

Is Bigger Better?

The Case for Small Nonprofits

by Fran Barrett

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OVER THE PAST 30 YEARS AT COMMUNITY Resource Exchange, I've been involved with more nonprofit organizations than I can list. Consistent with research findings on a national basis and in New York City, most of these organizations were small, with operating budgets of less than \$1 million. But as I engage with other leaders around the city about the future of the nonprofit sector and the service delivery network, I am often chilled by the sense that in the future, as government and private dollars become available, a sign will be hung out that says, "Only large organizations need apply." Driving this scary thought are the underlying assumptions that larger organizations are more reliable, have greater impact, and are more cost-effective—in short, that they are a better bet. But are they really?

The National Bristol Street Block Association

Many years ago, I worked at a small Brooklyn-based organization that called itself the National

Bristol Street Block Association. From the incongruity of the name, you may discern that the organization had vision. As I recall, it ran a block watch to increase safety on the street, and it provided a small food pantry for neighbors in need. It also sent delegates to local city hearings and school board deliberations and reported back to its members through a newsletter.

I often think that we have a lot to learn from the National Bristol Street Block Association about self-worth. It knew that it made a difference in its community and that its impact was not confined to the residents of three blocks of Bristol Street. Members explained to me that people grow up on Bristol Street, move away, and then later return with families. People start businesses; the church on the corner drew people from all over New York, and the landlords of Bristol Street were kept informed and viewed as key stakeholders. The National Bristol Street Block Association encouraged active citizenship, instilled values, and offered hope and inspiration for everyone touched by the organization. It is quite possible that despite all this, some policy makers might have said that the organization was too small to

FRAN BARRETT is the executive director and founder of Community Resource Exchange.



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matter. But no one who came in contact with this organization would question its creative—or shall I say, expansive—interpretation of its role and long-term commitment to its community. With an operating budget of less than \$7,000, it was a model of cost-effectiveness.

The Bristol Street Block Association was unique only in the boldness of its “national” vision. The reality is that most nonprofits are small—91 percent of them, according to Tim Delaney of the National Council of Nonprofits. Like Bristol Street, the organization has reached out and made an impact larger than the sum of its daily endeavors. But because these small nonprofits are dispersed throughout the city, it’s hard to get a full sense of their contribution.

I’ve said that it sometimes seems to me that community organizations are part of some vast unexcavated archeological site, toiling underground with their own money, leaders, values, and points of interest. While the rest of New York walks daily over their heads, with little or no awareness of this metaphysical nonprofit subterranean city, these small organizations get kids into schools and keep them there, feed hungry people and get them access to entitlements, counsel battered women, and work with immigrants to bridge the gap with a new culture, all the while providing innovative and creative-arts and cultural programs. Meanwhile, back above ground, the recession has driven the assumption that all will be well if we can just “get organizations to scale.”

If small, community-based nonprofits were for-profit operations, we would sing them hymns of praise for their entrepreneurship, creativity, and hard work—traits so often linked to small businesses. But these days, the only music community-based organizations are likely to hear is the blues, questioning their worth and existence.

The Ties That Bind

Small nonprofits develop out of a passionate quest for a solution to a problem. During the late 1990s, a small group of tenants in Brooklyn organized to resist unfair evictions and “flipping” of moderate-income tenements by speculators. Ten

years later, with a staff of four and a budget of \$175,000, this group prevents 200 evictions a year. This solution-driven mission creates a lean and focused organization. The tenants have, as we might say, a “big dog in this race.” Their homes, the homes of their neighbors, and their community are at stake. They are not driven by funding and have often kept the work going with little or no financial support. Why? They are protecting themselves and their neighborhoods; they have done so for 10 years and, over those years, have prevented hundreds of evictions. They have saved the city of New York thousands of dollars in shelter fees. All the while, they work long term to preserve housing stock and build tenants’ organizations.

