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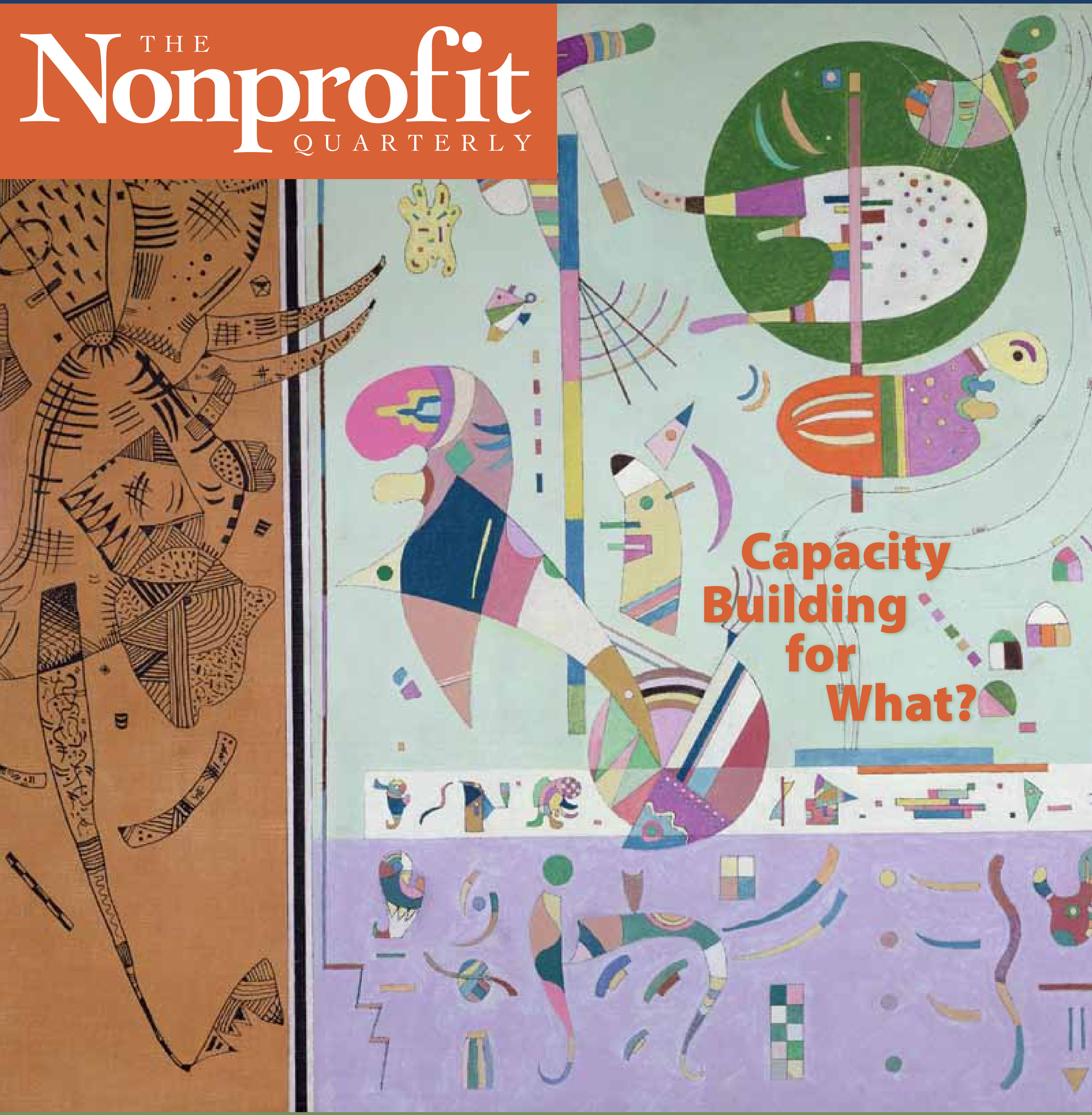

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Winter 2010

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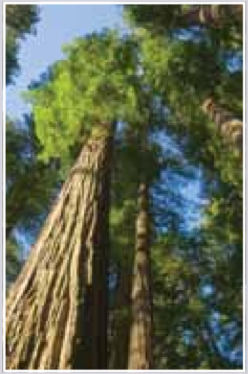

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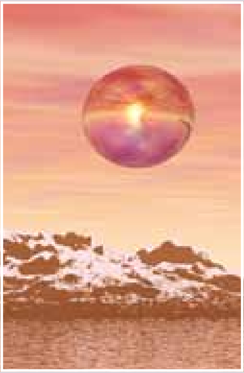

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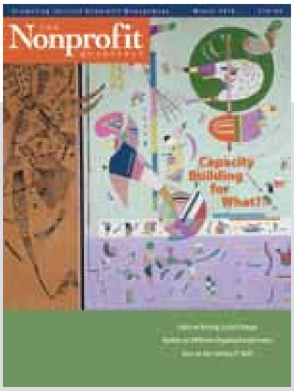
Welcome

Dear Readers,

Welcome to the winter 2010 issue of *NPQ*. This issue focuses on nonprofit capacity building in the midst of change. You will find some wonderful articles in this installment. But we think this issue also marks the beginning of a conversation about how changes in our environment change our notions of what is important in organizational capacity. Please contribute your own ideas to this dialogue through the journal and online. Thus NPQ online will be a central platform for the critical dialogues of the sector, drawing in the perceptions, opinions, ideas, and knowledge of those on the front lines. You will have many ways in which to contribute to this new platform—for instance, you can help us develop and shape important stories incrementally as indicators of trends appear, you can comment on policy proposals as they emerge from government at all levels, or you can help to reshape our understanding of philanthropic practice for the next century. You can even act as a regular contributing lay journalist, finding and pursuing breaking stories.

This has been such a banner year for *NPQ*'s work, so we thought that providing you an update was in order. *NPQ* is in a flashpoint position because it is a nonprofit and a publisher and because both these sectors are experiencing intense evolution that borders on revolution. Publishing has become more interactive and all its business models are asunder, and nonprofits have made major operational adjustments as well.

It's no secret that over the past two years, the world in which nonprofits work has changed enormously. The politics,



The Nonprofit Quarterly is guided by a dedicated board of directors acknowledged here for their powerful work over the past year as **NPQ** thoroughly reorganized its publishing and business models:

Ivye Allen, *Foundation for the Mid South**
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* *Organizations are listed for identification purposes only*

policies, economics, and resources that deeply affect the work of philanthropy and nonprofits are in a state of flux. But who is tracking these developments at the multiple levels at which this change is occurring?

NPQ has always tried to consult its readers on its editorial content. Two years ago, we consulted a group of readers who told us that this period of time would usher in tectonic shifts and that *NPQ* needed to respond to the pace and proportion of change. So literally overnight, *NPQ* decided to add daily publishing to what we now recognize was a formerly slow quarterly cycle. We believe that these changes are necessary to help you stay abreast of what has already been two years of fast-moving chaos.

We started to send you information about the operating environment in the form of the online Nonprofit Newswire column each morning. At first, several readers unsubscribed, but then we started to grow. Readers began to redistribute the information from the Newswire, and we developed an active social life on Twitter and Facebook.

Meanwhile, *NPQ* has also developed into something of a small-but-functional newsroom. Writers and editors have "beats," and content must be produced quickly and imbued with a sense of context. We have to make meaning of the streams of information out there. So we have assigned our most seasoned staff to sort through thousands of news reports each day. From these stories, we choose those that we believe indicate a shift in thinking or practice. We cover the major new events, such as the midterm elections, and the small happenings as well, such as the closing of a therapeutic pool in a rural area, and try to make sense of the trends we see over time. You often help us do that.

This means, quite literally, that we go to bed late and we get up early, and in these extra moments, we are thinking of our readers' needs. By tracking online, we monitor daily which pieces you read. We read every comment you make in response to an article.

Here at *NPQ*, we think we are writing the history of an era in civil society in real time and in response to your interests. You are voting for *NPQ*'s content with your figurative feet.

As a direct result of our care in making our online publishing responsive, *NPQ* has experienced enormous growth. In the span of two years, we moved from having the lowest online traffic compared with competitor publications to having the second highest, and it's rising fast.

By any measure, *NPQ* has expanded at a phenomenal rate. Many of our metrics appear to be on steroids. The number of Web visitors is up by 540 percent compared with two years ago, and the number of unique visitors has grown at a rate that beats our own projections—even an October 2010 projection that was ambitious.

In the coming year, *NPQ* plans to involve you even more in helping write the history of our times from the perspective of civil society. *NPQ* will adopt a "collaborative journalism" model that will involve members of our community of readers more deeply in developing content.

We are more than excited about taking this next big step and look forward to the increasing intelligence of our work that will result from your inclusion in it.

Finally, I would like to acknowledge the hard work of our board of directors (who are listed on page 2) and, in particular, Bruce Trachtenberg of the Communications Network. He not only served on our board of directors but also wrote daily for our Nonprofit Newswire column. His contribution has been priceless.

The Nonprofit Quarterly

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Nonprofit Information Networking Association
Ruth McCambridge, Executive Director

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The Nonprofit Ethicist

By Woods Bowman

Dear Nonprofit Ethicist,
A few nights ago, a fellow staff member was working late at the office when the executive director came in. She had been out drinking, apparently, with a board member. When the executive director asked the staff member what was going on, the staff member answered her curtly. It was an awkward situation, though, because the executive director was drunk. The board member then said something to the executive director like, "You have a right to an answer," and then I saw the executive director lunge across the desk at my colleague.

No one called the police, but I called the board chair, who told me to write it up. I got a statement from the staff person involved and sent it to the chair. Now, a week later, I have heard that board members disagree about how to handle the situation, but it seems to me that a line has been crossed. The executive director had this staff person by her lapels and was pushing her back in her chair. We regularly have to work late in the office and sometimes alone.

This is not the first time that staff members have felt threatened by the executive director, and the board has received complaints from us about verbal assaults, but nothing as physical as this. Is this a clear ethical issue? Am I off base for expecting some quick action from the board? Help us!

Afraid

Dear Afraid,
Abusive executive directors are usually more subtle. Appearing inebriated at the office is bad, but physical contact is strictly forbidden. The executive director is clearly wrong, even if she felt provoked verbally. But if every board did its job, there would be no need for this column. This board sounds somnolent. It surely does not help that the executive director is the drinking buddy of at least one board member.

That said, the statement you submitted to the board is not conclusive. It is just an allegation, but it should trigger an investigation that takes written statements from all witnesses and gives the executive director an opportunity to respond to allegations against her. The scope of the investigation should include the issue of appearing inebriated. This could take time. One week may not be enough, but there should be signs of movement, because eyewitness accounts become less reliable with the passage of time. Keep prodding.

The board has a responsibility to move quickly and decisively. They will be held accountable for any further violence. They have information that would cause a prudent person to think the workplace is not safe. They should ask the executive director to stay out of the office until their investigation is complete.

Dear Nonprofit Ethicist,
Can a board pay the founder-CEO of a 501(c)(3) above other paid staff when there is a shortfall in revenue? If so, how?

Running on Empty

Dear Running on Empty,

By “above,” do you mean “more” or “in advance of”? If you mean, should an organization’s board pay a CEO before it pays other employees, the answer is “Absolutely not.” You should check with a lawyer, but it sure sounds like a good candidate for an illegal practice. Regardless, it’s a foolish and ungracious move destined to drive away employees and volunteers. It’s not the action of a leader.

There are several answers to the question of paying a CEO more than other employees. The only law on the subject of executive compensation is the IRS’s Intermediate Sanctions rules, which say nothing about compensation differences within an organization. But your last sentence suggests that you are more concerned about the other issues.

From a human-resources perspective, it is good policy to compensate higher-ranking executives more than those who report to them. Face it: lower-ranking employees will lose whatever respect they may have left for an inadequate CEO when they make as much as he does. (There is an exception to this rule, however: when a CEO voluntarily cuts his own salary, he should follow this gesture with organization-wide salary reductions in the spirit of shared sacrifice.)

Trimming executive compensation will not solve this organization’s problem. When external forces batter an organization, it should look for efficiencies by doing a top-to-bottom review of what it does, why, and how. If a CEO isn’t up to the new monumental demands of leadership in tough times, the board should replace him. Firing a CEO is never easy, but it is especially difficult when a CEO is also an organization’s founder. If your CEO recruited everyone on the board, as founders usually do, it may be impossible. While in good times a close working relationship between a board and a CEO often works well, in bad times it can cause real problems.

Woods Bowman is a professor of public service management at DePaul University.

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Ask the Ethicist about Your Ethics Conundrum

Write to the Ethicist about your organization’s ethical quandary at feedback@npqmag.org.

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Nonprofit Capacity Building *for* What?

by Ruth McCambridge

Capacity builders should help groups consider the unconsidered and the unthinkable.

As with nonprofits in cities across the country, the Detroit Symphony Orchestra has struggled with its business model. It recently declared an $8.8 million deficit for 2010. Since early October, the orchestra's musicians have been on strike and conducting their own performances. Recently the symphony board rejected a mediator's proposed compromise solution. Unfortunately, this picture isn't unusual.

Meanwhile, the relatively small Detroit Chamber Winds and Strings organization has collaborated with other organizations to expand its capacity and the capacity of partners. It has established operational collaborations with six nonprofits and plans to collaborate with two more by 2011.[1] These organizations even share leadership and musicians.[2] Recently Detroit Chamber Winds and Strings received a $200,000 grant from the Michigan Nonprofit Association to extend its marketing, fundraising, and other services to two incoming partners.

This isn't to suggest that one of the two organizations cited above is more desirable than the other. Indeed, our assumption is that Detroit could cite both nonprofits as examples of its attempts to reassert itself as a world-class city.

But the world is changing, and the way a nonprofit delivers value to its constituency may also need to change. During this time of economic and social pressure, business and program models, interorganizational relationships, and networks should all be up for examination so that nonprofits can adapt operations to meet the needs of those they serve. But of course, this is often easier said than done. Preexisting commitments—such as debts, fixed costs, and contracts—can create rigidity, whereas nonprofits may need malleability to adapt. And old habits and assumptions may play into the picture as well. Capacity builders should be there to help groups consider the unconsidered and the

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Ruth McCambridge is *NPQ*'s editor in chief.

PHOTOGRAPH © TOBIAS TITZ/FSTOP/CORBIS

unthinkable as well as the incremental. At its most fundamental level, nonprofit capacity building helps an organization to become better able to serve its constituencies and fully accomplish its envisioned outcomes.

But the nonprofit organization that serves as the vehicle for the mission requires its own care and feeding to carry out the its work in the best possible ways. As a result, much of capacity building is often focused on the sustainable health of the nonprofit vehicle. Is this the appropriate focus? Is the organization's long-term survivalbility the goal, or is the goal to build the accomplishment of mission? These two purposes don't always completely align.

In difficult economic times, nonprofit capacity building can be downright dangerous.

Reassessing Capacity Building

As organizational forms change largely driven by our technological age and the environment becomes more difficult, the "Capacity building for what?" question becomes increasingly important. Of course, in this sector, we have always organized ourselves in various forms.

Some organizations have stalwartly refused to formalize, while others have become bastions of organizational self-reference. There's nothing new there. But as we watch developments with the small journalism site WikiLeaks—which has forced society to engage with secrecy in large, powerful institutions—we can see that social change requires the small, intensely focused rogue organization as well as more traditional organizations that work toward gradual change.

No nonprofit organization is the same as any other, but sometimes our methods for intervening in their progress through pains of maturation are standardized down to the letter. Some of this standardization comes from understanding past patterns, but some just seem to flow from product-marketing motives.

In this light, nonprofit capacity building sometimes seems like its own cottage industry, with consultants, attorneys, accountants, and funders all seeking to retool and improve organizations. This steady supply of outside perspectives and expert advice is often useful, particularly in times of stress and change. At the same time, we must admit that this can also result in some hucksterism, where nonprofits are provided with prepackaged products and preconceived solutions by consultants, who because they do not engage sufficiently in ongoing professional improvement, are unclear about how well these products work or under which conditions they should be applied.

In good economic times this inappropriate help is annoying or a time waster. But in difficult economic times like today's, it can be downright dangerous. Consider this unfortunate example: a domestic-violence organization contracted a consultant to devise a strategic plan and board development. After six months, the consultant had diligently addressed some relationship issues that blocked progress. But then the group had its accounts frozen and was forced to declare bankruptcy. This organization served a particularly marginalized community. Before it went hurtling off the precipice, it would have been wiser for the board to consider a plan B. But the consultant—who had some leeway and affirmative duty—focused on her project rather than on the endeavor as a whole.

During these times, when so many organizations seeking service hover on the brink, is this kind of misdirection of energy acceptable? As the nonprofit operating environment changes, has capacity-building work changed in response, or is it still, as one consultant noted, trying to apply the same old solutions to new problems?

Clearly the situation varies a great deal from place to place and among nonprofit activity areas. But many of the problems we now see in an intensified state existed prior to the downturn; the extended recession did not cause them but has brought them into stark relief. This presents an opportunity to consider anew two questions: (1) what outcomes should nonprofits expect from capacity-building work, and (2) how can nonprofits achieve these outcomes?

Changing Capacity-Building Needs?

When *NPQ* scans the horizon for nonprofit headlines for its online Nonprofit Newswire, it looks for stories that have already risen to the "newsworthy" level elsewhere in the media. So these stories are exceptions to the nonprofit norm—positive and negative; an organization that against all odds far exceeded its own ambitious goals in a mid-recession capital campaign and a nonprofit that has dissolved in infamy after a 120-year history of lauded service. The Nonprofit Newswire also finds smaller successes and failures: new creative ideas applied to old problems, on the one hand, and damning audits on the other. In these efforts, we try not to lose sight of the day-to-day lives of nonprofit organizations that keep their shops stable despite the tumultuous environment.

When a management assistance organization asked me to spend the day with 60 consultants to nonprofits, I jumped at the chance. What did these consultants see in their practices? The city that I visited has a funding community that is relatively positive about investing in capacity building, so the assembled consultants worked with stable organizations, not just those in crisis. Foundations in this city support capacity building projects from the more comprehensive organizational development to discrete, siloed endeavors, such as fundraising, creating a strategic plan, or shepherding a leadership transition. The attending consultants were a mix of seasoned and those new to the field.

While this was a session in just one Midwestern city and by no means scientific, the discussions resonated with what *NPQ* has noted from other sources.

A Conversation with Capacity Builders

At the event, most in the room agreed that they had encountered enormous pressure among nonprofits, even among organizations that are not under immediate financial stress. In the context of declining resources and increased demand, attendees said that nonprofit groups receive messages from all sides about what they "ought to do." Some of this "advice" involves the incursion of business ideas into the sector—lots of talk about social enterprise, but also some discussion about what these attendees termed "increased funder scrutiny." Some scrutiny, they suggested, was simply about agencies needing to "get their act together" administratively, but in other cases it involved additional requirements to demonstrate outcomes as prescribed by the funding source. One consultant referred to it as an "outcomes on steroids" environment. Attendees also cited a "narrowing of funder interests" and a fund scarcity that creates mission creep.

