

Star Trek and the Future of the Nonprofit Sector

by Vu Le

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LET'S FACE IT: THE LAST FEW MONTHS HAVE BEEN brutal. Dealing with the constant threats to communities and to democracy itself has been exhausting and heartbreaking, and many of us have been questioning whether we nonprofits are equipped to respond to current and future challenges. During these dark times, there has been at least one bright light: A new *Star Trek* show!

When hatred and xenophobia are on the rise, it's nice to see a universe where diversity is accepted as a norm. From the two episodes I've seen, the new show *Star Trek: Discovery* is awesome. It's not without flaws, of course, but this show, and *Star Trek* itself, paints a hopeful picture that we nonprofits should observe closely. And the Starfleet model in particular is something we should study.

In *Star Trek*, there are various starships. Each has a different captain and a different mission. However, they are bound together by Starfleet,

an organization that supports and coordinates the work of all the ships. Starfleet is big, with multiple departments: There's Starfleet Academy, which trains officers; Starfleet Command, which provides governance; Starfleet Shipyard, which builds the ships; Starfleet Judge Advocate General, which serves as the judiciary branch; and so on.

The nonprofit sector as it exists can be compared to *Star Trek*, but without the many Starfleet-like organizations to coordinate everyone. In *Star Trek*, there is a "Prime Directive" that governs Starfleet: Don't interfere with other civilizations' development. Our sector, too, has a prime directive. Perhaps it is social justice; perhaps it is just making the community better overall. But the way we are organized does not allow us to achieve that prime directive effectively. Every organization is expected to do its own HR, finance, evaluation, communications, IT, fundraising, governance, and so on. Meanwhile,

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we compete with one another for resources, and we often have no idea what other nonprofits are doing. It is incredibly inefficient, perpetuates the Nonprofit Hunger Games, screws over grassroots organizations led by marginalized communities, and leaves us scrambling to respond to the horrifying social and political climate bearing down on our communities.¹

After the elections, when the executive orders were destroying families and tearing communities apart, I met with a well-respected nonprofit director of color. He told me that he had spent hours on YouTube learning how to make entries in QuickBooks. Another leader of color told me that she had spent thirty hours writing a grant proposal for \$5,000. This is what our sector considers normal: taking visionary leaders and organizations and forcing them to spend half their time on administrative tasks and fundraising. This philosophy is so pervasive that I remember telling a brilliant artist/musician who leads a youth organization to “stop focusing so much time on writing songs and poems with kids and spend more time on building infrastructure.”

It's time for us all to abandon our outdated practices and move into the future. The *Star Trek* analogy is not perfect. Starfleet is an extremely rigid, militaristic, and hierarchical organization in which ship captains rank lower than Starfleet leaders and are told where to go and which ship to command. Many of those philosophies and practices would not work, and many would even be harmful when translated into the nonprofit sector. Still, we can learn a thing or two. We can use these lessons to implement a better model—let's call it the Community Alliance model—that dispenses completely with the notion that nonprofits must be their own entities, responsible for dozens of highly complex tasks in addition to programming. The nonprofit of the future is defined by shared administrative, operating, and fundraising support that allows each organization significant time and resources to focus on individualized programmatic work, as well as collective efforts to address systemic issues. What this might look like:

- **There will be supporting entities that provide shared back-office support.**

Instead of every organization having its own bookkeeper, CFO, HR director, evaluator, IT director, and so on, the supporting entity will have teams handling those things for everyone—not teaching them how to do it but actually doing it for them. Community Alliance members pay a sliding-scale fee based on their budget for these services. This will create an economy of scale that will benefit all members.

- **Fiscal sponsorship will be something not frowned upon, but encouraged.** This model may require Alliance members to put their own 501(c) status on hiatus to go under the fiscal sponsorship of the supporting agency. That sounds a little creepy—OMG, the Borg is annexing everyone!—but that's because fiscal sponsorship has been given a bad rap. There is a lot of stigma around it, so one of the most effective tools at our disposal is looked upon with fear or disdain by many in our sector.² This results in many organizations becoming or remaining 501(c) organizations, despite their complete lack of interest in or capacity to handle administrative functions.