Small nonprofits are creative and flexible, capable of great customization. One interesting organization provides an affordable way for parents and teachers to create cardboard “furniture” for severely handicapped kids. The furniture is designed so that it can be constantly adapted as children grow. Think of a kindergarten class with an “inclusion” program, with all the children sitting in a circle except for one in a wheelchair. With help from this organization, the teacher learns how to make an affordable cardboard support for the handicapped child so that he can sit down with the rest of the students. The organization is led by a published author with expertise in creative construction who has dedicated her life to ensuring that as many handicapped children as possible have access to the world they live in. Over the past 14 months, this organization has built 3,250 assistive devices for 137 children and has introduced assistive devices to another 342 people. This group has an operating budget of less than \$400,000.

Small nonprofits often have a strong set of community stakeholders who support them with modest contributions and significant volunteer time. Some have small government contracts; most also rely on a constellation of small donors that complement their budget in a meaningful way. Many of the public oversight agencies are particularly concerned with fiscal controls vis-à-vis smaller community-based nonprofits. My experience is that organizations with a high

level of community ownership handle their finances with enough integrity to outdistance oversight controls. I recall a board meeting of a halfway house where the fundraising report consisted of a person dumping change out of a paper bag onto the meeting table. The total was about \$40, and a lively discussion ensued as to how it would be spent.

Stewardship and ownership arise organically for community-based organizations, and this drives most of the decision making. An organization of Caribbean, Latina, and African nannies, housekeepers, and elder-care givers organize for respect and to build a movement to end exploitation. This group collects dues to substantially support its efforts. The founders worried that low-wage workers would not be willing to pay dues, but it turns out that the workers like the ownership that comes with paying dues. Members make up a significant part of the organization's management and board. There are 2,000 members, and the operating budget is about \$250,000.

Small community-based organizations have limited infrastructure, which means that their staff and volunteers need to multitask as they perform operational and program work. In addition, they have to be members of the community so that no "translation" of language or culture is required. In other words, they have to perform at a high level—and for very little money, I might add. The average salary in the nonprofit sector is about \$30,000. One organization with which I'm familiar was founded by a doctor to support the Mexican community and operates on a budget of \$350,000 to help recent Mexican and Latin-American immigrants succeed in their new home. This doctor also serves as the executive director and leads the development effort.

In 2002, John Seley of the City University of New York and Julian Wolpert of Princeton conducted a study that indicated that, even 10 years ago, roughly 85 percent of New York-based nonprofit organizations were small, which meant that 15 percent were large. Does anyone really think that 15 percent of the organizations want to, or could, take over 100 percent of the work? This is all the more unlikely when 49

percent of these organizations provide services at the neighborhood level, according to Seley and Wolpert.

If we are talking about service, scalability is a good idea. We should have a democracy that can provide service and help to everyone who needs it. As far as I can tell, that would mean scaling up low-income housing, early-childhood and universal pre-K education, Section 8 vouchers, summer camp scholarships, and residences for artists. If "getting to scale" is translated as "actually meeting needs," then small organizations have to be seen as essential players. Small organizations go where others don't want to, bring hope when there is no rational reason to have any, ensure that marginalized communities have voice and vehicles for collective action, and work toward missions they believe in. But in my experience, small community-based organizations are often undervalued. They are sometimes viewed as inept drains on government and foundation budgets. But from where I sit, after more than 30 years of work, nothing could be further from the truth. Small organizations are more likely to be the strong engines that move the mechanics of change at the very heart of where that change is needed.

No one would argue that larger community-based organizations don't share many of these ties that bind. And in the coming years, in fact, a partnership of large and small organizations makes the most sense. But it would be ironic if a democracy led by a former community organizer became a government that undervalued the remarkable contribution of small, community-based organizations. And admittedly, it is not easy for large foundations—particularly those with a global or national agenda—to identify effective local organizations. I'd like to suggest that this problem is worth grappling with—and at the risk of going to the "shameless commerce division" of Community Resource Exchange, I would suggest that local intermediaries can and do bridge this gap very effectively.

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