Many of today's nonprofit pressures are associated with running a marathon at a sprinter's pace.

Attendees also said that increased stress is not exclusive to nonprofit executives but has also affected nonprofit boards. Board members have encountered more challenging problems, and expectations to address these problems quickly and productively have only heightened. A few consultants said that they saw boards scrambling to reorganize and produce more because it was necessary for agency survival. In turn, this restructuring has created friction and even animosity between staff and board as joint decision making with high stakes becomes an increasing reality.

On the positive side, consultants said that it is a buyer's market in terms of nonprofit employment, where hiring nonprofits can "get more value for their personnel dollar."

Several consultants said nonprofits are more focused on "how they interact with the public." They have more closely considered how to engage constituents and stakeholders in program makeup and in supporting the work. This was related to better branding: ensuring that nonprofit staff "get" the nonprofit and its work. A few of attendees said they saw an uptick in the use of volunteers.

Some consultants said that they sensed nonprofits' greater willingness to change (perhaps, said one, born of desperation) and to "reorganize, reconfigure, and reinvent" but that collaboration was still not a priority. A few mentioned that in discussions of mergers, their nonprofit clients often asked that a more accurate word, *acquisition*, be used.

Later in the day, a longer discussion ensued about leadership and, in particular, older leaders hanging on even in the face of serious problems. Some attendees suggested that a combination of age and stress has worn down previously functional leaders and that staff is left holding the bag with this unraveling reality. Meanwhile, boards—even in the face of behavior that approaches the clinically

While consultants urge clients to do things differently, they themselves are sometimes guilty of stagnant practices and formulas that do not fit the new environment.

diagnosable—remain blissfully unaware of these problems.

These pressures, one attendee noted, are associated with people running a marathon at a sprinter's pace. Finally, as is frequently the case, many attendees noted the search for magic bullets. Sometimes these panaceas are envisioned as technology related, but the time frames required for implementing such solutions are longer than a sprinter's pace allows.

In a telling sign of the times, consultants said they are increasingly asked to pitch in on the work as an extra pair of hands: that is, to help implement their advice. This, some said, comes from funder unwillingness to support staff implementation under the rubric of capacity building. But when staff numbers have shrunk and the work has expanded, the formula of providing only advice does not always compute.

At the end of the day, one consultant suggested that consultants need to consider their own "tendency to apply old solutions to new problems." While consultants urge clients to do things differently, they themselves are sometimes guilty of stagnant practices and formulas that do not fit the new environment.

So What?

A member of *NPQ's* editorial team recently took it upon herself to look at the Form 990s of nonprofits around the country that have recently closed. From what she could discern, there was no consistent cause for these closures. In many cases, the problems proceeded—but were also intensified by—the recession, but they varied. Putting the issue of closures aside and considering the situation in a more affirmative way, how can capacity builders, funders, and nonprofit leaders learn quickly about new approaches to address this new environment? How can consultants free themselves from an inappropriate preconceived product to work more creatively with the complicated dynamics unfolding before them?

We hope that consultants will consider developing local study circles: that is, groups of colleagues who can review and discuss new ideas and research as well as their own practice. In some cases, management support organizations can convene these peer-review groups, but the purpose should be to challenge current practices and dissect—as we have asked some nonprofits to do—some rigid approaches in capacity building and ways forward.

Funders can support these consultant groupings, as well as gathering spaces for nonprofit leaders. By many accounts, such groups help executives immensely, reducing isolation and adding unexplored perspectives to leadership thinking. They also build relationships between leaders so that organizational relationships are ultimately easier to forge.

At the same time, nonprofits ought to feed their reactions to capacity building up the chain to management support organizations and to funders. Too many nonprofits grouse that their definition of "Capacity building for what?" doesn't factor into program design, but they often complain among themselves rather than communicate these issues to the powers that be. Their experiences constitute the "data" that consultant groupings could in turn discuss.

These groups can take up many topics—even beyond the most immediate issues of burned-out nonprofit leadership and impending budget snafus. If one preconceived framework should be hurdled, it is the focus on capacity building that targets single organizations to the exclusion of networks and systems. In a seminal article that has been reprinted in this issue of *NPQ*, David Renz of the Midwest Center for Nonprofit Excellence notes the importance for organizations to see themselves as part of, and taking cues from, networks or broader constellations of nonprofits (see page 50). Renz suggests that experts haven't caught up with the new forms of nonprofit governance in which boards see themselves as part of broader structures and dynamics rather than as isolated, self-governing entities.

"With changes in the complexity, pace, scale, and nature of community problems and needs, and the emergence of strong fields of practice and funders with disproportionate influence, the domain of 'governance' has moved beyond the domain of the 'board,'" he writes. Renz further contends that many organizations' work is “planned, organized, resourced and coordinated—in other words, governed—through a web of overarching and integrating relationships. . . . And in these settings, organizations must either work through this larger whole or fail to remain viable.”

These questions transcend individual organizations and address the effectiveness of systems to meet social needs. Over the next decade, as our world reorders itself, nonprofits must insert themselves into this sphere individually and collectively. But to do so, they need the skills of advocacy and network building.

In sum, capacity building among nonprofits is not a mechanistic exercise and should be even less so now than ever. It requires vigilance and constant retooling on the part of capacity builders. It is a profession in which the “Capacity building for what?” and the “To what end?” questions should be asked often and in which constant scanning of an organization’s internal and external environment becomes part and parcel of the work.

“The job is not always about changing organizations so they are built to last,” one capacity builder says. “It is, however, always about creating organizations that are built to change.”

> “The job is not always about changing organizations so they are built to last,” one capacity builder says.

ENDNOTES

1. Collaborative projects include sharing staff and back-office services, providing joint promotional programs that offer tickets and passports to the arts, and creating cultural exchanges.

2. Maury Okun, for example, is the executive director of Detroit Chamber Winds, the Great Lakes Chamber Music Festival, and Eisenhower Dance. He also plays trombone at Detroit Chamber Winds and Strings and the Michigan Opera Theatre’s orchestra. Various partners participate in this effort, including Great Lakes Chamber Music, Eisenhower Dance Ensemble, Rackham Symphony Choir, and the Cultural Alliance of Southeastern Michigan.

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Driving Social *Change*

by Paul C. Light, Ph.D.

Social change is messy and unpredictable.

Editors' note: *This article has been adapted and expanded from Paul Light's new book,* Driving Social Change, *from John Wiley & Sons publishers.*

How do societies create the breakthroughs needed for a more just, tolerant, healthy, educated, and equitable world? How do they challenge the prevailing wisdom without losing hope? How do they enact lasting change and protect it from the inevitable backlash?

Many of us look to 24/7 heroes and highly visible organizations for the answers. After all, they get the uncommon hero awards and the public admiration, often because they have forged their brand identities around big-ticket change. They are easy to identify and admire.

However, there are dangers in focusing almost exclusively on what I call Type-A, hero-driven social entrepreneurship as the central driver of change. First, we may underappreciate the new combinations of ideas that come from Type-B, team-driven social entrepreneurship, which may yet prove to be a more effective approach for challenging the status quo.

Second, we may underinvest in other, equally powerful drivers of social change needed for the enactment (broadly defined), implementation, expansion, and defense of past breakthroughs.

And, third, we may underestimate the impact of the challenges embedded in the larger breakthrough cycle that ignites, frustrates, and sustains change from the initial commitment to act all the way through to the full embrace of a new prevailing wisdom (see figure 1 on page 15).

The Breakthrough Cycle

Social change is messy and unpredictable, but it involves a set of familiar challenges from beginning to end. The breakthrough cycle, as I call it, can move quickly as proposals advance in the wake of a crisis or during a defining moment in history. Other times, the cycle can stall as the prevailing wisdom fights to hold its ground. Still other times, it can move backward as the public appetite for change dissipates, complacency takes hold, or the prevailing wisdom regains power.

The cycle shapes the primary drivers of social change: the social entrepreneurship and innovation that supplies new proposals for unsettling the status quo; the social safekeeping needed to

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protect, expand, repair, and adapt breakthroughs already made; the social exploring essential to monitor key trends, evaluate what works, and even challenge the prevailing wisdom about how to challenge the prevailing wisdom; and the social advocacy required to turn proposals into reality.

Change does not begin with the end game that produces Nobel Peace prizes and documentary stardom. Rather, it starts with an initial, often highly personal, commitment to engage and moves forward in rough order with a careful mapping of opportunities and obstacles, the design and articulation of a powerful vision of the future, the agitation created by social entrepreneurship, safekeeping, exploring, and/or advocacy, the aggregation of pressure for action, disruption of the prevailing wisdom, enactment of a deep breakthrough, and constant vigilance in defending the new prevailing wisdom from resistance and pushback.

Without success at each of these stages, we will never convert so-called intractable problems such as poverty, illiteracy, disease, intolerance, and inequality into distant memories. As such, social entrepreneurship, safekeeping, exploring, and advocacy are only means to achieving durable change. Simply put, we must choose the drivers that will achieve the best results. That may mean social entrepreneurship, which is no doubt a wondrous thing, but the best driver may be safekeeping, exploring, and/or advocacy instead. The driver must fit the destination, not vice versa.

We also tend to forget that social change is radically different from business change. While a new business product often knocks out the status quo for good, rendering once-marvelous products obsolete almost overnight, social change is always contested. This resistance comes at every stage of the cycle, but is particularly intense once a breakthrough occurs. It is one thing to enact a breakthrough idea such as mandatory health insurance, and quite another to defend it as time marches on and complacency sets in.

The 2010 election and imminent Supreme Court challenge to Obamacare is a perfect example of ongoing resistance. At least for social change, the old prevailing wisdom rarely dies. Like a weary prizefighter, it always dreams of a comeback, and often gets a rematch in a future election or crisis.

Changing the prevailing social wisdom, which some call the "social equilibrium," involves a set of stages that moves through the valley of dead ends and exhaustion toward the distant peaks of achievement. The valley is not easy to navigate, but it can be mapped. Every journey is different, but all appear to involve nine relatively discrete stages, each one influenced by the other, as destinations change and experience grows.

The questions that guide each step in the drive for a new prevailing wisdom are relatively simple.

Commitment to a new prevailing wisdom is the bulwark of change.

Stage One: *Are You Ready and Willing to Engage?*

The first stage of social change involves a personal and/or collective commitment to social change. This commitment involves a fundamental belief that there is something wrong in the world that must be changed. It is built on a firm embrace of the need to take action on a specific issue, such as hunger, poverty, illiteracy, disease, and so forth. It is not built on a call to glory, power, and riches, though all may follow. Rather, it involves a felt sense of empathy, altruism, and, most important, outrage.

This commitment to a new prevailing wisdom is the bulwark of change and requires both purpose (the personal drive to create change) and perseverance (the willingness to engage for as long as it takes). Change is impossible without both components, especially given the inevitable frustrations and setbacks that any effort to reset the status quo faces.

Stage Two: *What Are Your Assets and Obstacles?*

The second stage of the cycle involves an evaluation to understand the assets and obstacles that shape ultimate success. There are at least five assets that temper or encourage social breakthrough in its first moments: (1) a public demand for impact, (2) a willingness to engage, (3) the basic freedoms to assemble, petition, and speak truth to power, (4) institutional responsiveness, and (5) the execution of impact.

Stage Three: *What Are the Options for Breaking Through?*

The third stage of the cycle involves a deliberate and disciplined sorting process. It is designed to assemble the components of a breakthrough proposal, from ideas (new and old) to opportunities, partners, organizations, platforms for influence, and even adversaries. Like sorting the pieces of a jigsaw puzzle, this process produces the initial sketch of a breakthrough proposal. This stage may include new approaches but is also likely to include a good measure of old ways.

This sorting guides the early journey through what Duke University's Paul Bloom and J. Gregory Dees call the "ecosystem" of change. This ecosystem contains everything from support (funding, demand, and organizational capacity) to opposition, each of which seems to flow through the system independently. The change agent's role is to pull from each stream in imaging a new world, designing an effective idea, identifying an opportunity, and building a strategy for ultimate impact.

Stage Four: What is Your Ultimate Destination?

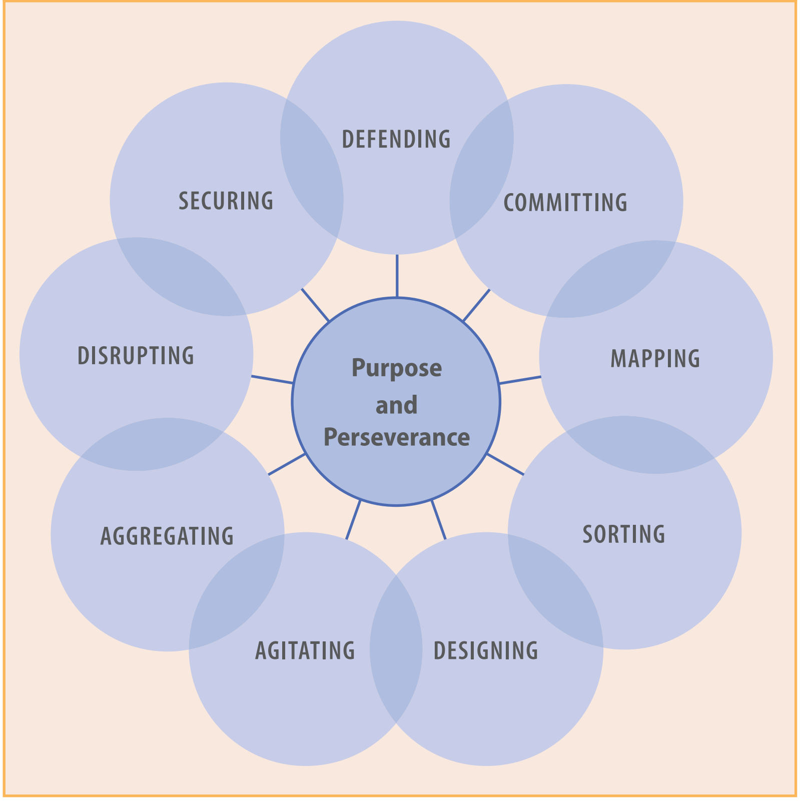
The fourth stage uses these components to design a precise vision of the world as it should be. Designing this new prevailing wisdom requires a mix of imagination, invention, research and development, strategic planning, and second-guessing. The point is not to produce a formal proposal just yet but to identify the hoped-for destination of change in detail, including measures that might reveal progress and benchmarks for progress.

The stage also involves initial decisions on where the change effort will be housed. Does it require an entirely new organization, with implications for startup costs and delay? Or can a breakthrough emerge from an existing organization, with implications for bureaucratic delay and interference? The answer depends on the destination for change; form must follow function.

Stage Five: How Will You Take the Offense?

The fifth stage of the cycle produces a formal proposal to agitate the prevailing wisdom. Agitation might involve a new combination of ideas (social entrepreneurship), expanding, improving, or defending an idea that already works (social safekeeping), identifying trends and data that help make the case for action (social exploring), and activating stakeholders, partners, publics, and networks toward action (social advocacy).

Figure 1: **The Breakthrough Cycle**



As with the cycle as a whole, this stage involves a great deal of trial and error. A powerful breakthrough proposal is rarely formed in the first pass: it is imagined, shaped, tested, and developed into a workable, albeit often audacious, new combination. It can become an "idea in good currency" only if it can withstand the intense scrutiny it will encounter as it moves through the proof-of-concept stage. This willingness to question (and measure) is essential as ideas begin to penetrate the existing equilibrium. So is the alertness to opportunities for action.

Stage Six: How Will You Maximize Pressure?

The sixth stage of the cycle aggregates this agitation for focused action, almost always through networks composed of committed individuals, groups, organizations, communities, and movements. These actors work together in a virtual space that concentrates firepower for maximum effect.

Working through what many now call "catalytic collaboration," these breakthrough networks create a wave of "creative destruction" that targets specific opportunities for unsettling and

Purpose is central at all stages of the breakthrough cycle.

undermining the status quo. Although I believe breakthrough networks are the most powerful form of aggregation, some organizations are so big and well resourced that they can create disruption without help. Even here, however, networks almost always develop around them. In this sense, these organizations act as "nodes of impact" as others join their cause.

Stage Seven: *Which Tactics Will You Use to Disturb the Prevailing Wisdom?*

The seventh stage of the cycle involves an intense and focused effort to disrupt and displace the prevailing wisdom. The intention to disrupt is one thing, but actual impact is quite another. Using a variety of tactics that includes hundreds of discrete activities that are shaped into a kind of explosive charge, breakthrough networks are designed to upend the prevailing wisdom.

Stage Eight: *How Will You Secure Success?*

The eighth stage of the cycle involves a sustained effort to secure the breakthrough through enactment, broadly defined as a demonstrable change in mindsets, policy, or behavior. Although enactment is often used to describe a formal policy change such as legislation, the term has much broader meaning as a way to describe the realization of actual success through a variety of means. Policy is only a means to an end, just as are changes in social norms and expectations for a more just world.

Stage Nine: *How Will You Protect the New Wisdom?*

The breakthrough cycle does not end with the enactment of the breakthrough. It continues with an almost inevitable and long-term effort to protect the breakthrough as it takes its place in a new prevailing wisdom.

Leverage Points

Social change does not require massive organizations or individual heroes.

To the contrary, the focus on creating giant organizations can slow the process by absorbing resources best invested elsewhere in the breakthrough cycle. Similarly, the search for individual glory so often promoted by funders and governments can distract from the collaboration that is so important in challenging a highly organized and well-defended status quo. The field could use fewer awards perhaps, and greater focus on doing whatever it takes to attack the misguided but prevailing wisdom that despair will always be part of the human condition.

There is room for further research and practice at all stages of the breakthrough cycle, but I believe that at least three areas need immediate action: (1) drawing more people and organizations into committing to change, (2) developing more effective strategies and tactics for aggregating energy, and (3) finding the most effective approaches for disrupting the status quo.

Committing to Change

Social change is impossible with a fundamental commitment to action that resides in two basic human qualities: purpose and perseverance.

Purpose is central at all stages of the breakthrough cycle. Social change is rarely possible without an underlying call to action. This calling is driven by a sense of outrage about the state of the world, empathy for the victims of intolerance, disease, hunger, and so forth.

However revealed in personal and organizational commitments, purpose provides the answers to the three central questions involved in challenging the prevailing wisdom:

- First, why have I chosen this path?
- Second, who am I serving in this battle for change?
- And third, what must I do, even sacrifice, to achieve impact?

The answers to these questions guide the entire journey to a new prevailing wisdom. Purpose remains the centering force of change.

In turn, purpose becomes impact through perseverance. Sometimes defined as "grit," "obsession," "endurance," or "resilience," perseverance not only increases the odds of success but also reduces the hazards of failure. Just knowing that one has done everything possible to succeed reduces the frustration of early failure while also increasing subsequent tenacity and perseverance. Thus perseverance produces more perseverance.

