dollar was to be spent on direct services and more units.

Agencies that tried to bring to light under-funded programs and services were dismissed. Dare mention that the funding was inadequate relative to expectations and stand accused of being inefficient.

After all, there was always some organization willing to promise anything. Save the world for \$25,000.

Many private investors/contributors bought it. They liked to brag about how far their contributions went. Government funders sought the lowest bidder — those that promised efficiency as measured in units and dollars saved. Outcomes suddenly had nothing to do with transformations and everything to do with numbers.

As we face a period of declining corporate contributions, many nonprofits find themselves at odds with their missions.

Pressured to measure, lectured on accountability, chastised for every mention of quality, they struggle to keep the meaning in what they do. In a particularly vicious twist, they find the quality of their services criticized by the same people who consistently allocate fewer resources for the job.

Few people want to hear that substantive change, meaningful help, stems from long-term investment. It is the product of consistent effort to deliver a quality service. It requires fairly compensated well-equipped staff, efficient systems and information tools, adequate facilities and dedicated and principled leaders.

Strip the service of all these things and all you have is numbers on a page. There are no short cuts, no quick fixes.

We are struggling now to redefine what constitutes value, what is worthy of investment. This current disillusionment will pass and, with it, the unrealistic expectations that sent us into this dive.

We will emerge with new definitions, more realistic expectations, better wisdom about how businesses produce value.

Let's make sure that we apply that wisdom equally to our nonprofit and for-profit investments.

Let's stop demanding more than we are willing to pay for.

Let's look for and listen to the nonprofit and public-sector leaders who are brave enough to tell us you can't get something for nothing.

Let's make sure we don't end up producing social service outcomes the way some corporations produced earnings.

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