- **Executive directors will be more focused on the mission.** Each organization will still have its own executive director or CEO. These leaders will be able to devote significantly more time to mission and programming and collaborations with other leaders, since they will not need to focus as much energy on operations. According to *Daring to Lead 2006*, a report by CompassPoint and the Meyer Foundation, the lack of administrative support is a key contributor to executive director burnout in small and medium-sized organizations. “Executives report that finance and fundraising are at once their least favorite aspects of the job and the areas in which they most want to build their skills.”³ Probably because they have no choice in our existing model.

- **Boards will be more focused on vision, strategy, and advocacy.** Many boards, especially in smaller organizations, spend a lot of their time in operations. Some are very focused on their fiduciary and legal responsibilities. Unfortunately, that often leaves out one of the board's most important roles: representing the

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interests of the community at large and ensuring the organization is achieving its mission, vision, and values. In this Community Alliance model, they can now focus more on these critical areas.

- **Fundraising will be a combination of individual and joint efforts.** Each organization in a Community Alliance continues to raise funds (fiscally managed by the supporting organization) for its own individual mission. There may also be joint efforts to raise funds for the entire Alliance, however. Some Alliances may explore a co-op–like model, where funds are raised and then shared equitably among Alliance members. There will still be occasional points of tension among Alliance members due to funding challenges, but the constant communication and cooperation among members will lead to greater funding for the sector overall. The combined power of organizations working together will significantly help bring about effective funding practices, such as multiyear general operating funds and a culture of abundance, not scarcity.
- **There will be a system of mutual support among members.** Effective Community Alliances are grounded by a set of strong and deeply held values, one of which is the mutual care and respect that members have for one another and that exists between members and the support organization. The support organization will step in to coordinate assistance during crises—for example, sending in a staff person to serve as an interim executive director if there is a leadership transition. As another example, a reserve fund may be established by the support organization so that when a member is having financial shortages, it can tap into this fund.
- **Organizations focus on programs but also work together on systemic issues.** As operations are taken care of by the support organization, each organization and its staff have significantly more time to work on planning and running programs. This is what many organizations and leaders were meant to do, are good at, and should be doing. In addition to their individual work, they also have more

time and resources to deeply collaborate to address the systemic challenges facing our communities—including poverty, homelessness, and racism.

- **Organizations may spin off or remain permanent members as appropriate.** Some organizations are large and may need their own internal operations and have no interest in shared services (although this may be an issue of perception, as there are organizations that are fiscally sponsored that have budgets over \$6 million). Or some organizations grow in size and need to spin off from their fiscal sponsor. That’s okay. We just need to get away from this “incubator” mentality, where all organizations must inevitably spin off as a default. If being a member of an Alliance is allowing the member to do the work effectively, there is no pressure to force nonprofits to become independent organizations. Starfleet does not tell the *Enterprise*, “Hey, you can only be a part of this for three years, and then you gotta be on your own.”

I know the Community Alliance model sounds idealistic or fantastical, but this is not a new idea. TSNE MissionWorks, Tides, Community Partners, and others have been pioneering many of these concepts for years. The National Network of Fiscal Sponsors has been advancing best practices around fiscal sponsorship since 2004. The Nonprofit Centers Network has been supporting organizations vis-à-vis the concept of shared office spaces since the early 2000s.

And my organization, Rainier Valley Corps (RVC), is piloting this concept in Seattle. Our flagship program is our fellowship, where we train and send leaders of color into organizations led by communities of color, in which they work full time for two years to develop these organizations’ capacity. We provide these fellows with a living wage and strong benefits. After talking to our fellows and community leaders, it became clear that capacity building must be holistic, incorporating many elements working simultaneously together. Thus, we have expanded beyond the fellowship program. We are starting to become a support organization that will be providing back-office services

(currently financial management, HR, payroll, and legal) as well as capacity-building coaching and convening organizations around peer learning and collective power.

RVC has partnered with Families of Color Seattle (FOCS) to pilot our back-office support program, and already the results are amazing. Freed to focus on its critical work, FOCS has been on fire, providing programming to families with kids of color around identity, undoing racism, and teaching equity in schools and communities. And now we are in discussion with other organizations that are interested in joining the RVC Alliance. It's still in an experimental stage; we are still exploring how to provide back-office services most effectively, as it is currently not clear what structures or systems are the best path forward for RVC and our partner organizations in Seattle.