The question here is what might be done to enhance perseverance as the fight for change continues year after year. The answer is still uncertain, in part because we do not quite know where perseverance resides. Is it a deeply rooted trait, such as physical strength or the need for achievement? Is it embedded in the "moments of obligation" that Echoing Green—a global nonprofit that funds social-impact efforts—believes spark action? Is it a consequence of believing that anything is possible? Or is it even the product of spirituality or even love for humankind?

My research suggests we should focus most closely on the core values of integrity, trust, honesty, and faith.

Integrity involves a deep personal alignment on the core purpose of social change. This characteristic is often revealed in the personal discipline and courage required to stay on course. Simply asked, does the commitment to change reside in a personal willingness to sacrifice, make tough choices, and remain centered on the mission despite turbulence, resistance, and setbacks encountered en route to impact? Defined as an unwavering application of purpose in day-to-day operations, integrity forms at least part of the "ethical fiber" that many define as essential to social change.

Integrity does more than center a leader. It also drives an organization's culture. Integrity provides the courage to push authority downward, lower the barriers to internal collaboration, encourage full participation, prime the organization for innovation, accept new ideas, and drive the call for change throughout the hierarchy and into the community. Organizational integrity also involves readiness to create the conditions for others to succeed, even when they do not reside inside an organization. Integrity provides the strength to engage in common cause, withstand inevitable setbacks, and create the momentum to change the world.

Trust is essential for risk taking and is based on raw experience. It can be deeply grounded in rigorous analysis and tightly linked to past lessons learned, but sooner or later, every change involves a decision to trust a given choice. If change agents are disciplined about their work, they should encounter few surprises as they make decisions.

Trust manifests in many ways. It helps change agents withstand the second-guessing that often accompanies decisions; it gives them the courage to celebrate success and even have fun; and it permits them to stand behind their choices as they face the winds of impact.

Change agents need not be great prophets.

Change agents need not be great prophets to lead organizations beyond the zone of the possible. But in doing so, they need to trust their judgment. No matter how much cost-benefit analysis an organization pours into decisions, no matter how many evaluators and auditors an organization brings to each task, change agents must trust their instincts. And that requires trust in their ideas.

Trust must also involve a willingness to admit one's own frailty. Trust, and the delegation that goes with it, is essential to maintaining a balanced life. Change agents must not sacrifice all semblance of a normal life and must pay attention to their physical and emotional health. Change agents work in challenging, stressful environments and experience plenty of organizational pressure. Not everyone has the temerity to stand up to the prevailing wisdom and articulate an alternative future. Trust gives these change agents the underlying strength to continue their long march to impact.

Honesty involves a metaphorical willingness to look in the mirror, through a clear commitment to measuring results, open conversations about organizational performance, clarity about who decides what, and honest admissions about success and failure. And for change agents of all kinds, honest dialogue involves knowing when to say yes to a particular intervention and when to say no to innovation for innovation's sake.

Change agents should give permission to fail only if failure is an option, for example. Similarly, they should ask for dissent only if they are ready to hear it. The key question is how organizations handle initial mistakes and dissent en route to change. If the first mistake is greeted with fury, it will likely be the last risk an organization sparks. And if the first dissent is met with censorship, it will likely be the last dissent the organization hears. Listening is a two-way street; honest dialogue means keeping the door open for those who have something unpleasant or contrarian to say.

Faith is at the center of perseverance. It is based

Breakthrough networks are often temporary.

on a sense that there is something bigger than the self. Faith is not rooted in known experience or empirical facts. Rather, it is built on a belief that change involves a leap into the unknown and the risk involved. As such, faith often involves a belief that there is a helping hand, a larger force, and even an unflinching protection somewhere beyond the change itself. Faith is an activator, comforter, and sustainer.

Faith does not involve religious beliefs per se. Rather, it involves a connection to some greater source of energy, which some describe as a product of a broader search for meaning, unity, and a kind of transcendence. This connection is at the core of ultimate perseverance. When asked what keeps them going day after day in their small steps forward, change agents often cite their basic belief that good work is somehow protected. Simply put: change will occur. Change agents repeatedly say they draw on something much deeper than transitory optimism. They make leaps of faith, after all. These leaps may draw on evidence, organizational capacity, and networks of friends and colleagues, but they are leaps nonetheless.

Aggregating Pressure

By any name, social entrepreneurship is always a critical driver of social breakthrough. But it is not the only driver by far. Indeed, sometimes a new combination of ideas will be irrelevant for a new prevailing wisdom. We often know what already works for changing the world and mostly need to provide enough funding to expand and implement it. We also need to protect what works from shortsighted budget cuts, stealth dismantling, and the failure to anticipate emerging trends that will buffet it. In some cases, the most important decision to achieve change is not to innovate but to implement.

Much of the aggregation needed to achieve change of all kinds involves broad networks in which individual and organizations submerge themselves for the greater good. These social-breakthrough networks are highly fluid collections of individuals and organizations that work together to challenge the prevailing wisdom and disband soon afterward.

As such, social-breakthrough networks resemble the hazy issue "mashups" that, during the late 1970s, political scientists first described as coalitions built on sand. In contrast to the old-fashioned "iron triangles" that protect the conventional wisdom through tight links between the bureaucracy, interest groups, and congressional committees, breakthrough networks exploit relatively short-term opportunities for breakthrough ideas.

Breakthrough networks have several characteristics that play a prominent role in their formation and impact.

First, they are often temporary. Some members leave the network as compromises are made; others join with each new opportunity for expansion, and still others are bought or rented with a campaign contribution or funding for a pet project.

Second, there is rarely one breakthrough network fighting for change in a given policy space. There might be one aligned against disruption, for example, and another in favor of action. Although networks exchange members as the policy process moves forward or backward, there may be multiple networks and nodes of contact. A single member, usually an alliance or major interest group, may bring a group of allies to a network, while other members may join as individuals.

Third, it follows that members of most networks are loosely coupled. Unlike iron triangles, breakthrough networks are easily broken and rearranged over time. By definition, iron triangles are highly stable and can align against breakthrough networks. As breakthrough networks begin to roll forward, iron triangles often block action. That is why they are called iron, after all.

When most of us hear the words *social breakthrough*, we think of nonprofits. But nonprofits are not the only organizations that produce social breakthrough. Social-breakthrough networks can contain dozens of actors, many of whom have what Ashoka founder Bill Drayton described as "the freedom, confidence, and societal support to address any social problem and drive change."

Disrupting the Prevailing Wisdom

Breakthrough networks do not exist in isolation; they operate in a dense environment of support and opposition. As Bloom and Dees argue in their 2008 article, social breakthrough occurs within an ecosystem that contains many paths to success. Although they focus on social entrepreneurs, their message clearly applies to breakthrough networks as well.

To understand and change these social systems, social entrepreneurs , safekeepers, explorers, and advocates should borrow insight from ecology and use an ecosystems framework. Long ago, biologists discovered the limits of studying living organisms in isolation. Biologists gain a deeper understanding only by considering the complicated relationships between organisms and their environments. They look not only at the social-breakthrough impact of environmental factors, such as soil and water, on organisms but also at the impact of these organisms on one another and on their environment.

The ecosystem also affects organizations. Management scholars have recognized the parallels between biological and economic systems. Recently, researchers in strategic management have focused greater attention on the parallels between biological and organizational systems, even adopting the phrase *ecosystem strategy* to refer to an approach for guiding a breakthrough network's strategic choices.

Proponents of an ecosystems framework stress the value of understanding the complexity and dynamics of the wide-ranging forces that a breakthrough network faces.

The challenge, therefore, is to focus networks on clear strategies for bringing pressure to bear on an issue such as health care, inequality, hunger, or disease. Consider swarming as one of the newest approaches to successful disruption.

As Dees describes it, the ecosystem of change is potentially malleable. It is also produces competition and its own set of priorities and opportunities, especially during the brief punctuations in history that produce so much change.

Ecosystems are especially useful for understanding the swarming that now animates so much social breakthrough. In essence, swarming involves a tightly coordinated strike from all directions at the same time using widely dispersed "pods" organized into "clusters" to carry out attacks across several fronts. Developed as a new tactic for war, swarming has been most recently tested in the realm of social breakthrough.

Although wars will still be found with huge armies and large maneuvers, swarming has become the preferred method for both social and military revolution. From 1994 to 1998, for example, Zapatista rebels in Mexico used swarming to mount a social revolution in the southern state of Chiapas.

The revolution relied on a virtual battlefield composed of human-rights groups such as Amnesty International, Physicians for Human Rights, the Jesuit Refugee Service, and Food First to come to its cause through the Internet. What began as a traditional war of bullets soon became a war of e-mails, faxes, and coordinated pressure. As the swarming increased, the Mexican government collapsed into chaos, foreign creditors panicked, and the international community rallied toward a peaceful resolution of the conflict. Although the Mexican army could easily have destroyed the Zapatista forces, the information "netwar," as it is now called, brought the government to the negotiating table only 12 days into the conflict, and again, each time the war flared back up. The effort to disrupt the prevailing social equilibrium was carefully targeted and coordinated and was supported by an infrastructure that deployed resources effectively.

Swarming has become the preferred method for social revolution.

Building a Robust Breakthrough Cycle

Participants in the breakthrough cycle have never been under greater pressure to anticipate the future, yet never had so many futures to anticipate. They no longer face a single future or two against which to plan. Instead they face hundreds, if not thousands, of plausible futures, some laden with opportunity and promise, others filled with threat and risk.

The proliferation of possible futures has increased the importance of uncertainty as an often disruptive force at all stages of the breakthrough cycle. Uncertainty is not always a negative, however. Uncertainty provides opportunities for quick breakthroughs through agile social networks.

Individuals, organizations, and networks can always can fight the uncertainty by hedging against downside risks. But they can also shape futures by hardening themselves for whatever might occur in the set, or landscape of possible futures. In a word, they must invest in robustness.

The term *robustness* is well known to engineers, mathematicians, and even coffee roasters, but it has yet to gain much traction in the field of organizational studies, where the term *resilience* has much more currency in describing a breakthrough network's ability to bounce back from crisis and attack.

It is important to note that robustness is not just a way to think about networks. It can also apply to change agents, organizations, communities, and wider collaborations. Just as the breakthrough cycle needs to be alert, agile, adaptive, and aligned, so too do the various actors who challenge the prevailing wisdom. They need the capacity to take a punch and give one in return.

Searching for Robustness

This definition of robustness can be found in my 2005 book, *The Four Pillars of High Performance*. The book involved a three-year study of the RAND Corporation's research base and deep interviews with senior RAND researchers. If any think tank knows about managing uncertainty, it is RAND.

My research and interviews at RAND suggest that robustness resides in the ability to exploit uncertainty with the right driver, proposal, strategy, and tactics at the right time. According to RAND's leading expert on uncertainty, Robert Lempert, robust organizations excel when the environment changes quickly or dramatically: "That's when the organization that cannot implement robust adaptive plans may fall behind. . . . Many private-sector firms that are market leaders in some dominant technology fail to make the leap when a disruptive technology comes along. The organizations can't change rapidly enough to adapt to the new world."

In the short run, participants in a robust cycle may be less efficient than their peers, if only because they keep at least some of their capital in reserve to hedge against surprise. They may also appear less innovative than are their peers, if only because they may be less willing to bet their effort on a single future. In the long term, however, a robust breakthrough cycle should produce higher growth and more innovation, if only because it protects itself against vulnerability by moving quickly to exploit new opportunities for agitation, aggregation, disruption, and breakthrough.

In the short run, participants in a robust cycle may be less efficient than are their peers.

Thus, it hardly makes sense to pursue a given plan if the participants do not have the alertness, agility, adaptability, and alignment to adjust to uncertainty. The issue here is not whether an individual, organization, or network is robust per se, but how much robustness it can muster against a rapidly changing set of futures. In a sense, everyone must think in futures (plural) tense. The same mindset applies to navigating the social breakthrough cycle.

Alertness

Participants in the breakthrough cycle cannot hedge against vulnerability and exploit opportunities unless they can see the many futures they face. At a minimum, thinking in futures (plural) tense means creating signposts that may reveal the potential breakdown of assumptions about a hoped-for future. Some of these breakdowns involve surprises, while others are the product of forks in the road such as global warming and new "unthinkables" and "black swans" such as pandemics and global economic collapse. But whether the breakdown involves surprise or long-term vulnerabilities, the key to alertness starts with a landscape of possible futures against which to plan and continues with an honest assessment of what has to go right for nothing to go wrong and what cannot go wrong for a plan to go right.

Agility

When their assumptions break down, participants in the breakthrough cycle must act quickly. Having discovered a potential flaw or impending collapse of a key assumption, they must rally and redeploy resources such as personnel, supplies, logistics, and dollars to strengthen or change the foundation of their load-bearing assumptions. As Winston Churchill wrote of Great Britain's victory in the long-forgotten 1899 River War in the Sudan, "Victory is the beautiful, bright-colored flower. Transport is the stem without which it could never have blossomed." His quote applies to all stages of the breakthrough cycle, too.

Adaptability

Adaptability is not just another synonym for a new round of innovation. As an attribute of robustness, it is best defined as the ability to rapidly adjust tactics and/or strategies to meet vulnerabilities and opportunities as signposts of emerging futures reveal them. Sometimes, adaptability will demand true innovation—original, disruptive ideas that challenge the prevailing wisdom in a field; other times, it will involve incremental adjustments in an existing plan. Innovation is a form of adaptability, but not all adaptability involves innovation.

Alignment

Breakthrough cannot occur without a tight alignment among the many participants in the breakthrough cycle. Participants must constantly remind one another of the overall destination, create metrics for assessing success, and reinforce incentives for driving strategy downward and across their organizations and networks.

Given the onslaught of urgent threats, it is no wonder that many networks are working so hard to change. Although networks are clearly concerned with innovation and social breakthrough, they must also look for the core infrastructure to manage the enormous uncertainties they face.

Change by All Means Possible

The breakthrough cycle is not just about aggregation of pressure. It is about producing change through whatever means possible. Some of this change will come from social movements, strategic alliances, and catalytic collaboration. But whatever the tactic, the concept is clear. The breakthrough cycle has enormous potential for addressing urgent threats but has often been stalled by the search for the one in 10 million that Drayton believes might lead the world out of chaos.

I believe the greatest obstacle to building an effective, fast-moving cycle is the desire for credit, whether by individual leaders, organizations, or funders. Were there mythic heroes involved in the great breakthrough cycles of the past? The answer is absolutely yes. Mahatma Gandhi, Martin Luther King Jr., and Bobby Kennedy were undeniably exceptional, and clearly obsessed with a vision of the new prevailing wisdom. But they also understood that they were part of a whole larger than the parts and that change involved assets, commitment, to new and old ideas alike, and more.

Breakthrough cannot occur without a tight alignment among the many participants.

All were willing to share credit widely. Having watched major breakthroughs come and go, it is often impossible to identify a single leader or funder that made it all possible. Credit had to be diffuse, if only to protect the network from the collapse or withdrawal of a single node built on a specific set of actors.

We cannot become so obsessed with the heroic leader that we forget the power of a sum greater than the parts. The civil rights movement could not have reached a boiling point without the individual purpose and perseverance of Martin Luther King Jr. But long after his tragic assassination, other entrepreneurs, safekeepers, explorers, and advocates took up the expansion of civil rights to include women, the elderly, the disabled, the sick, and others.

The history of great change efforts shows that participants bring great integrity, honesty, trust, and faith to bear on the status quo. Their work is not so much businesslike, but social-change-like. They use every driver available, including sophisticated, highly robust breakthrough networks. These tactics still exist today. They might be underappreciated in this moment of Type-A social entrepreneurship, but they are still effective in confronting new problems or in defending old breakthroughs.

History also shows that change takes time and patience. Change begins with the belief that there is no such thing as an intractable problem today. Although there are quick breakthroughs from time to time, social change is anything but a wind sprint. This is why purpose and perseverance are so important to ultimate success. They must be inflamed, nurtured, and renewed at every turn. And they must be accepted as the bulwark of change.

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IT Workers:
Shedding the *City-upon-the-Hill* Model

by Holly Ross

As new technologies enter the workplace, IT departments must be prepared to adjust.

When John Winthrop and the Puritans arrived in Boston in 1630, they set out to build a fort to protect themselves from the natives, the Spanish, and the idiosyncrasies of the very land for which they had risked their lives. To commend the event, Winthrop wrote and delivered a rousing call to action, to build a "city upon a hill" that would shine its light of benevolence on all within sight. From this modest fort, a paternal empire of efficiency and benevolence would spring.

While it may be a stretch to draw too many parallels between modern-day information technology (IT) departments and a group whose idea of document security was a wax seal, there's actually some commonality.

Like the Puritans, IT arrived late to the scene and well after an average organization's other inhabitants had carved out a niche in an already crowded org chart. Where John Winthrop sought to bring civility to the wilds of New England from his fort, most IT departments are structured to bring order to the chaos wrought by unruly staff, clients, and stakeholders. From their forts, they hope to shine the light of efficiency and order on the rest of the organization.

Most important: to grow, the Puritans had to embrace populations of immigrants with their own ideas about what it would mean to build that "city upon a hill." Similarly, IT departments now face an influx of needs to which they must be receptive if they're going to help their organizations become more efficient and more effective.

As new technologies such as cloud computing, shared infrastructure, and collaboration enter the workplace, IT departments must be prepared to adjust. While historically IT has largely enabled operational efficiency, today's IT workers should focus more on strategic goals, such as enabling organizational mission. While some IT workers have resisted these changes in the name of organizational security and control, the shift has already begun to take hold. As these changes continue to permeate the workplace, IT can best secure a place for itself by embracing its new role as strategic enabler, not by resisting the change.

The ROI of Flexibility

When IT departments first arrived, they were agents of efficiency. We networked computers so that files could be shared, set up servers to store and back up data, and learned how to perform that most revolutionary of time savers: a mail merger. Efficiency was the hallmark of a good IT program, but efficiency rarely goes hand in hand with flexibility.

Holly Ross is the executive director at NTEN, a nonprofit technology network.

IT staffers have been trained to despise exceptions.

Efficiency requires standardized processes and common systems. That's why so much of IT work involves documenting how things get done and then choosing hardware and software that support those processes. It's why your IT department will support the BlackBerry but not the iPhone, or all Macs but no PCs. Standards make organizations more efficient; exceptions slow us down. Over the years, IT staffers have been trained to despise exceptions, those scourges of efficiency, and cherish their systems. They are defenders of rationality and time well spent.

Over the past five years or so, however, a flood of digital immigrants has arrived on our shores. Computers have gotten smaller, and the Internet has become more pervasive. Technology is no longer confined to our offices. And as nonprofit staffers have become more tech-savvy themselves, they've pushed IT to move technology out of the fort and into the field: the marketing department, the fundraising department.

Here's how Peter Campbell—the IT director at Earthjustice, a nonprofit environmental law firm in Oakland, California—sums things up in "The ROI of Flexibility":

> Without standardization, automation, group policies that control what can and can't be done on a PC, and some protection from malicious web sites, any company with 15 to 20 desktops or more is really unmanageable. The question is, why do so many companies take this ability to manage by controlling functionality to extremes?[1]

What's the role of technology and the IT department when tech can't be confined to the fort and your staff, clients, and stakeholders are knocking at the gates?

Moving Technology up the Pyramid

Today's technology has to serve a dual role: to maintain efficiency while also building effectiveness. Ed Happ, now the CIO at the International Red Cross, saw this coming early in his days at Save the Children. Happ watched field staff members create their own technology solutions

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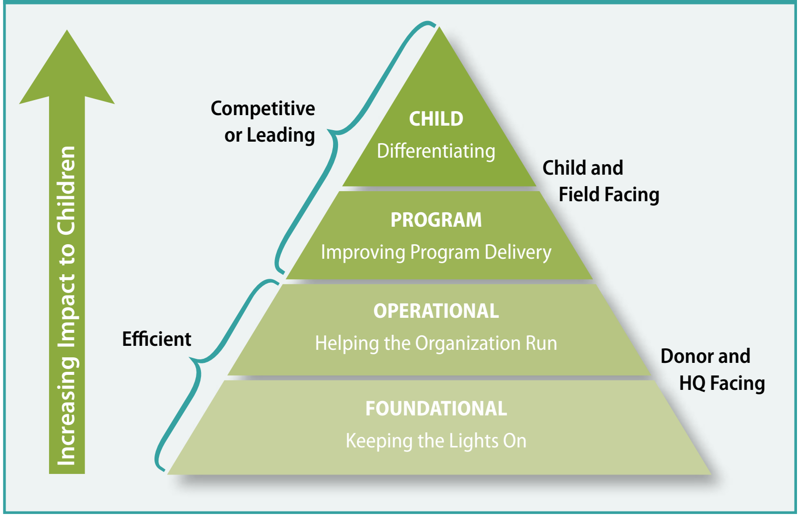
to meet the needs of their communities regardless of the systems IT had put in place. His IT staffers, meanwhile, were so focused on the efficiencies they could control that they didn't have the bandwidth to support that innovation in the field.

Save the Children is not the only organization that has faced this dilemma. As Happ surveyed his peers and colleagues, he realized that he could represent the IT function at every organization, large and small, as a pyramid (see figure 1, at right).

Figure 1: **Moving the Agenda up the Pyramid**



In Happ's pyramid, the more IT resources—time, money, and staff—spent in any of the four areas, the larger its representation. Time and again, Happ discovered that organizations spend most of their IT resources on efficiency builders at the bottom of the pyramid: e-mail management, server maintenance, and help desk–related tasks. But for Happ, maintaining efficiency should not trump serving children; and when it does, there's a problem. He came to believe his role was to use technology—and the IT department—to serve the mission of Save the Children.

It's a goal we can all agree with, right? As mission-driven organizations, we do various gymnastics to ensure that as many donor dollars as possible go toward our causes. In this way of thinking, the IT department is a money sink, a fort necessary to maintain security and keep order, but not a resource that helps move organizations toward their overarching goals.

But with a shift in the role of IT, this perspective becomes less true. There are tremendous opportunities for nonprofits to shift IT away from keeping the lights on and toward technology that actually serves mission. If we redefine what the IT fort looks like, we can make this happen. So where do we start?

Cloud Computing

Cloud computing is a technology term that's been flying around a lot lately, but it's more than just a catchphrase. It's a chance for nonprofits, especially smaller organizations, to access world-class IT products and services without needing world-class IT expertise.

While many different definitions of cloud computing exist, it's a pretty simple concept: software and information that used to reside on your computer's hard drive are instead delivered, on demand, over the Internet. We most often experience the cloud through applications such as Google Apps, Microsoft Office 365, and Salesforce.com.

There are tremendous opportunities to shift IT away from keeping the lights on.

Cloud-based software offers several benefits for nonprofits:

- In a cloud model, pricing can better align with nonprofit budgets. Monthly costs per user are easy to budget for and manage, as opposed to traditional software purchases that require a large up-front payment.
- You access the same software as everyone else. When a cloud provider makes a major system improvement, everyone on the system receives the upgrade, not just the big organizations, so everyone wins.
- The cloud is accessible anywhere. Staff that travel or those who work from home or in the field can access software from any browser, even on their phones, saving time and resources—and providing the opportunity to innovate.
- In a cloud model, there's no infrastructure to manage, nothing to install and keep updated. You don't need to keep data on a server in the closet that you have to maintain yourself.

That last point is the key: if they don't spend time installing updates or managing servers, your IT staffers are free to do more important work, such as figuring out how to conduct that annual survey on handheld devices instead of paper, or

The cloud is one way for nonprofits to ditch the forts.

using mapping software to better understand where your clients come from. As Melissa Zimmerman, an executive assistant at the Arc of the Virginia Peninsula, shares how her organization has moved its e-mail application to the cloud:

> The actual transition was labor-intensive, but we've spent virtually no staff time updating/maintaining our e-mail. . . . Moving to the cloud has improved our entire e-mail system because it is now administered by experts, and it has freed up staff time to do what really matters: furthering our mission.

So why isn't everyone rushing to the cloud? Because of the fort. IT teams are trained to control everything, but cloud services can't be controlled by an organization's internal IT staff. IT can't see or access the machine on which these programs reside, and that is unsettling to some IT departments. As Doug Chamberlin—a programmer, analyst, and database architect at Boston Collaborative Drug Surveillance Program—notes, data security has become a major point of contention. "How can you say you have improved security of your data by storing it at some unknown site and letting a third party's staff care for it?" he says. "I'm just waiting for a major breach to be traced back to a disgruntled employee of a cloud provider."

This criticism of the cloud may be true. But for most nonprofits—those with budgets under $250,000 a year and only a handful of staff—Earthjustice's Campbell suggests that the opposite may be true of cloud security:

> About 80 percent of the people I speak with come from that perspective. They value security over entrepreneurship. But it's a simple equation, especially for smaller nonprofits. Salesforce.com has a slew of security experts guarding your data. You have your IT person, if you're lucky. You need to look at your own security. If you don't have strong password requirements and strong firewalls, you can't beat most cloud providers. You have to evaluate the vendor, but chances are that for most understaffed organizations, a solid cloud provider will be safer.

The cloud is one way for nonprofits to ditch the forts and start building towns outside their walls for their digital immigrants. Nonprofits have also built capacity and focused on mission through technology-based collaboration.

Collaboration

In the nonprofit sector, the term *collaboration* has reached saturation. Donors ask for it, funders demand it. In 2009, a Collaboration Prize was awarded.[2] But we all know achieving collaboration is much more difficult than simply talking about it. In the realm of technology, however, this truism may be the exception to that rule.

Many technology needs are specific to each individual nonprofit. Generally speaking, however, e-mail is e-mail and phone systems are phone systems. Why not collaborate to share technology-based services with like-minded organizations?

Jan Berry, the CEO of MACC Alliance of Connected Communities, a consortium of community organizations, has done more than ponder this question. Over the past five years, MACC Alliance has provided back-office technology to its membership of community-based human-service agencies. IT provides services that nonprofits have traditionally outsourced and shared—such as human resources, facilities management, and finance—but it also provides IT and data management services.

Berry is quick to acknowledge that even as we call for greater efficiency in nonprofits, it's important to acknowledge their real differences. "One of the interesting things about the efficiency conversation is the assumption that nonprofit businesses are highly similar, but they are not," she says. Still, even with diverse needs and business processes, nonprofits can share key services such as e-mail and document and data management. Launched with just four organizations, the Alliance carefully crafted services that would meet the diverse needs of the members. Now, it has 15 participating nonprofits.

"Not every one of our members participates," Berry says. "Some want control of IT in their own building. For some, they're not of a size where the cost works out for them. Our services are designed for a $2 million to a $4 million operation."

But for several participating members, the payoff extends far beyond efficiency and cost savings. Several member organizations share a client-services database, despite the fact that they provide entirely different kinds of services. Ten organizations collaborated to find a system that would meet most of their needs and customized the rest. Though the data is stored centrally, each has access to a customized interface, and each agency's records are protected.

Buying into a software installation and customizations collectively is a great way to save money. What's most interesting, however, is that in the process of developing and using the database, the groups have begun to craft data-sharing agreements. They have collaborated to develop common theories of change and data tools so that they can report apples-to-apples data to funders and their stakeholders. That's the sort of change that can benefit the entire sector.

A Shift in IT

Over the past decade, IT departments have looked an awful lot like that first Boston fort, but digital immigrants have increasingly set up their tents outside the fort walls. Most of these technology workers and consumers hold more computing power in the palm of their hands than our geek forefathers could contain in a single building half a century ago. They have learned to conjugate brand-new verbs like "google" and "tweet." They want to work at home, on the road, and at 3:00 A.M.

Too many IT departments still act like it's the fort that matters, unable to accommodate the demands of the crowd outside. As usual, the technology part is simple; the challenges lie with the human architects. We need to encourage and invest in IT leaders who will protect our organizations, without sacrificing our ability to do what our sector does best: respond, adapt, and create change.

ENDNOTES

1. Techcafeteria blog (http://techcafeteria.com/blog/2009/04/21/the-roi-on-flexibility).
2. The Collaboration Prize Home (www.thecollaborationprize.org/search/index.php).

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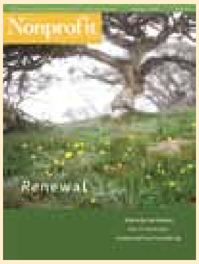

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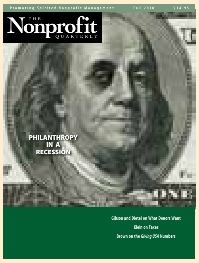

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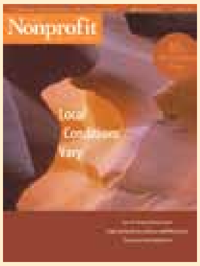

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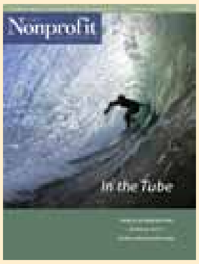

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A Community Fights Back:
A Merger in Humboldt County

by Rick Cohen

Nonprofit reorganizations often hold unanticipated consequences for marginalized communities.

During a time of reduced resources, it may be tempting to broadly call for mergers and consolidations, but these reorganizations often hold unanticipated consequences for marginalized communities. It seems likely that in national networks' rush to consolidate chapters and affiliates, rural America may get the short end of the stick.

In brief, a merger that blends a rural nonprofit site with a larger urban region may result in a rural community's losing resources. Exemplary of this is a recent flap in Eureka, Humboldt County, California, where one community fought Easter Seals to retain a local facility that had served disabled residents for more than six decades.

The facility is the only pool in the area to be heated to 92 degrees Fahrenheit, a requirement to serve those with certain types of disabilities. While the facility didn't serve a lot of people—124 all told—for those who did need it, the pool was a critical resource. And for the local community, serving these constituents was important. Though the local Easter Seals facility owned the pool, local Humboldt County philanthropy had helped to buy and support the facility.

So it did not go down easy when, in the spring of 2010, the regional Easter Seals Northern California, decided to close and sell the pool and adult day-care center with only 60 days' notice. Easter Seals claimed that the facility was a resource drain.

Regional Foundations Swoop In

With Easter Seals primed to drop the facility, it was up to local organizations and philanthropy to save the facility from a permanent closing. For the Northern California chapter of Easter Seals, the pool was a financial drain that had to be eliminated for the regional operation's financial health.

Easter Seals reported that the Eureka facility represented $158,000 of the region's projected $166,000 loss in its most recent current fiscal year. How Northern California Easter Seals (formerly Easter Seals, the Redwood Region) concluded that the therapy pool accounted for such a large proportion of a projected loss by the Northern California chapter—and the accuracy of that accounting—was not immediately clear. For Humboldt residents, this catastrophic financial analysis came as a surprise following its announcement by the regional Easter Seals CEO, who had never visited the facility. The cost accounting wasn't up for debate.

Rick Cohen is *NPQ*'s national correspondent.

PHOTOGRAPH © MOMATIUK–EASTCOTT/CORBIS

Small rural foundations can leverage their resources even without offering a grant.

In October 2010, the *Times-Standard* reported, “Motivated by upset pool users with no therapy options, Bill Ruff of Vector Rehabilitation, Peter Pennekamp of the Humboldt Area Foundation, and Leigh Pierre-Oetker of the Melvin F. & Grace McLean Foundation formed an alliance of nonprofits to purchase and renovate the property.”

But this effort ran into a roadblock. Easter Seals Northern California established an unreasonably rapid process and time line that was not designed to help the community retain the pool. Further, its efforts demonstrated an attitude that didn’t seem open to working with the community.

The Humboldt Area Foundation and the McLean Foundation tried to buy the facility and requested a state grant for some portion of the acquisition and upgrading costs, but Easter Seals initially spurned local efforts to maintain the facility, citing costs and efficiencies as the reason for closing the service. The speed of the proposed process made getting the commitment and funding for acquisition and renovation of the pool all but impossible.

Facing the challenge of obtaining Community Development Block Grant funding to make the deal work with the deadlines set by Easter Seals, the McLean Foundation expressed frustration at Easter Seals’ intransigence. “It’s crazy,” the foundation’s Pierre-Oetker said. “If your mission is to serve this community and you are a nonprofit, why not allow us this time?” The foundations pledged to provide bridge financing for the facility’s acquisition and rehabilitation because, even if a block grant were awarded, the funds wouldn’t be available until the middle of 2011.

Community Mobilization

This is exactly how small rural foundations, which are generally less capitalized than their urban counterparts, can leverage their resources even without offering a grant. Predevelopment financing, funds toward site acquisition, and loans to bridge the gap as recipients wait for government resources are all things that rural foundations can do even with limited capital. In Humboldt, the philanthropic community was ready to act. But the Easter Seals regional director expressed a disdain for the local process. “They had 11 weeks,” he said frankly. “I run a nonprofit organization, and every day we put together proposals. If it took me this long to get my you-know-what together, we’d be out of business.”

How could the community gear up to meet the 60-day time frame from the regional Easter Seals office? And if it could, would Easter Seals treat an offer seriously? In the community, suspicion was rampant. When Vector Rehabilitation—a respected health provider in a position to acquire, manage, and operate the pool—made an offer for the property, a Vector spokesperson presciently noted, “If we get a counteroffer, there’s some good faith. [But] if they pooh-pooh it, then that will tell us something.”

At the same time, many of these battleground financial issues were of little concern to Humboldt residents, including whether the Easter Seals’ operating costs and losses were accurate, whether Vector or another provider could operate the pool, and whether local funders and public-sector subsidy sources were available. What mattered to Humboldt leaders and citizens was one thing: that this pool, heated to 92 degrees and outfitted with a wheelchair ramp, was a crucial safety-net resource for disabled people in a rural county for which there were no easy alternatives.

Humboldt County residents conducted informal pickets at the facility to protest the closure. But Easter Seals seemed impervious to the community’s anger. The local-foundation community expressed its concern about the Easter Seals juggernaut in the strongest possible terms; Pennekamp declared the Easter Seals decision “an outrage.”

How did the national federation fit in? The Easter Seals Northern California decision was consistent with the merger-and-consolidation efforts in other Easter Seals regions. And throughout the country, Easter Seals has long been on an acquisition-and-merger trajectory. Some of it involved consolidation with other organizations. In 2004, for example, Easter Seals in North Carolina merged with United Cerebral Palsy, a move that was followed by acquisitions and mergers with other for-profits and nonprofits. In late 2009, Easter Seals Central Texas merged with United Cerebral Palsy of Texas, and Easter Seals North Texas merged with DFW Center for Autism.

Easter Seals is not a tiny organization. In New Hampshire, for example, a largely rural state, Easter Seals is among the largest of the state's 7,800 nonprofits. Its organizational financial calculus is hardly like most small rural groups. Easter Seals Tennessee closed a 13,000-square-foot children's center and put the property on the market for $6.8 million. It then closed a 98-acre campsite and put the property up for sale for another $6.5 million: sums that would have paid for the acquisition and renovation of the therapy pool several times over.

Forgotten Constituencies

The Easter Seals action in Humboldt County touches on the low status and limited political power of rural constituencies and of the rural disabled. The needs of the disabled get short shrift in philanthropy. Even when foundations express their commitment to diversity and minorities, the disabled minority is often overlooked. With California's ongoing state budget challenges, budget cuts included reductions in recreational programs that target the disabled. Because state programs flow to nonprofits, which affects service providers like Easter Seals, Easter Seals chose to cut back on the programs in the hardest-to-reach areas: rural communities.

Why would Easter Seals do this? As one Humboldt observer suggests, "The populations they benefit aren't as politically active and often don't vote, so they represent less of a threat at the ballot box." Rural populations don't have much of a vote or influence in large national organizations or networks—philanthropic, nonprofit, or otherwise. Combining rural and disabled constituencies creates a double dose of the disempowered—and often disenfranchised—populations, in government and in philanthropy. The vigorous response and commitments of the Humboldt funders are distinctive and noteworthy exceptions to typical philanthropic behavior regarding the rural disabled.

According to the Northern California Easter Seals director, Humboldt County was "offered a choice: merge with the region or disaffiliate," he says. "When you make a choice, you need to accept the decision and move on." In other words, either Humboldt County should accept the closing of the therapy pool and use a facility several hours' driving distance away, or it should do without the support and imprimatur of the Easter Seals.

Humboldt Area Foundation's Pennekamp offers a radically different analysis: regardless of the cost, Easter Seals locally and nationally had an obligation to this rural community until the property could be sold to a local nonprofit and its foundation backers. "Whether you are Easter Seals, the heart association, the cancer society or Humboldt Area Foundation, you have a responsibility to those you serve," he says. "That is what [Easter Seals has] entirely abrogated. This community paid for that building." The fact that the Easter Seals director suggested that "no one has yet offered a financial solution to 'save the pool'" reflected a calculation that dismissed the community ownership and commitment that Pennekamp cited, including commitments from the community foundation, the Bertha Russ Lytel Foundation, the McLean Foundation, and potentially others that were prepared to step up to save the pool.

The Humboldt community's sense of ownership was more than the presence of some foundations willing to provide bridge financing or startup funds. Community residents staffed the pool, and if the facility were to close, stood to lose their jobs. Several employees said that were willing to continue to service the pool as volunteers, which Easter Seals spun for the press as the local community's commitment to the Easter Seals as an organization. But that message missed the point entirely. Their willingness to volunteer didn't express commitment to the organization but to *community ownership* of the pool, staffed for six decades by Humboldt County residents who provided a service to their disabled neighbors.

Combining rural and disabled constituencies creates a double dose of the disempowered.

The Trickle-Down Effect

In politically weak rural communities, the impact of regional or national federations' decision to shutter facilities and services is often disruptive.

> In areas with limited philanthropic alternatives, the lack of federal money means a slow demise for services.