It's clear, though, that the current model that governs our sector is not working. A report from the Management Assistance Group points out the challenges faced by small nonprofits around operations:

The impacts of not finding better solutions to these back-office needs include: inefficiency and burnout; high staff turnover, cash flow crises, loss of funding, missed opportunities, diminished impact and threats to growth and sustainability. At best, these are enormous distractions for leaders of small nonprofits. At worst, the lack of adequate back office infrastructure is responsible for their ineffectiveness in achieving their mission . . . and incalculable human and financial waste.⁴

The Community Alliance model, however, is about more than just back-office support and economy of scale. It is also about peer learning, creating collective wealth, collaborative and strategic advocacy, and building community power. Our sector has been divided long enough, the Non-profit Hunger Games have been going on way too long. For the Alliance model to work, though, all of us have to reconsider the way we've been thinking about and doing things:

- **Nonprofits.** We need to get over the idea that we must all do our own operations. We need to

assess whether having our own operating staff is the most efficient route, or if going under the wings of a fiscal sponsor or forming an Alliance will be more effective. Many of the things we assume to be true may not necessarily be what's most effective or what's best for our communities. Because the vast majority of nonprofits are small or midsize, and continue to struggle to do their programmatic work while simultaneously handling a dozen or so highly specialized skills, we ought to rethink whether we should be doing our own finances. Or HR. Or IT. Or legal. Or insurance. Or payroll. Let's think of what we can do when these tasks no longer consume our organizations' time and energy.

- **Funders and donors.** Funders and donors: you have been encouraging nonprofits to collaborate more—possibly even to merge—and to be more innovative. The Community Alliance model does all those things. To make it work, though, you all need to take more risks. You need to remove the biases you have against organizations that are fiscally sponsored. In fact, you should view these organizations as bold and focused on mission, and fund them generously. You need to give significant amounts of funding to these Alliances as well, and work with them as partners to ensure the model succeeds. And you must prioritize funding Alliances that are led by and serving people of color, people with disabilities, LGBTQ people, women, rural communities, and the like. And critically, you must directly fund each member in the Alliance and not use networks and collaborations as a way to just give money to one backbone or support organization that then trickles down to far less money for each individual organization involved.

- **Capacity builders.** Fellow capacity builders, we have to get out of this mind-set that we must train every organization to do everything. As I mentioned in past articles, this default "Teach a person to fish" mentality of capacity building is archaic and ineffective.⁵ Most organizations are carpenters, and we're forcing them to spend half their time fishing—HR fishing, evaluation fishing, financial management fishing—and

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then we wonder why not enough houses are being built. If an organization is an amazing carpenter, our job as capacity builders is to give them the fish so that they can do their work. Everyone needs to do what he or she is good at.

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The Community Alliance model is just a natural progression in terms of how nonprofits relate to and work with one another. We've been talking about collaboration for decades now, but it has all been very superficial, often just resulting in more meetings and maybe a joint event or publication. It's time we think more ambitiously. We can more effectively address the challenges facing our communities when all of us are aligned, sharing resources, supportive of one another, and working together to push for systems change.

NOTES

1. *Nonprofit: Always Fresh*; "The Nonprofit Hunger Games and what we must do to end them," blog entry by Vu Le, August 3, 2015, nonprofitaf.com/2015/08

[/the-nonprofit-hunger-games-and-what-we-must-do-to-end-them/](http://the-nonprofit-hunger-games-and-what-we-must-do-to-end-them/).

2. *Rainier Valley Corps*; "The Stigma Against Fiscal Sponsorship Needs to End," blog entry by Vu Le, June 14, 2017, rainiervalleycorps.org/2017/06/stigma-fiscal-sponsorship-needs-end/.

3. Jeanne Bell, Richard Moyers, and Timothy Wolfred, *Daring to Lead 2006: A National Study of Nonprofit Executive Leadership* (San Francisco, CA: CompassPoint Nonprofit Services, 2006), 22.

4. *Outsourcing Back-Office Services in Small Nonprofits: Pitfalls and Possibilities* (Washington, DC: Management Assistance Group and the Meyer Foundation), 2.

5. See, for instance, *Nonprofit: Always Fresh*; "Capacity Building 9.1: Give someone a fish, let them focus on carpentry," blog entry by Vu Le, October 3, 2016, nonprofitaf.com/2016/10/capacitybuildinggivesomeoneafish/.

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