Humboldt County is hardly alone in seeing rural-area services wane. This past May, for example, as funding disappeared, four Midwestern crisis help lines in rural areas were on the brink of collapse. The Harlan, Iowa-based Agri-Wellness Inc. operated seven hotlines in a few states to connect people "who have been successfully treading water until one event or incident results in a breakdown of their ability to continue" to resources—except in rural areas. But increasingly these hotlines faded, and local resources to help people, such as the Easter Seals pool users, disappeared under the guise of financial efficiency and consolidation.

One of the hotlines captured why Eureka residents are so adamant about maintaining these services. "In rural America, it is all about relationships: who you know and who you feel comfortable with and who you trust," a hotline worker notes. "There is already such a big stigma around mental illness. So taking away the people that have forged these relationships can be really devastating. When the network or hotline goes away, so do the faces and voices that you trust."

As with California's funding for recreation for the disabled, Congress created the Farm and Ranch Stress Assistance Network to create crisis hotlines and behavioral health services to serve geographically rural areas. President Barack Obama recommended an initial $5 million appropriation for the hotlines, but subsequently, the House and Senate both failed to approve funding. As with the Humboldt County pool, it's not costly to run the rural hotlines. But in areas with limited philanthropic alternatives, the lack of federal money means a slow demise for some services. In Kansas and North Dakota, the hotlines are likely to go under. Typically, in philanthropically undercapitalized Kansas and North Dakota, there are few, if any, foundations that can step in and take the place of the federal program. To the extent that Humboldt County has a well-respected community foundation and activist family foundations, it was better able to confront the Easter Seals announcement and challenge its impact.

Easter Seals is not the only national nonprofit that has engaged in mergers and consolidations with potentially detrimental effects on rural areas. In Ohio, for example, rural Warren County faced the prospect of its United Way merging into a mega-United Way that would encompass Butler County and, more significant, the central cities and metropolitan areas of Dayton and Cincinnati. Corporate donors initiated the merger discussion. How might rural Warren County find its concerns lost in the merger? Although "districts" would make allocations for small agencies—which many rural nonprofits tend to be—a regional board would be created to approve all allocations and empowered to challenge local decisions "for cause." Nonetheless, Warren County nonprofits saw the merger as trying to solve a problem of United Way inefficiencies in fundraising campaigns with an all-purpose solution to "bigness" that a Warren County United Way official deemed "not better." A food bank official called out the United Way proposal, charging that "mergers and acquisitions benefit the CEOs, not the workers."

Don't Believe the Merger Hype

The rural community of Eureka, California, organized and found the means to win its struggle with the national federation. In October 2010, as a result of support from the Humboldt Community Foundation for the down-payment costs and the McLean Foundation's payment for the renovation of the pool facility, a $600,000 Community Development Block Grant came in for the pool's acquisition and repair. The combination of the financial commitment and the vocal advocacy of these local foundations bought the time necessary to save the pool.

In the process, Easter Seals won no friends in its dealings with the community. As a former chair of the board for the Humboldt County chapter of Easter Seals noted, the problem stemmed in part from the decision made years ago by the Easter Seals Humboldt County to merge under the Easter Seals Northern California banner—a decision, the former chair said, "most of us regret."

Humboldt County won its battle with the Easter Seals partly because of local foundations' dogged advocacy—and significant resource commitment—not to outsized ideas of microfunders creating macro-social change, but rather to simply defending the local community. There is a message for the big national federations: under the guise of efficiency and cost-savings, these federations follow scaling-up agendas that often deprive small and rural communities—as well as communities without political and philanthropic power—of crucial resources. Humboldt County obviously had resources, and its leaders used them to great effect. But many others don't.

But for a moment, assume instead, that the Easter Seals argument about the Eureka pool was entirely accurate: the pool was a resource drain that couldn't be sustained. Also assume that Humboldt does not have a healthy community foundation and other local grantmaking charities. If the facility were a resource drain, is that a reason for a wealthy national federation to write it off? The FY 2009 Form 990 of Easter Seals nationally showed $80 million in contributions in FY 2008 and an identical number in FY 2009.

The Easter Seals network is hardly bereft of resources, and that $80 million in contributions does not include the revenue of the 168 independently incorporated organizations listed by GuideStar with "Easter Seals" in their name. An all-too-common problem of national federations or national nonprofits with local semi-autonomous chapters is to focus only on those chapters that generate money for the system, those that show evidence of being self-sustaining, and those that draw on national for little or nothing. Small-city and small-town rural sites without liquid capital to draw on often find themselves consolidated into larger networks where their voices and needs are difficult to hear, easy to ignore, and often cut out of resources and programs they need. Sometimes it is critical for national federations to spread the wealth and use the power of better-capitalized regions to help sustain operations in the less well-funded, often rural, parts of the network.

For Easter Seals, the Humboldt story should be particularly significant. Easter Seals has long presented itself nationally as an advocate for the disabled in rural areas. Its 2006 publication *Transportation Services for People with Disabilities in Rural and Small Urban Communities* identifies many of the challenges that Humboldt County's disabled population would have faced had the Eureka pool closed and had it been required to seek alternative services, including the following:

- "limited funding for transportation in rural and small urban areas";
- "restrictions on trip purposes and limited days and hours of operation";
- "inequities in the distribution of monies used to support rural transportation";
- "transportation in rural and small urban communities . . . often limited to medical or other 'priority' trip purposes";
- "a lack of long-distance transportation to regional services"; and
- "transportation . . . often limited to agency clients or people who qualify for specific funding programs."

Other foundations have noted that rural areas can easily create the conditions for neglected and disenfranchised constituencies. In its *Place Matters* report, which describes the rich "tapestry" of rural America, the Carsey Institute identifies remoteness and low density as the two main obstacles to rural-area success and calls for making "affordable and accessible health care facilities" a top priority. The heated pool in Humboldt County is a concrete example—a small but hugely important resource to the locality—of what a national nonprofit federation can do to help support rural areas.

Unless national federations such as Easter Seals are content with giving rural areas only lip service as evidence of concern and commitment, groups should not succumb to the mythology that scaling up through mergers and consolidations adequately protects clients and constituents in already neglected and underserved areas.

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National federations must use the power of better-capitalized regions to help sustain less well-funded parts of the network.

Finding a New Tune:

How Arts Organizations Balance Creativity and Operations

by Corbett Barklie

For 20 years, we've sung the "How do we stabilize the arts community?" blues.

***Editors' note:** An* NPQ *editor discovered this paper, which for a couple of years had circulated informally in her world. She brought it to our attention, and now we bring it to yours. While this piece discusses arts organizations, plenty of other institutions can benefit from its wisdom. It asks how we can do our work differently, and that's why it was right up* NPQ*'s alley.*

FOR SOME TIME, WE'VE SUNG THE "HOW DO WE stabilize the arts community?" blues. For at least 20 years now, we've been rewriting that song's lyrics. But now, maybe it's time to change the music.

In 1990, I became an arts administrator, and in 1992, I became the associate director of ARTS Inc., Los Angeles's only service provider that focused on small and medium-size organizations in all artistic disciplines. During that time, I cut my consulting teeth on the National Endowment for the

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Corbett Barklie is a Los Angeles–based arts consultant with nearly two decades of experience and a theater producer focused on the development of new work.

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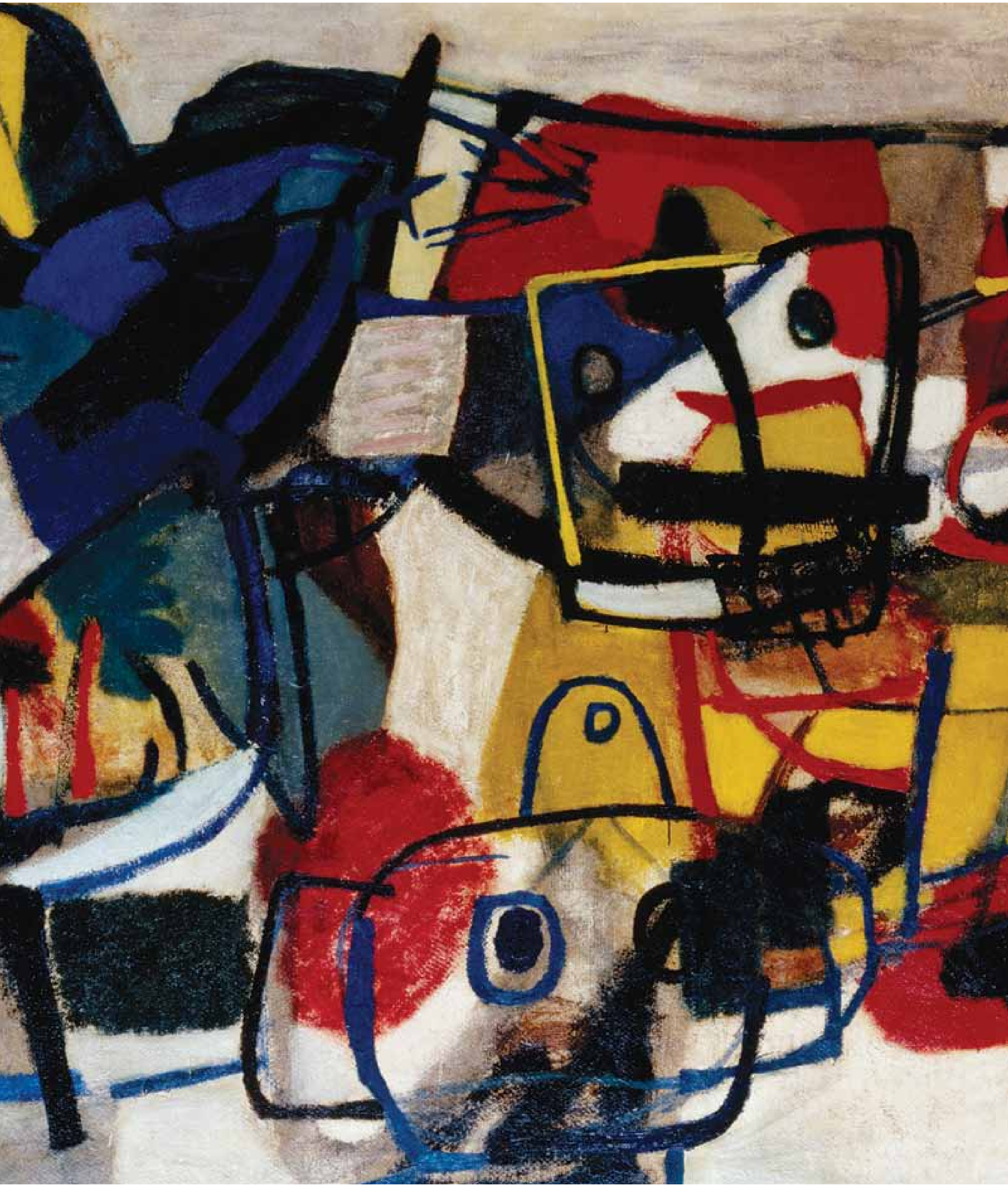

Arts Challenge and Advancement program as an organizational assessor and, later, as a consultant.

After moving up the ranks to executive director and then leaving the organization in 1997, I launched my own consulting practice to work with arts organizations with operating budgets of less than $1 million. Working in this part of the arts community often feels like living on the wrong side of the consulting tracks. Most of my colleagues—who have gone on to work with high-profile clients: funders, institutions, policy makers, and even for-profit corporations—now find little in common with me.

Despite intolerably scarce resources (especially for organizational consultants), I stay in this artistic neighborhood because artists maintain a close relationship with the artistic product. They are not afraid of creative challenges; there's no shortage of energy, commitment, and leadership; their ability to problem-solve is humbling; and my services and skills are desperately needed. As a consultant, I am a part and an observer of this community; which continues to produce work and remains relatively consistent despite political and social upheaval, public and private philanthropic cutbacks, artistic red alerts, and corporate change. This community is fearless, resilient, and inspirational almost daily.

Still, these groups struggle with a conundrum that often saps their creativity: if they are mired in operational problems created by traditional mandates to build infrastructure and engage in strategic planning for the future, how can they maintain the spontaneity that fuels their craft?

How can arts groups mired in operational problems maintain the spontaneity that fuels their craft?

Early Lessons Learned

During the early 1990s, ARTS Inc.'s issues of concern were the decrease in trained arts administrators entering the field, a lack of strong and stable earned-income streams, long-term organizational stabilization, board development, and leadership. We created programs to address some of these issues. One effort, the Multicultural Arts Management Internship Program, continues today in southern California under the auspices of the Getty Foundation and, in a broader sense, the Los Angeles County Arts Commission. This program was designed to address the present and potential future lack of trained arts managers. Another program, the Arts Leadership Initiative (ALI), trained business professionals in the business of the arts and matched graduates with organizations whose programs aligned with their interests. ALI also provided guidance on board development and leadership.

We developed two additional programs—the Entrepreneurial Skill Building Initiative and the Arts Loan Fund—to help organizations understand and manage cash flow and to increase their awareness of the need for consistent streams of unrestricted cash in the form of earned income. In addition we created workshops and offered individual consultations that preached the need for strategic plans, shared leadership, and cash reserves. Nearly a decade ago, ARTS Inc. closed its doors, and these programs disappeared along with it, though other service providers continue to offer similar programs.

But the focus on traditional organizational development has come at a cost. These artistically focused groups, faced with the task of creating business structures, are drained of essential creativity. In the course of my consulting work, I learned some key lessons on how these small arts organizations—mired in infrastructure and strategic planning concerns—can get back to the business of creative expression.

Everything Old Is New—Still

About three years ago, after reading several studies on the most recent state of the arts and sitting through myriad roundtable discussions and meetings, I realized something. While the external environment was continually shifting and presenting new challenges, the internal environment—the form, function, and organizational structure—hadn't developed at all. The same problems that plagued the community during the early 1990s continued to plague it more than 10 years later. And yet designated leaders, including funders, experts (myself included), and service providers, continued to offer the same menu of organizational solutions: skill-building workshops and initiatives, collaborative training programs, and capacity-building grants. Old programs and methodologies were still pulled from the shelves, often renamed, and re-presented to the arts community in the hope that something new would emerge.

Particularly for groups with operating budgets of less than $1 million, the challenges remain exactly the same: a lack of staff, inconsistent and inadequate contributed revenue, weak earned-income streams that result from spotty marketing and poorly articulated artistic visions, disengaged—or, worse—overly empowered boards of directors, and muddled missions. And these organizations know it. They are painfully aware of their inadequacies, real and perceived, and continually look to experts and designated leaders for ways to compensate for these weaknesses.

Experts and designated leaders share these concerns. We instruct groups to develop long-range strategic plans; hire professional staff members to write grants, budget, and make marketing plans; and find permanent facilities in the hope of making arts groups stable. These traditional solutions imply that the more airtight the infrastructure, the more stable the organization (i.e., the bigger the better). An organization with a large budget is better than an organization with a midsize one.

So we talk and we fret and we offer solutions that don't stabilize—at best, they force growth, and for what purpose? Certainly not to bring an artist closer to his art. Infrastructure (that is, staff, management, and administrative expertise; equipment, computer hardware and software; facilities; and board) may in the long term ensure an organization's existence. But in the present—the now of an organization—it is a beast to be reckoned with and supported financially.

By its nature, infrastructure is a barrier that splits the focus of an artistic group and demands attention. At its most positive, it protects the artistic product over the long term and ensures continuation. But to achieve long-term stability, the present must also be considered and planned. This planning often leads to self-conscious creative behavior, which can divide the artist from his art and the art from its community. Without equally considering the potential loss of spontaneity and engagement, recommending the development of infrastructure as the source of long-term security seems irresponsible.

And why are we so concerned about longevity anyway? Why can't we allow for artistic ebb and flow? Our artistic landscapes are so overcrowded with groups that no longer delight in themselves or captivate their audiences, and the result is that new artists and artistic impulses are shut out. Because there is not enough room, not enough money.

By its nature, infrastructure is a barrier that splits the focus of an artistic group.

Today's Sing-Along

When I came up against some of these obstacles in my own work, I had a revelation: If the methodologies that I had trusted for 15-plus years were not effective, what did I have to offer arts organizations? Without a set of clear and concise solutions to the challenges plaguing arts groups, how could I continue to present myself as an expert who could point the way to a happy and secure future? My work was based entirely on my ability to make recommendations for the development of strategic plans, shared leadership, boards of directors, audiences, staff members, earned-income streams, cash flow reports, multiyear budgeting, cash reserves, and volunteers. The dizzying array of possible solutions now seemed entirely inadequate.

Without conventional methodologies and wisdom, I was a deer in headlights. But I soon discovered that when you stand still—even if you're frozen—you see things. Here's what I learned.

Audience Understanding

Any arts group that wants to develop its audience and funder base understands the importance of knowing whom you're talking to. It occurred to me that arts leaders could learn from this principle as well. Historically, all arts organizations—individual artists, artistic collectives, arts organizations, and institutions—have been called an "arts community," which signifies a single entity. And there has been a single conversation about this entity among arts leaders, even though we all know that an artist collective has nothing in common with a multimillion-dollar theater institution or that a neighborhood arts center cannot relate to the issues that are critical

An organized arts collective is strongest when it focuses on the present, not the future.

to a philharmonic. And yet, out of convenience, lack of funds, or lack of language, a regional conglomeration of artist groups is still referred to as a single arts community.

In Los Angeles, we bemoan the lack of a cohesive arts community. Here the number of artists and arts groups is immense and often separated not only by budget size and artistic intent but also by gridlock. Even so, the larger arts landscape features various smaller arts clusters organically united by need, vision, and respect. These community clusters are vibrant and collaborative and undeterred by freeways or traffic. And if we were to examine these clusters closely, we might discover that, rather than lamenting the absence of a single, cohesive community, we should celebrate the existence of many. Perhaps now is the time for the community to inform leadership and shape the dialogue. And perhaps there is no single conversation, but instead three or four.

A New Chorus

So how should we view this vast "community" and reidentify community groupings to help focus conversations and perhaps provide new perspectives and new solutions?

Organized collectives. These arts groups typically have budgets of less than $150,000. And when smaller organizations reach a $150,000 budget, this is the point at which these organizations consider hiring their first paid staff members. Hiring paid staff often signals the beginning of the development of infrastructure. A group of artists without a measurable infrastructure has a specific relationship to the artistic vision, process, and product, and it functions in a specific, nonlinear manner. By contrast, an organized collective ebbs and flows—activity and energy peak when there is an artistic impulse, and they wane when the impulse is not present. It is lean and agile and responds only to artistic mandates.

Arts corporations. An arts corporation has infrastructure. This infrastructure requires that an organization is always active, even in the absence of an artistic impulse. A music group that presents two concerts a year—one in the spring and one in the fall, for example—must still operate during the winter and summer months because its infrastructure requires it. Staff must continue to write general-operating grants, organize direct-mail campaigns, convene the board of directors, and engage in other activities to support the organization. Arts corporations exist at various budget sizes and competency levels. They have varying degrees of infrastructure but deal with similar issues in balancing infrastructure and artistic product, organizational equilibrium, and sustainability.

Institutions. Any arts organization that has an endowment (that is at least equal to its annual operating budget) is an institution. Budget size is irrelevant. A theater organization with a $300,000 annual budget and a $300,000 endowment is as much an institution as the largest budget organization in the world (which organization is that, by the way?).

Nontraditional Models to Fuel Creativity

I also offer up the notion that there is no natural growth progression from organized collective to arts corporation to institution. Each is complete unto itself.

An organized collective is not a group that has not yet succeeded in becoming an arts organization. An organized collective must understand this. Likewise, funders and designated leaders should abolish any belief that an organized collective is fledgling or incomplete because it lacks infrastructure and endowment. Further, funders, leaders, and experts should not encourage or advise an organized collective to engage in activities that are irrelevant to its primary function: to create art. They should not require, for example, that organized collectives create strategic plans. An organized collective is strongest when it focuses on the present, not the future. In fact if in the future an artistic impulse fades away, an organized collective will naturally dissipate. This is not a failure, but an appropriate response.

An organized collective offers countless benefits. There are internal benefits, such as agility, total union between artist and vision, and an intense focus on artistic process. And these same benefits directly affect the community. The role of leaders, funders, and experts is to identify what supports the organized collective and create programs, funding, and methodologies to support that.

An arts corporation struggles to balance its desire to maintain artistic integrity, the mandates of the marketplace, and the unwavering demands of infrastructure. They wrestle with the daily realities of leadership, workload, and finances. Many of these daily realities are directly related to the group's desire to support the current infrastructure and to build even more.

Often traditional process-oriented consulting methods, such as planning, are useful for arts corporations because the process encourages leadership, communication, and a commitment to shared goals. But arts corporations' primary challenge is to keep infrastructure small enough so it supports the product without overwhelming it. The role of leaders, funders, and experts is to assist arts corporations in keeping the infrastructure balanced—which often means small. This requires a shift in the traditional thinking that bigger is better. An arts corporation is truly stable only when its infrastructure is small enough.

Striking the Balance

Institutions are also challenged to find and maintain the connection to and relationship between the artistic vision, the audience, and the infrastructure. In the face of inherent tension between art and the marketplace, finding organizational equilibrium is a tricky business. It takes a clear vision and good management. The equilibrium is further complicated by the community's almost certain sense of entitlement, particularly among subscribers and/or donors. Properly defining the notion of "access" is critical, and reinvesting in the community that stabilized you should be a daily activity. Institutions should have strategic plans, and they should communicate these strategic plans to the community.

This notion requires that we think differently about leadership and expertise. Just because an employee works for an institution does not mean he is an "arts leader." Somewhere along the line, institutional leaders have been automatically designated as community leaders, but this designation should stop. There is no correlation between a person who works at an institution and leadership; nor does it naturally follow that institutional employees are any better at their jobs or somehow more enlightened than someone who works for an arts corporation or is a member of an organized collective. In addition, artistic directors of institutions are no more visionary or gifted than their colleagues in organized collectives and arts corporations. By embracing this notion, we open the possibilities for the identification of relevant leadership and broaden its definition.

Different models for arts organizations requires that we think differently about leadership.

If we re-imagine the ways art is created, identified, and supported in our communities, we can find enduring solutions that truly support arts groups. Even for a moment, if we are willing to set aside traditional thinking, we may find that the elusive answers we've sought already exist and a close examination of the organized collectives, arts corporations, and institutions as individual groupings may reveal them. While these changes may challenge our traditional understanding and sound like a new song with new lyrics and harmonies, the net gain for communities and for the craft may be worth the unsettling change.

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You Don't Need *an* Empire *to* Build Strength *for* Change

by Deborah Linnell

Sharing work and resources has led to joint funding of some nonprofits' efforts.

IT IS MORE THAN A TRUISM THAT THE WHOLE IS greater than the sum of its parts. Nonprofit organizations that have pooled resources have seen the strength of this principle in action.

Recently, four Rhode Island organizations that work in affordable housing have found ways to share staff as well as office space and to co-plan their legislative, communications, and fund-development strategies. Sharing this work has led to joint funding of their efforts and a major legislative campaign victory. The four groups that comprise this coalition are the Corporation for Supportive Housing (CSH), a national organization that promotes permanent supportive housing; the Rhode Island Coalition for the Homeless (RICH); the Housing Action Coalition of Rhode Island, the state's affordable-housing advocacy group; and the Housing Network, the association for Rhode Island's community-development corporations.

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Sharing Staff, Forging Relationships

Earlier in the decade, staff and board at the Rhode Island Coalition for the Homeless became interested in the supportive-housing model, which places the chronically homeless in permanent supportive housing rather than in shelters. RICH invited the Corporation for Supportive Housing to open an office. When the new Rhode Island director, Michelle Brophy, began her position, she was given a budget for an office and staff. Rather than build a mini-empire by hiring her own staff, Brophy used funds to "buy time" of staff in other organizations to support needed functions. Her theory was that she would build strong bonds with groups on which she would soon rely to make the CSH model a reality. Brophy also subleased a simple office space from the Rhode Island Coalition for the Homeless, further cementing her close working relationship with the organization.

Both RICH and CSH understood that the capacity to strategically communicate to shelter providers, policy makers, funders, and the general

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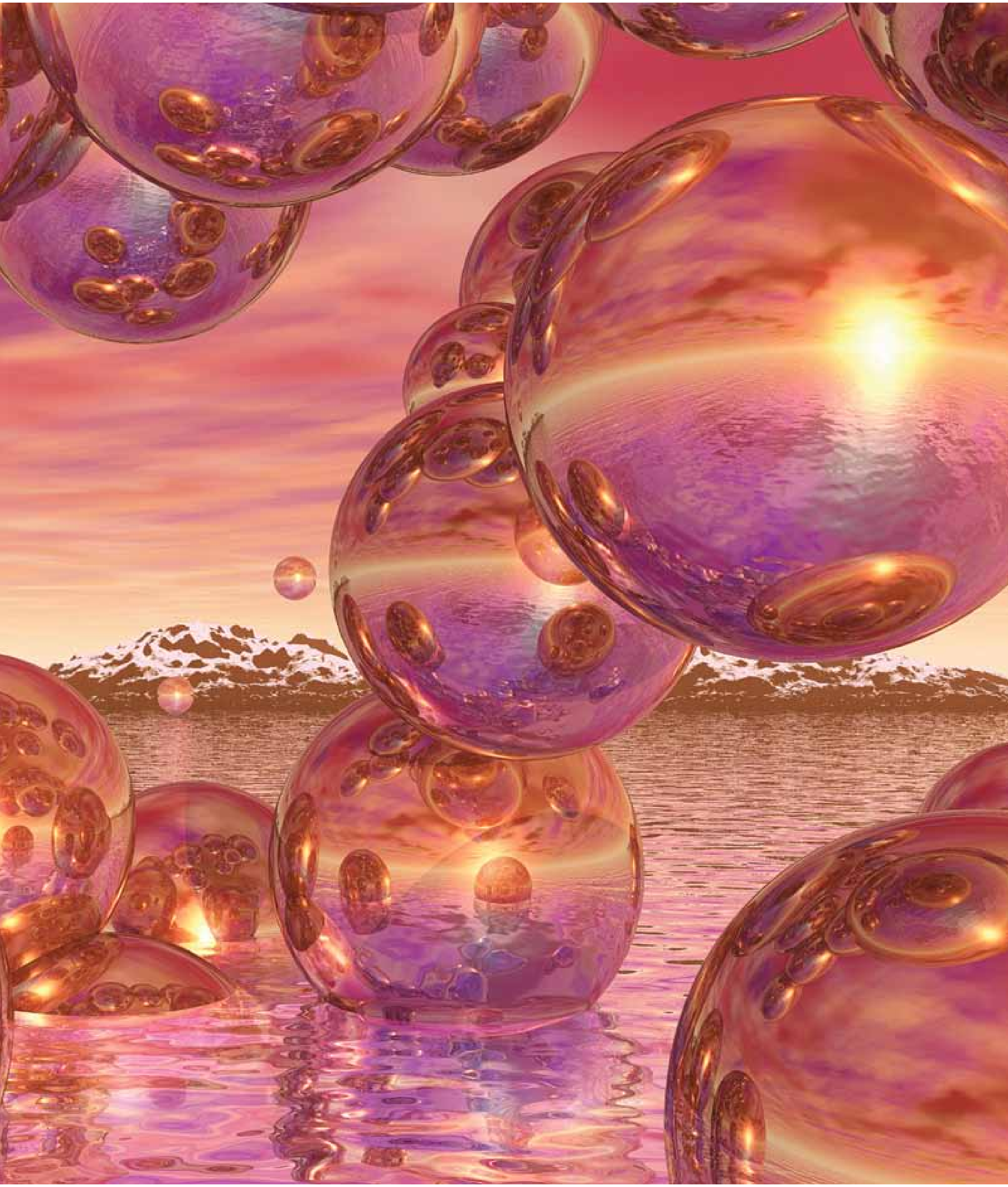

public was essential to create the groundwork for early adopters and, later, overall adaptation to the supportive housing model. With permission from the national office, Brophy used her funding to help RICH pay for a new board-approved position for a seasoned nonprofit professional who has a background in strategic communications, advocacy, and legislative campaigns. RICH got an experienced associate director, and CSH got a hire who could build its communications strategy: a win-win for both groups.

Pooling resources takes enormous trust among partners.

Communications alone cannot change systems, however. CHS and RICH needed a strong advocacy push for supportive housing. RICH and CSH could have individually or jointly hired their own policy director. But they turned to Brenda Clement, the executive director of the Housing Action Coalition, the state's affordable-housing coalition, and wrote a joint proposal to the United Way to formalize Clement's role in leading the legislative advocacy work for supportive housing.

Immediately, Clement and RICH's associate director noticed that the same people attended both organizations' advocacy meetings. The two groups joined forces to prevent this duplication of effort and created an advocacy-action committee that attends to the advocacy affordable-housing advocacy agenda, including the needs of the homeless. Board members for both organizations are also community stakeholders who sit on these committees and, as a result, were relieved by the reduction in the number of meetings. In fact, some board members overlap in these organizations and they speak about formalizing board member roles to ensure that the practice of permeating organization boundaries becomes institutionalized.

Another outcome of sharing work is that the Housing Network, the Housing Action Coalition, CSH, and RICH all examined how their staff was deployed to various state, federal, local community, constituent, and other standing committees or meetings. They stopped duplicating representation unless absolutely necessary and now depend on one another to communicate the essence of the committees or meetings to one another.

But pooling resources—sharing staff and workspace, designating organizational representatives to attend common meetings, and so on—takes enormous trust among partners. It requires that leadership cares more about community impact than about institution building.

In sum, this is a new approach for organizational capacity and for capacity building writ large. Having a shared issue to focus on—in this case, bringing supportive housing as a model to Rhode Island—created an eyes-on-the-prize focus on the end result among the groups. This ideal of shared work for common cause was prescient as well; even before the economic downturn, these nonprofits laid the groundwork for these efforts. Despite doing this work before the economic crisis, the efforts to create shared work and shared space described below helped these small organizations—all with budgets of less than $700,000—survive the downturn.

Colocation and Shared Back Office

As the four groups created an alliance of shared resources to bring supportive housing to the state, they began to discuss colocation. They divided work according to their strengths.

The Housing Action Coalition of Rhode Island and Housing Network did the front-end legwork of identifying potential properties to lease. The Housing Action Coalition dealt with the negotiations for the lease and buildout because its director is also an attorney.

A coalition of community-development corporations, Housing Network had access to architects and builders within its network and took on the work of the office buildout. RICH did the primary fundraising and budgeting; it has the majority of funds and distributes these monies to other groups. The result is a beautiful buildout in an old mill building in Pawtucket, just over the Providence border. It has open space; indeed it is basically wall-less—except for a handful of individual offices—which allows for easy access and work among these organizations.

Efficiencies continue. All four organizations share reception and administrative support tasks. The Housing Network manages the office, equipment leases, and supplies, and its bookkeeping staff handles bookkeeping for all groups but one. Housing Action Coalition holds the new AmeriCorps VISTA program—but the volunteers are split among all groups. To pay for its share of the receptions, RICH bartered a staff member,who does Web-related work for the Housing Network. In addition, the groups together applied to AmeriCorps and received 10-plus volunteers whose time is split among the organizations but that is managed by a single Housing Action Coalition staff person.

How Did It Happen?

These four organizations' collaboration was not funder driven. But all the key actors had previous working relationships with one another and could build on those prior experiences. Some other commonalities also create success for shared-work models:

Trust and relationships are key. If you do not have them, it is critically important to take the time to build relationships before entering into shared staff or colocation agreements.

Shared vision. Having shared values and vision—even if it concerns only one strategy—is enough for groups to find common ground and work together. But this vision must be shared, and groups must be engaged as equals for collaboration and shared work to succeed. While each of these groups has a distinct mission within the affordable-housing world, together they saw the value in the one issue of supportive housing.

Ego is left at the door. Collaboration requires leadership that focuses on working together, facilitative and adaptive leadership skills, and leaders whose egos do not have to be "fed." In shared-work models, those who drive these efforts cannot be controlling, and they must share and delegate.

Members of leadership at these four Rhode Island–based organizations are all capable mid- to late-career professionals who can share the best of themselves and their organizations. Each leads but also follows when someone with more expertise is required for the task. This enables leaders to honestly and quickly assess which group should take the lead on which aspects of shared programmatic or administrative work. These organizations also have several younger staff members who see shared work and distributed leadership as a "normal" work environment.

Many community results have flowed from these organizations' decision to join forces.

Community Results

Many community results have flowed from these organizations' decision to join forces. But a key outcome occurred this spring, when the groups joined together to "defend" the Neighborhood Opportunities Program (NOP), a state housing subsidy that works for affordable rent for low- and no-income people. In the economic downturn, Rhode Island is one of the hardest-hit states and, over the past three years, has some of the highest unemployment figures and foreclosures among all U.S. states. After state income declined, the state legislature cut all people-serving programs—housing, health, welfare, education—dramatically. Every year, NOP is zeroed out of the budget or dramatically reduced.

But despite these dramatic reductions in community-serving organizations and services, this past spring, NOP was one of only three programs to receive increased funding. Today, staff members at all four organizations cite the ability to work, plan, and seamlessly implement activities that creates broader impact on the affordable-housing issue than any one group could achieve alone. They do not believe that such a victory would have been possible without a joint effort to break down organizational boundaries and become wall-less from the top down.

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WikiLeaks: A Small NGO on a Global Stage

by the editors

The WikiLeaks story—or perhaps we might say *phenomenon*—is fast moving and long lasting. A small foreign-based "not-for-profit," as opposed to a domestic U.S. 501(c)(3) public charity or a 501(c)(4) social-welfare organization, WikiLeaks has organized two high-profile releases of previously classified U.S. government documents. One concerns the U.S. military's operations in Iraq and Afghanistan; the other involves 250,000 secret cables issued by ambassadors and staff of the Department of State commenting on relationships and negotiations with foreign leaders. At its core, this is a story about a nonprofit of limited size and resources generating a disproportionately large social and political impact around the nation.

WikiLeaks founder Julian Assange has been alternately vilified and lionized around the world. Depending on the speaker, he is either an avatar of virulent anti-American hostility or the hero of the movement for global transparency. The WikiLeaks releases will either cause the American government and international diplomacy great damage, including jeopardizing human lives, or expose the lies and manipulations of the most powerful institutions today.

The controversies concerning WikiLeaks won't be resolved anytime soon. The alleged leaker of the military documents, a young Oklahoma-born Army private first class (PFC), sits in solitary confinement awaiting legal action. At the time of this writing, Assange is out on bail after having been arrested in London in connection with sexual assault charges in Sweden. He promises more revelations, including a treasure trove on major banks reportedly, including Bank of America.

In *NPQ*'s online Nonprofit Newswire, the WikiLeaks-as-a-Nonprofit story burgeoned, particularly at year's end. Assembling Nonprofit Newswire commentaries on WikiLeaks reveals as much about new and emerging roles for nonprofits in the international arena as it does about what the information WikiLeaks uncovered concerning U.S.-caused civilian casualties in Afghanistan or American diplomats' insights into the hard-partying ways of Italian Premier Silvio Berlusconi.

WikiLeaks: Big Waves around a Small Nonprofit: WikiLeaks describes itself as "a not-for-profit media organization . . . that has grown very quickly relying on a network of dedicated volunteers around the globe." In a way, the volunteer-based structure of WikiLeaks is integral to the nonprofit ethos. The volunteer network of WikiLeaks demonstrated its power as a traditional young nonprofit. When the intermediaries that processed financial contributions to WikiLeaks—PayPal, MasterCard, Visa, and others—ceased servicing WikiLeaks, tens of thousands of "hacktivists" countered with denial-of-service cyberattacks that at least temporarily shut down these money-processing sites.

Details of WikiLeaks Budget to be Revealed: The odd anomaly in the nonprofit existence of WikiLeaks is its discomfort with its core mission of transparency, at least as applied to its own finances. Donations to WikiLeaks come through the little-known, volunteer-based Wau Holland Foundation in Berlin, Germany. But how much money is going through Wau Holland, and how much does it take to operate WikiLeaks? Reportedly, WikiLeaks raised $1 million this past year, but is that the amount it takes to keep WikiLeaks in operation? In the past, WikiLeaks said its operating costs were a very low $200,000, but if staff salaries are included, the annual budget might be more like $600,000. Assange says that some of the organization's budget might pay for the defense of the Army PFC charged with illegally giving WikiLeaks the secret military documents.

WikiLeaks App Pulled from Apple Store: Financial processing sites are not the only venues that have pulled the plug on WikiLeaks. Apple pulled an application from its digital shelves that would allow users to make donations to WikiLeaks on their iPhones. Did Apple own up to its true reason: to keep charity and controversy out of its stores? The app's developer, one Igor Barinov, says that Apple gave a murkier explanation: the app violated an Apple regulation that prohibits apps that are "defamatory, offensive, mean-spirited, or likely to place the targeted individual or group in harm's way." Apple also told the press that all apps "must comply with all local laws," but was the app in violation of the Espionage Act?

WikiLeaks: A Breakthrough Nonprofit Innovation: Before its announced release of tranches of State Department cables, WikiLeaks released 90,000 classified documents about the war in Afghanistan. Advocates of transparency applauded WikiLeaks as a breakthrough social innovation. But ultimately positive innovations (the jury is still out on WikiLeaks) can be uncomfortable and contentious. Prior to its release of military documents, WikiLeaks had been active for three years, publishing the operating procedures manuals from the U.S. base at Guantanamo, the "Climategate" e-mails from the University of East Anglia, and the contents of Sarah Palin's private Yahoo e-mail account.

Its track record makes for a controversial flashpoint. As a "stateless" organization, with a director and founder who apparently wanders the world sleeping in airports and on friends' couches, critics might wonder whose interests WikiLeaks serves and to whom it is loyal and responsible. Perhaps its stateless nonprofit modus operandi is the essence of the WikiLeaks innovation.

WikiLeaks Wants You To Know Everything, Except Where Its Money Comes From: WikiLeaks founder Julian Assange explains the organization's secrecy as " not [being] an operational concern, [therefore] it can't be sued for doing anything. So the donors' money is protected, in other words, from lawsuits." He justifies the secrecy because of a fear that governments and others will sue or take additional means to stop the flow of money. "It's very hard work to run an organization, let alone one that's constantly being spied upon and sued," he says. "Judicial decisions can have an effect on an organization's operation. . . . We can't have our cash flow constrained entirely." WikiLeaks cloaks its funding in other ways, including being registered as a library in Australia, a foundation in France, and a newspaper in Sweden.

WikiLeaks Dump Undercuts Clinton: In the press, the critics charge that WikiLeaks and Assange will have "blood on their hands" as people outed in formerly secret documents are targeted by terrorist or Taliban operatives as collaborators with the Americans. That doesn't seem to have happened, but the WikiLeaks release of State Department cables may have undermined the intentions of Hillary Clinton to reorganize and prioritize American development aid to the South. Nonprofits had welcomed the Clinton agenda, particularly since nonprofits play major roles in carrying forward development aid programs. But the embarrassment of the Department of State by WikiLeaks's distribution of 250,000 secret cables could harm Clinton's credibility and ultimately her ability to convince a Republican Congress to maintain, if not increase, foreign aid, much of which is delivered by domestic charities.

WikiLeaks Founder Arrested—What's Next? While facing arrest and charges in the United States and Sweden, Assange isn't out of options, and neither is WikiLeaks. Not only did the organization lose some donation-processing intermediaries such as PayPal (a subsidiary of eBay whose board chair is the head of the Omidyar Network, which has made grants to groups promoting and protecting journalism and transparency); but also it found itself without domain hosts. Hit with a flood of denial-of-service attacks, the wikileaks.org domain name was terminated by EveryDNS.net, but WikiLeaks stayed in operation by moving to other domains such as wikileaks.ch (Switzerland), wikileaks.de (Germany), and wikileaks.fi (Finland).

Similarly, PayPal and others terminated their service to WikiLeaks, as PayPal's stated, "due to a violation of the PayPal Acceptable Use Policy, which states that our payment service cannot be used for any activities that encourage, promote, facilitate or instruct others to engage in illegal activity." But WikiLeaks has maintained access to other Web-based donation-processing sites.

Is this the frontier for nonprofits? In the WikiLeaks case, a small nonprofit, minimally capitalized, connecting to an international network of loosely affiliated volunteers, has challenged and hugely discomfited business and government. In reaction, financial institutions have tried to cut the group's access to nonprofit capital markets, and various Internet controllers have tried to limit its access to the World Wide Web. In both cases, these efforts disrupted but did not undo WikiLeaks operations. An anonymous 16-year-old Dutch boy is seemingly the only person arrested in connection with pro-WikiLeaks denial-of-service forays, and the supporters of WikiLeaks have emulated the organization's "crowd sourcing" model of information gathering by carrying out counterattacks against the financial intermediaries and even governmental agencies (in Sweden and the United Kingdom).

Regardless of where one stands on the societal benefits of WikiLeaks, there is little question that the organization represents something new in the nonprofit sector. With little money and a low-cost business model, this tiny nonprofit—which is perhaps smaller than 90 percent of funded, operating nonprofits in the United States—has managed to create a disproportionate impact that has shaken governments and multinational corporations to their roots. All it seems to have required is some IT savvy, a network of friends and allies, and a couple of people willing to share hundreds of thousands of sometimes salacious, sometimes unnerving, secret documents.

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Evolution—Not Revolution—Is the Course of Online Giving

by Steve Boland

As it turns out, the online giving revolution has not been televised. But it has been Facebooked. In fact, it may be less revolution and more evolution. Whether it comes quickly or slowly, individual giving online has definitely increased.

Giving USA estimates that in 2009 more than $227 billion was donated by individuals, but estimates of how much of that number is now contributed online vary widely. Blackbaud produces an index of 1,710 nonprofits of various sizes and business models and indicates that, on average, online revenue has increased more than 20 percent in the three months that ended in August 2010. Despite that large number—and the number has been on a substantial trend upward for years—Blackbaud reports that its indexed online revenue accounts for only about $406 million annually, which is a small fraction of total charitable giving.

Starting early with online giving and scaling later provides advantages, but don't ramp down your traditional giving strategies just yet. Indeed, some innovative organizations have used Web-based transaction tools and social media to help boost their giving numbers. These increasingly trusted giving methods have helped lower the barriers to entry for new donors, encouraged existing donors to continue to give, and connected these groups to a wider network of engaged donors. While enhanced giving with Web-based methods is still in its infancy—and can easily be subject to hype—some have begun to see how these tools can do more than raise money. They have also successfully connected organizations more closely with their donors.

Anyone who has rued the day he turned down a purchase of the initial Google stock offering can vouch that getting started early can make a big difference in a meteoric rise. It is simply more important to understand how much can be invested in future growth and how much is needed to keep current donor relations alive and well during the transition.

The Right Infrastructure, the Right Time

But unless nonprofits take an incremental approach, Web-based transaction tools can get pricey quickly.

A group of philanthropic groups in Minnesota recognized the barriers to entry associated with online giving sites. The Minnesota Community Foundation and others created GiveMN.org, a portal site for nonprofits to use free services to accept online donations. The site was originally launched with Network for Good's software for transaction processing, with the foundation and corporate support to underwrite processing fees. Capabilities on the rest of the site, such as the ability to create customized donation pages for each nonprofit, were powered by Razoo. The result: nonprofits on GiveMN.org retained 100 percent of the donations made through the site at launch.

GiveMN.org remains committed to providing an easy point of entry and now uses Razoo to provide transaction processing through U.S. Bank, as Razoo powers other site features. Razoo pre-populates the site using data from the IRS Form 990 reports. Any registered nonprofit organization can go to the site, search for itself, and "claim" its identity. Once verified, a nonprofit can use Razoo to build a donations page with giving levels,

Table 1: **Comparing Costs of Online Giving Tools**

Example Service	*Razoo*	*Blackbaud Webnow*	*PayPal*	*Network for Good*	*Google Checkout*	*Amazon Simple Pay Donations*
Fees	2.9%	4.95%, plus 30 cents per transaction	2.2%, plus 30 cents per transaction for first $100,000 per month, then fees decline	3%, plus $199 account setup; $49.99 monthly fee	2.9%, plus 30 cents per transaction for donations less than $3,000 monthly fee, but fees decline at higher levels	2.9%, plus 30 cents per transaction for donations of less than $3,000 per month, but fees decline at higher levels
Additional Information	Customized page and/or embeddable widget; donors need not leave an organization's site; fixed, low fee	Embeddable widget; integrates with more powerful Blackbaud services for a fee	Embeddable widget; low fees; customers can donate without creating a PayPal account	Customized donor pages and reporting, higher-than-competitor costs	Low fees at higher donation levels, but users need a Google Checkout account	Requires an Amazon account, but a high volume of such accounts lowers this barrier

pictures, video and more. For smaller nonprofits, the page may in fact be their only Web presence, says Dana Nelson, the executive director of GiveMN.org. "One of our two main objectives is to build capacity for the nonprofit sector to help [organizations] understand the trend, why this is important, and then we serve as that on-ramp to the Internet," Nelson says.

Razoo and Network for Good are only two of many options for organizations to delve into online contributions. As online giving levels increase, and as staff familiarity with the technology improves, a tighter integration with fundraising software through services such as Blackbaud may show the right return on investment. Until then, there are several choices to keep costs low while organizations explore this new service with their donors.

A Sense of Urgency

In November 2009, GiveMN.org launched with its Give to the Max Day event: a single-day donation drive designed to encourage nonprofits to try the site's service. The drive made available up to $50,000 in matching funds for nonprofits that used the site. Funded by the site's collaborators, the incentive match was an experiment that was originally envisioned as a first-come, first-served match to drive nonprofits to participate. "We raised over $14 million donated to 3,400 organizations in that 24-hour period," GiveMN.org's Nelson says.

But the success of the single-day campaign diluted the match pool. Rather than the starting proposition of nonprofits getting 50 cents on the dollar until the funds expired—which, given the unexpected donation levels that day, would have happened very quickly—GiveMN.org changed the premise just before the day of the drive, It ultimately decided to share the match with all participating organizations. The result was roughly 4 cents on the dollar in matching funds—rather than the original 50 cents—for each participating nonprofit.

The flood of donations taught two powerful lessons: (1) incentives to act immediately matter to donors, and (2) be careful what you wish for in providing incentives. There was one day—and only one day—during which organizations could apply for matching funds. Unprecedented levels of participation prompted some nonprofits to voice concern about the rules having changed so late in the game and some potential new donors to view the drive as a disorganized campaign. Uncertain about the changed match, some nonprofits continued to communicate the unchanged rules until the deadline.

It's difficult to get reliable information on the number of donations that came from existing donors that gave early to meet the match, compared with the number of donations from new or increased donations. GiveMN.org and many other participating organizations did not track the funds generated by the drive. "We don't have hard data. We're going to measure more this year," Nelson notes.

Give to the Max Day 2010 won't offer matching dollars as an incentive for donors to act, but the collective marketing behind the endeavor will likely create a competitive sense of urgency within the community. Many nonprofits will reach out to donors simultaneously, creating a need to respond by a specific date. Also missing this year will be the donated processing fees that were part of the first Give to the Max Day. In 2009, the donated processing fees were a larger gift to participating nonprofits—in total dollars—than the match itself.

And to add fuel to the fire, Give to the Max Day will also hold a contest among organizations to drive the largest number of donors (not necessarily the most dollars). Every hour, one donor will be chosen at random to receive a $1,000 matching pledge to its cause. Each of these ideas helps drive the need to decide and act.[1]

GiveMN.org isn't suggesting all the incentives come from it alone. The site promotes independent matching pledges from participating organizations' existing supporters to bring in new energy through online channels. Each effort adds to others in creating a need to make the donation online, now, rather than wait and possibly not make the donation at all.

Driving New Donors, Engaging Current Supporters

As foundation and corporate philanthropy continues to change, nonprofits such as Big Brothers and Big Sisters of Central Minnesota are still adapting to changes in revenue. Shari Whalin, Big Brothers and Big Sisters' development director, has felt the pinch of declining revenue and has turned online for better ways to connect with new individual donors. In the process, she's found a new way to connect with existing supporters as well.

"We think the number of new donors is mixed with existing donors using online giving," Whalin says. Using Give to the Max 2009 as a starting point, Whalin and other supporters of the organization augmented the GiveMN.org site with small, individual efforts. They e-mailed existing supporters before the campaign began so these potential donors would be ready for the 24-hour drive. Each staff member was asked to include Give to the Max Day information in the signature line of every e-mail message he or she sent. Communications that didn't specifically concern fundraising brought added urgency to the campaign. The organization used its Facebook page to spread the word virally and asked willing supporters to "like" the effort, thereby posting the information in the newsfeeds of other users who weren't yet connected to the organization.

But Whalin wasn't going to let electronic communication limit the organization's outreach and its potential for matching funds. "We sent perhaps 60 to 70 letters by postal mail, and we made phone calls to existing donors encouraging them to act for Give to the Max Day matches," Whalin reports. The need to act by a deadline ensured continued support and helped spread the word to new donors.

As useful as the GiveMN.org site is, it still can't do everything in donor relations and development. "We have our Bowl for Kids' Sake event, but we can't use GiveMN.org, because we need to charge participants and GiveMN.org doesn't support that," Whalin explains. Big Brothers and Big Sisters still uses online resources—FirstGiving.com in this case—to get their bowling teams registered and paid. That event collects more money online than via paper, and the trend is growing.

Part of what drives new donors is the relevance of the donation request. Requesting general-operating support is great, but a specific value proposition works in the world of clicks just as it does in the world of bricks. "Say there's an organization working with young people at back-to-school time," Nelson says. "Creating a project page that has a deadline around the start of school with targeted dollars to virtually donate a backpack [the dollar amount equivalent to allow the program to buy the pack] is very practical. It can generate a lot of new donors because they can give a fairly small amount."

Get 'em While They're Young

Blackbaud may have reported double-digit growth percentages in total online giving, but for younger demographics, the numbers skew much more heavily toward online donations. The Pew Research Center's Internet & American Life Project reports that more than 73 percent of young American adults use social media as a primary means of gathering information and decision making—and that includes where and how to give money. For this group, micropayments and small donations are an easier point of entry, and traditional wisdom holds that once a donation relationship has been established, successful charities have a much stronger opportunity to raise new dollars later.

A challenge for the development community, however, is understanding how to build this new relationship. Once an online donor is listed in the database, there is a natural temptation to send that prospect a regular-mail solicitation; four pages, different-color fonts, and a large P.S. message after the signature line. Given its online preferences, however, younger recipients may be put off by physical mailings and assume that the charity doesn't understand their needs and, in turn, discontinue this emerging relationship rather than respond to it.

Instead of reaching for the landline telephone or a preaddressed envelope to maintain and strengthen a relationship that started online, a more successful strategy may be to provide content value to a donor in his native space. Post a video to Facebook and YouTube (yes, in both locations) with details on how donations made a difference, then engage the potential online donor as a marketing advocate. With services such as AddThis.com—which provides a one-click way to share a Web site throughout several social-media platforms—it's easy for nonprofits to enlist donors as partners in finding more supporters.

"This Isn't an ATM"

Katya Andresen of Network for Good emphasizes the importance of good old-fashioned communication in the online donor space. "This isn't an ATM," Dana Nelson says, paraphrasing Andresen. "You can't just have this one-way interaction where you're e-mailing people asking for money all the time." Just as your paper solicitations can land in the recycling bin, your online requests may be more easily sent to the recycling bin or, worse, the spam folder. When building an online donor relationship, you need to use your donor site and tools to tell the story of how you make a difference and not just ask for money. Most of these donor sites can embed photos, for example, sharing the success of your campaign or demonstrating your need. You can also provide donor feedback by listing donors on the site, which builds a sense of commitment and urgency.

As much as existing nonprofits can't simply enter a PIN and get back money, emerging nonprofits can't go to established sources of funding and turn around a major grant in no time. Newer nonprofits—or new programs of existing nonprofits—may need twenty-first- century thinking and agility to meet costs and demonstrate success before they can be considered for larger, traditional funding.

The online venture Kickstarter is designed to provide new or startup funding for any venture. It can be a for-profit or nonprofit or an unincorporated company. The idea is to demonstrate a specific idea and set a minimum dollar amount needed to get that idea off the ground. Donors can pledge to a project, but if the project doesn't reach the minimum amount needed before the funding deadline (no more than 45 days, often less), then no pledges are collected and the project folds.

Jeff DeBruyn, the cofounder of Imagination Station in Detroit, recounts his organization's effort to get a new project funded online without using traditional nonprofit infrastructure. "We were outside the usual suspects" in terms of which organizations were funded by traditional donations and grants, he recalls. "We use a lot of volunteers but still had some costs. We decided to ask for $2,011 as a symbolic number for our work in razing a building." Online donors outside the Detroit neighborhood served by the emerging Imagination Station were grateful to hear of work to support their former community, and pledges came in exceeding the goal. "I only sent five e-mails," DeBruyn explained. "Others sent more, but we got to the goal ahead of schedule and stopped pushing on that project so we could focus on the next phase." Imagination Station may request another Kickstarter project in the future—all projects have to be approved to participate in the site based on Kickstarter's own criteria for appropriateness and likelihood of success—but for now, the organization is encouraged by how quickly online donations can get it the cash it needs.

Speed to Market

Two substantial advantages for online work are speed and decentralization. It is, after all, why the Internet was built. Acting early to take advantage of quick response can mean the difference in millions of dollars of revenue for important nonprofit work. "There was an ice storm in South Dakota the same week as the earthquake in Haiti," Nelson recalls. "The Bush Foundation asked if we could post it on GiveMN.org. Then Keith Olbermann on MSNBC did this scathing piece on how nobody knew about the storm and the devastation" because attention was focused on Haiti. "One of [Olbermann's] staffers did a search and came across the matching page on GiveMN.org, and we raised $248,000 in 24 hours."

When crisis strikes, or when a current media message stirs interest in an older problem, the nonprofits poised to accept help are those most likely to get it. Rather than quickly rushing to build a donation site to respond to need, using existing infrastructure meant the Bush Foundation could capitalize on an opportunity it didn't know was coming. Sending a postal appeal weeks later, or even a phone call days after the event, simply doesn't have the same impact as a donor being asked to give as soon as he hears about the need.

Your Jet Packs and Flying Cars Are on Back Order

As any fan of history can tell you, the true speed of change never matches the original hype. Stanley Kubrick's 2001: A Space Odyssey promised us regular commercial flights to space 10 years ago, and we're still waiting. The hype of online donations may be greater than the reality, but the trend line has clearly increased. Nonprofits wanting to seize the opportunity to build new, dynamic relationships with individual donors have the tools to begin accepting this new partnership in funding. But don't pack up your mailing labels and event tickets just yet. The corporate sponsorship of your YouTube channel won't quite make up the difference in lost revenue until our self-driving cars get in from Detroit.

ENDNOTES

1. For an update on Give to the Max Day 2010, go to www.nonprofitquarterly.org.

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Reframing Governance

by David O. Renz, Ph.D.

***Editors' note:** This article is adapted from its originally published version in the winter 2007 issue of* NPQ. *It highlights shifts in nonprofit governance models, authority, and decsion making that continue to apply today.*

Many members of the nonprofit world have expressed concern that the sector has not developed new forms of governance. We have not, they complain, seen anything more than a minor variation on current designs and practices. For some time, I shared this perspective. But then I realized that this is not exactly true. We have created the "new nonprofit governance" at a new level within our communities. But we have not identified this shift because we're so focused on the artifact that we know as "the board."

It used to be that boards and governance were substantially the same: the two concepts overlapped. But with time and a radically changing environment (e.g., changes in complexity, pace, scale, and nature of community problems and needs), the domain of "governance" has moved beyond the domain of "the board." Though never stated in this way, governance and boards have greatly diverged in many of the settings where we address our most complex and demanding community needs. But in these complex environments, boards of individual organizations serve the functions of governance less and less well.

In these environs, governance truly is leadership. And in this new generation of governance, which has most actively evolved in segments of the nonprofit sector where agencies strive to address these complex challenges, nonprofit boards are merely one element and no longer the primary "home" of the governance processes by which we address our most critical community issues.

The scale of these complex problems has outgrown the capacity of our existing freestanding organizations to respond—sometimes in terms of size, but especially, and more important, in terms of complexity and dynamism. Therefore, we've organized or developed our response at yet another level: the interorganizational alliance.

In the new mode, the organization may well be the unit from which services are delivered, but such service delivery is designed, organized, resourced, and coordinated (in other words, governed) by the overarching network of relationships (among organizational leaders) that crosses and links all participating organizations and entities. Similar dynamics have emerged in some parts of the nonprofit policy and advocacy domain, where different organizations' actions are orchestrated by a coordinated governance process that operates largely beyond the scope of any particular board, even as it deploys lobbying resources from various individual organizations.

The New Nonprofit Governance Model

Governance is a function, and a board is a structure—and, as it turns out, a decreasingly central structure in the issue of new or alternative forms of governance. Don't get me wrong; boards are still important in nonprofit governance. But, for many key community problems and issues, they're not always appropriate as the unit of focus.

Governance processes—processes of decision making concerning action based on and grounded in a shared sense of mission, vision, and purpose—include the functions of setting strategic direction and setting priorities; developing and allocating resources; adopting and applying rules of interunit engagement and relationships; and implementing an ongoing system of quality assurance that applies to all constituent organizations.

In many key areas, these processes have moved above and beyond any individual nonprofit organization. If organizations do not work as an integral part of this larger whole, they don't get to join or stay in the game.

Why don't we see these developments, even when we're looking directly at them? Because we're still prisoners of the hierarchical, control-oriented paradigm of conventional organizing—we continue to look for a central leader (whether a person or a unit).

But the new governance does not look like anything we expect (even though we talk about these issues quite a lot). Consider these changes:

- No individual or entity is always in charge (though some certainly have more influence than others). In fact, allowing any one entity to regularly be in charge is often resisted.
- The structure continually evolves and changes (though its general characteristics remain consistent).
- We have been "trained" to focus our attention on boards rather than on governance.

Governance is not about organization; it's an essential function in addressing a particular issue or need in our community. But for so long, individual organizations have been the appropriate unit to address problems, and we assumed that it always would be this way. But now, for the most critical and substantive community issues and problems, single organizations can no longer appropriately match the scale of these issues and problems. We've found it increasingly essential to develop alliances and coalitions—extraorganizational entities—to address the multifaceted complexity of these critical needs and issues. And the most successful systems we've developed to govern these alliances reflect the same scale and complexity as the alliances themselves.

These systems of leadership mirror the design of social movements, with the fluidity and responsiveness that characterize the most effective of these movements. As anthropologist Luther Gerlach describes them, emerging systems of governance have the following characteristics:

- **segmentary:** they comprise multiple groups and organizations, each of which is only one segment of the whole that works to address the issue at hand;
- **polycentric:** they have multiple centers of activity and influence to advance progress in addressing the cause of the whole, though each does its own work;
- **networked:** the multiple centers of activity are linked via a web of strategic relationships, and an important source of the organizational power of this web comes from the informal relationships that exist among those in leadership roles in the various centers of activity; and
- **integrated:** these networks are connected by a core but evolving ideology that crosses organizational (and even sectoral) boundaries as those who work to address the full range and complexity of an issue go wherever necessary to engage in their work.

  In some cases, integration comes from those who hold a formal position in one organization (e.g., a staff position in a government agency) but who also serve in other organizations (e.g., a board member in a nonprofit agency or a leader in a relevant professional association). All these organizations play certain roles in addressing the particular issue or problem, and no single entity has the authority to direct these efforts (e.g., individuals working in AIDS prevention units or health agencies but who are also active in advocacy organizations for HIV and AIDS prevention).

New Models of Authority, Accountability

Generative leadership and strategy are handled at the meta-organization level; conversely, individual organizations (or cells of operation) handle the front-line action or delivery of services (i.e., operations). This structure is consistent with and fuels the accomplishment of an interorganizational entity's mission, vision, long-term goals, and strategies (all of which are the domain of governance). For these areas of community action, it is no longer about the "networked organization"; it is about the "network as organization." These systems of organized (but not hierarchical) influence and engagement link multiple constituent entities to work on matters of overarching importance and concern. In this environment, the boards of individual organizations are guided by and often become accountable to the larger governance system. The frame of reference is larger than the constituent organization.

If you're in one of these new systems of governance, your board has less strategic room to move. You're dancing to the tune of a piper (or more likely, multiple pipers!) beyond your organization's boundaries. In other words, the governance of your work has moved beyond your organization's boundaries (and your organization no longer has its former level of sovereignty).

Does this mean that boards of individual agencies are no longer relevant? No, not any more than any one program in a multi-service human-service agency is automatically irrelevant because it is part of the larger whole. The board is necessary, and at its level, it offers critical value. But it's not the only level of governance that exists, nor is it the overarching and highly autonomous entity that historically had the luxury of being in charge. It's just not the only level anymore.

At their best, such governance systems demonstrate the ideal characteristics of an effective governance entity. They demonstrate resilience, responsiveness, fluidity, and an organic connectedness to the community and its changing needs. They exhibit processes of mutual influence and decision making that are more fluid but no less real than those in conventional hierarchical organizations. So what has changed alongside this new governance?

- Governance must be understood from the perspective of the theory and research on interorganizational relations and, especially, the work to explain the dynamics of networks and organizations as integral but not autonomous units within networks.
- What was once understood as boundary spanning has become boundary blurring (it's increasingly hard to tell where one organization's work ends and another's begins).
- Individual organizations are fundamental cells of activity and accomplishment, but their individual behavior and results are not adequate to explain what has been accomplished at the community-problem level.
- Fueling and enabling the emergence of this new governance is the growth in so-called strategic alliances—and in the number of organizations whose capacity has evolved to engage in collaborative alliances, with the mutual investment and shared control of resources and sharing of risk.
- All the above dynamics pose greater challenges for accountability. Appropriate accountability must focus on the community level (not on an individual organization); accountability systems must include but cannot be limited to the constituent organizations and their internal management and decision-making structures.

New Challenges

This evolution in governance makes sense from an organizational theory perspective. Organizational theory asserts that an effective organization's design will align with and reflect the key characteristics of its operating environment. Thus, if an organization's operating environment (including the problems it must address) is increasingly dynamic, fluid, and complex, the appropriate organizational response is a design that is dynamic, fluid, and complex.

These new levels of organizing (for which the "new governance" is emerging) have all the elements of an "organization," but they can be confusing. Their elements just don't look like our conventional organizational elements. Instead, their operating imperative demands that they differ, so the successful model of organization and governance needs to be different as well.

This networked dynamic also reflects an increasingly democratic mode of organizing—at its best, it ties the action (whether provision of services or community mobilization) more closely than ever to the community to be served (and that community often has members actively engaged in the governance processes in play).

Further, this dynamic does not pay as much attention to sector boundaries as it does to the capacity to do the work. Thus, the organizations in the networks addressing complex community problems are likely to include governmental organizations and even for-profit businesses, in addition to nonprofits. The mix of organizations depends on the assets they bring, where assets are defined by the nature of the problem and the needs to be addressed.

One of the challenges of this emerging form of governance is that it moves the locus of control beyond any one organization. For better or worse, no single entity is in charge, and any agency that thinks it can call the shots will find its power over others muted. Interestingly, this includes governmental entities that may think still act like they are in charge. The fact that an agency has a legal or statutory mandate to address a problem does not give it any real control over the messy problems that these governance systems have emerged to address. No urban redevelopment agency, for example, has ever had the capacity to resolve its urban community's problems without bringing other entities into the game, and increasingly, other entities have demanded a substantive role in the decision-making process. Part of the power of this new governance is that it can better accommodate and engage this shared-power dynamic.

Some individual organizations' boards have begun to take on this model. But these boards and organizations work at the network level, such as membership organizations comprising all the service providers in a given domain of service (e.g., the coalition of all emergency service providers in a given metro region). These entities have been created to bridge and cross boundaries, and boards have the explicit charge of providing leadership across agency and sector boundaries to address specific community issues. Most nonprofit boards don't look like this because they have not seen the need. But as a result of this new mode of governance, even individual agency boards now need to rethink how they should be designed and consider how they will do their work as a part of (rather than trying to actually be) the new governance design.

Where might you find this new level of governance? When you look for it, using this new perspective, you'll actually find it in operation in many domains of nonprofit work. In many metropolitan regions, for example, we find networks of organizations that have joined to address the changing challenges of HIV and AIDS. They have their own boards, but they also have a regional planning and funding structure that overarches individual structures.

This overarching structure sets priorities and coordinates the work of individual agencies, including providing the venue for and organizing the processes for making regional-wide decisions about fundraising, marketing, and programming. In these cases, each of the key participating agencies' boards sends representatives to sit on the overarching entity's board (often these representatives are a mix of board members and chief executives). But the overarching entity's board includes members outside these operating agencies, such as members of the community at large (e.g., local-issue activists) who have equal standing with agency representatives.

We see similar dynamics in many other areas of political and programmatic action: in urban redevelopment, in neighborhood revitalization, and in emergency services. In all these areas, overarching governance systems make strategic, community-level decisions that form the basis from which individual agencies develop and implement their own plans and operations.

New Leadership and Accountability Models

This new mode of governance has significant implications for the next generation of nonprofit board work. It requires different kinds of knowledge, skills, and abilities. This is the work of leadership, not management. So it is essential for its participants to be proficient in a different kind of leadership, particularly in the capacity to network, to build multifaceted relationships across boundaries and among diverse groups of people, and to effectively exercise influence in the absence of authority. (In his book *On Leadership*, John Gardner aptly described this as "exercising nonjurisdictional power.") The ability to perceive a new level of operation is unique, requiring a multi-level systems perspective and a different, often unfamiliar "mental model."

The new governance poses unique challenges for accountability as well. As difficult as it can be to hold a typical nonprofit board accountable for its organization's performance and impact, it is more difficult to implement systems of accountability at this new level. And it is especially challenging for external structures to hold these systems accountable: to create externally enforced Sarbanes-Oxley types of accountability.

It is essential for participants to be proficient in a different kind of leadership, particularly in the capacity to network and to build multifaceted relationships across boundaries and among diverse groups of people.

The more diffuse and fluid nature of these designs makes them inherently hard to control (which is why influence is so important). In reality, the locus of accountability for this new level of governance must exist "above" the individual nonprofit—at the community level—yet many philanthropic and governmental funders and regulators are likely to hold individual nonprofit agencies accountable for such community-level performance and impact. They will continue to focus on individual agencies because establishing systems of accountability at the new level will be difficult. And they will often be frustrated in their attempts to do so, because there is too little control at the individual agency level. This challenge becomes especially interesting in light of federal and state legislative discussions about nonprofit accountability and regulation, all of which treat the nonprofit organization as the primary unit of control.

This is an interesting time in the development of nonprofit governance and our understanding of the work of nonprofit boards. We bemoan the absence of anything innovative or cutting edge. But we have already developed a new generation of nonprofit governance that is more effectively aligned with and responsive to the needs of the organizations that come together to address the most dynamic and complex needs and challenges confronting our communities.

Indeed, this new generation of governance inherently involves a changing mode of community leadership as society moves from hierarchy to networks as the prevailing mode of organizing to meet the demands of a new time. As we keep musing, "Do we need boards?" and "Isn't there a better way?" we're actually missing the real point: the emergence of the next generation of nonprofit and public-service governance.

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Dr. Conflict

by Mark Light

DEAR DR. CONFLICT,

This situation is hard to write about, but here goes.

I am the treasurer of the board at our local women's shelter. It is a small group, which is now 17 years old. Throughout that time, one woman has led the organization, and it has gone through many changes. In my opinion, she is much loved and looked up to, but . . .

This past October, she was diagnosed with a terminal disease, and her prognosis is that she will not live more than another few weeks. She has teenage children who are still recovering from the death of her partner three years ago. So, you may ask, how does this have anything to do with conflict?

Well, the board has decided not to recognize her publicly during her remaining days, despite staff's continued requests. Some members are angry about the way she chose to leave: she disappeared and remained incommunicado for weeks after her diagnosis. Obviously, this wreaked havoc on the organization. Her family blocked all communication from the board, which led to a few tense exchanges. Some members of the community knew what was going on before the board did. And probably apropos for these times, when I went into the books, I found a frail budget and a fairly critical deadline left undone. I was able to save most of the money in question, but the board was irate about what it termed her "flagrant neglect" of duty.

Despite a nonprofit founder's terminal illness, board members are angry about the way she chose to leave.

As background, the organization has been rocked by tragedy of late. During the past year, two former residents in the community were killed as well.

The thing is, I know the board is upset and probably weirdly grieving. But I am afraid that over the next few weeks the organization will wound itself mortally by leaving a resolution with the director undone. I am not a big mover or shaker on the board, so it is hard to insert myself. Am I being overdramatic? How can I talk to those involved and make a difference? Help!

Don't Know What to Do

Dear Don't Know What to Do,

At first, Dr. Conflict had a hard time making sense of your problem. Is it really that hard to figure out what to do? Get out your cookbook and casserole dish, make a wonderful dinner, take it to the founder's house, beg for forgiveness, and ask what you can do to help. If the rest of the board won't join you, forget about them; do the right thing, and get your rear in gear.

But then Dr. Conflict hesitated. Maybe he missed something. It's true that Dr. Conflict isn't always the brightest bulb on the tree, but most of the time he can figure out what's going on in a conflict. After all, if you accept one of the classic definitions, there are only three causes of conflict: "An expressed struggle between at least two interdependent parties who perceive incompatible goals, scarce resources, and interference from others in achieving their goals."[1]

Incompatible goals can mean that the parties want the same thing but there's not enough to go around. The board wants the founder to make time for work, but she wants time with her family. Incompatible goals could also mean that the parties want different things. The board wants her to put the nonprofit's house in order, but she wants to make the best of the time she has left. Interference from others is pretty standard stuff. The board wants the founder to ensure that the nonprofit she started lives on; her family is running interference to protect her from this folly.

In this situation, there are a great many scarce resources, including funding, talent, and time, of which your founder has little left.

That said, in a conflict the typical scarce resources are power (the ability to get things done in the face of resistance) and self-esteem (pride in oneself). Clearly the board doesn't have the power to make the founder do anything. And it is way low on self-esteem—not that the members are self-aware enough to recognize this. They seem chock-full of self-pride, but their reflection is false. The board was irate about the founder's "flagrant neglect" of duty? Really? Don't any of these movers and shakers ever look in the mirror? Have a pulse? Are they channeling Scrooge before his conversion? You say the board is "probably weirdly grieving"; Dr. Conflict says the board is heartbreakingly clueless.

Of course, your conflict isn't really about the board's ham-handed, callous, narcissistic, and tone-deaf response to the terminal illness of your founder;[2] it's about brokering a way to heal the board's self-inflicted mortal wound. Unfortunately you have incompatible goals with the board. You want to see a resolution in your founder's remaining days, but your board is indignant with misplaced anger. And you have little—if any—power to get these influential people to listen. But this doesn't prevent you from speaking up, does it? You are the treasurer, after all, an officer of the board, for heaven's sake.

You want to see a resolution in your founder's remaining days, but your board is indignant with misplaced anger.

Dr. Conflict's heart breaks for the founder of the agency. After 17 years of blood, sweat, and tears, and now, in the last moments of the founder's life, all the board can do is complain that about being the last to know about her illness? Instead of pitching in and helping out, this board bickers and gripes. Dr. Conflict has no sympathy for these board members—none at all.

Here is what you must do now: demand that the board do the right thing immediately—what it should have done the minute it learned of your founder's illness—which is to lend a hand. And if the board cannot do so, submit your resignation to this callow group of dunderheads, go to see the founder yourself (do not call, do not ask permission, go in person), ask forgiveness for what has happened, and offer her your help in this moment of need.

If you are too late and she has passed away, you must still demand that the board take action and, in one way or another, make the journey. Embolden yourself with the words of Suzanne Massie: "All that the Devil asks is acquiescence, not struggle, not conflict. Acquiescence." And don't forget the casserole. Even better: add a week's worth of meals to put in the freezer. It's a good start on the way to redemption.

ENDNOTES

[1] William W. Wilmot and Joyce L. Hocker, *Interpersonal Conflict*, 7th ed. Boston: McGraw-Hill, 2007, 9.

[2] Dr. Conflict hopes the reader is not confused about how he really feels.

DR. CONFLICT is the pen name of Mark Light. In addition to his work with First Light Group (www.firstlightgroup.com), Light teaches at the Mandel Center for Nonprofit Organizations at Case Western Reserve University. Along with his stimulating home life, he gets regular doses of conflict at the Dayton Mediation Center, where he is a mediator.

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by the editors

The Nonprofit Ethicist

by Woods Bowman

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Nonprofit Capacity Building for What?

Nonprofit Capacity Building for What?

by Ruth McCambridge

If nonprofits need to reexamine the way they are structured, shouldn't capacity builders do the same? Are capacity builders applying old solutions to new problems? This article discusses how capacity building may need to change.

Driving Social Change

by Paul C. Light, Ph.D.

Paul Light explores the anatomy of social change and how social breakthroughs that challenge the conventional wisdom can survive the inevitable opposition and naysaying.

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by Holly Ross

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Finding a New Tune: How Arts Organizations Balance Creativity and Operations

Finding a New Tune: How Arts Organizations Balance Creativity and Operations

by Corbett Barklie

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by the editors

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by Steve Boland

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Reframing Governance

by David O. Renz, Ph.D.

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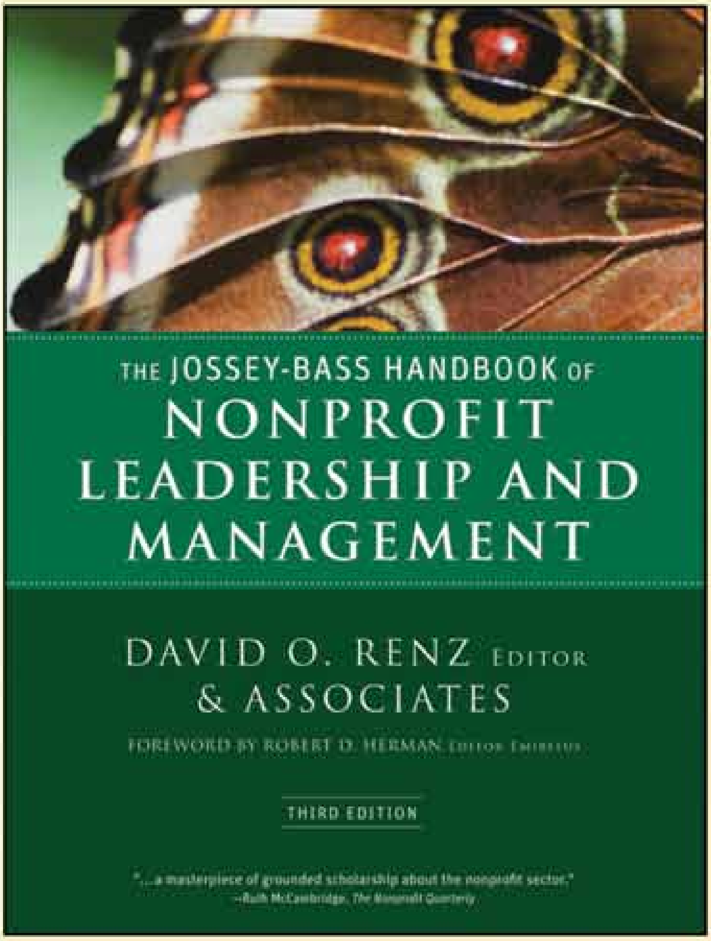
Dr. Conflict

Mark Light

A distressed staff member is caught between an obstinate board and her own desire to stand up for what is right.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