

# NOT a Spin-Free Zone:

## *Reflections on the Utility and Price of Nonprofit Spin*

by Jeanne Bell

While the nonprofit sector regularly discusses and addresses programmatically issues of race and class, recent studies reveal a sharp disconnect between our values and our leadership's demographics.

*There is no good definition of spin. It's easier to say what it's not than what it is: It's not the truth. Neither is it a lie. Spin lies somewhere in between: almost telling the truth, but not quite; bending the truth to make things look as good—or as bad—as possible; painting things in the best possible—or worst possible—light.*

—BILL PRESS, *Spin This! All the Ways We Don't Tell the Truth*

IN THIS SURREAL TIME OF JUSTIFYING foreign policy and disregarding global warming, it is easy for the nonprofit sector to consider “spin” a proprietary tool of the Bush administration, Fox News, and big business. In fact, our sector uses spin routinely. While ours may generally do less harm than the worst political and corporate offenders, the nonprofit sector would do well to own up to its own tendencies and to consider both the utility and the price of our most frequently told half-truths. Bill Press's definition of spin identifies two critical characteristics: first, people use spin not only to make things look better than they are but also to make things look worse than they are; and second, spin is typically in the gray zone between truth and outright lies. Like all industries and cultures, the nonprofit sector has

issues it spins; sometimes because we are tired of being attacked, sometimes because we want to rationalize or downplay our bad habits, and sometimes because we aren't completely sure of the truth ourselves.

### Spin: We are the Sector of Diversity

While the nonprofit sector regularly discusses and addresses programmatically issues of race and class, recent studies reveal a sharp disconnect between our values and our leadership's demographics. Organizations that originate in, serve, and are led from within ethnic communities do an excellent job of developing constituency-reflective boards and staffs. The problem is with the rest of the sector.

The truth is, new national board research by Francie Ostrower at the Urban Institute found that an astonishing 86 percent of nonprofit board members are white, and that 51 percent of boards are composed solely of white, non-Hispanic members.<sup>1</sup> *Daring to Lead 2006*, which surveyed an urban, community-based sample of nonprofits, found that 82 percent of nonprofit executive directors are white.<sup>2</sup> And, according to the Council on Foundation's 2006 survey of grantmakers, 94 percent of all foundation chief executives are white, as are nearly 77 percent of all full-time foundation staff members.<sup>3</sup> In her recent blog on the *Stanford Social Innovation Review's* Web site, called “Philanthropy Doesn't

JEANNE BELL is the CEO of CompassPoint Nonprofit Services.





Just 38 percent of nonprofit executives said that their boards regularly use meetings to discuss strategic issues and debate possible direction.

Care About Black People,” Rosetta Thurman challenged the quality of our discourse about diversity: “The expanded, cop-out definitions of diversity that include gender, religion, disability, and sexual orientation allow organizations to avoid the topic of race and pay lip service to the issue instead of making real cultural changes.”<sup>4</sup>

The truth is that our lack of attention to—and expertise in—human resources management relative to other sectors means we have not gone about systematically attracting and retaining people of color as Fortune 500 companies have done for years. While they have responded to changes in their consumer markets and the impending war for talent, we have been disorganized at best. Michael Watson, the director of human resources for the Girl Scouts USA, contrasted our effort with the for-profit sector’s in a recent *Chronicle of Philanthropy* interview: “Businesses are investing much more in recruiting diverse talent. They attend the national career fairs, sponsor larger numbers of paid internships, are present on campus, place more ads, and spend more time at the senior management level discussing how to recruit diverse talent. They develop close relationships with the professional organizations that people of color belong to. Nonprofits will have to do more of the same to compete.”<sup>5</sup>

### Spin: Boards of Directors Establish Strategic Direction and Staff Implement It

While it serves us sometimes to portray our organizations as being led by an independent group of volunteer community leaders, most everyone who does paid work in the sector would acknowledge that executives and management teams typically establish and continuously refine strategy. (This is not the case at all-volunteer organizations.) When we want to show Congress that we can effectively self-regulate—as with Independent Sector’s recently published *Principles for Good Governance and Ethical Practice: A Guide for Charities and Foundations*—we emphasize the role of governance in organizational strategy. But even here, the precise role of boards in strategy is elusive. The guide says that “a charitable organization must have a governing body that is responsible for reviewing and approving the organization’s mission and strategic direction.” Use of the verbs “review” and “approve” seem to align with

my observation that paid staffs typically initiate strategy. But just a few sentences later, the guide says that “the board sets the vision and mission for the organization and establishes the broad policies and strategic direction that enable the organization to fulfill its charitable purpose.” Here the verb “set” ascribes more of an independent strategy role for boards.<sup>6</sup> On the other hand, the often discussed governance book—Chait, Ryan, and Taylor’s *Governance As Leadership: Reframing the Work of Nonprofit Boards*—suggests that it’s the generative thinking that *precedes* the articulation of strategy where boards should be heavily engaged.

The truth is, most community-based organizations are struggling to define the respective roles and partnership of paid staff and boards of directors. In *Daring to Lead*, just 38 percent of nonprofit executives said that their boards regularly use meetings to discuss strategic issues and debate possible direction.<sup>7</sup> The Urban Institute’s board research found that just 44 percent of boards are very active in planning for the future, and only 32 percent in monitoring programs and services.<sup>8</sup> Further, the truth is that the thought leaders in the social change corner of our sector have set about reevaluating governance entirely—many in the pages of this publication. In *Rethinking Governance*, David Renz argues that the “domain of ‘governance’ has been moving beyond the domain of ‘the board.’” He makes a compelling case that complex community issues are solved beyond the walls of single nonprofit organizations, and thus responsive strategies are set beyond the walls of any single nonprofit boardroom.<sup>9</sup> Judy Freiwirth and Maria Elena Letona are exploring “system-wide governance,” a model in which “governance responsibility is shared across the organizational system among the key sectors of the organization—its constituents or members, staff and board.”<sup>10</sup>

For now, the best community-based boards play an absolutely critical role in strategy formation: challenging staff assumptions and representing the broader community with hard questions about programmatic relevance and financial viability. But the pretense of the board’s role as independent direction-setters creates a tension in the staff-board dynamic—a confusion about roles in which too many organizations

(and planning processes) are interminably mired.

### Spin: 100 Percent of Your Contribution Will Be Spent on Programs

This inane sentence is often written on a piece of direct mail or on a Web site to entice people to donate. In other words, the act of telling people that their gift is 100 percent programmatic is a *fundraising* expense. While it's true that nonprofits often target a particular fundraising campaign to a single issue or cause, it is not true that an organization can raise those funds without spending money to raise them; therein lies the half-truth. When we pretend that any single campaign happens outside the context of our organizations, we sustain the public misperception that the hard work of social change can happen without an infrastructure to support it. This fundraising double-speak establishes a dishonest dialogue with our donor bases—satisfying their hunger for a mythically “pure” charity and setting up organizations unfairly as fat cats when they tell the truth about overhead expenses.

The irony of nonprofits spinning the overhead rate issue to individual donors is that they just as frequently complain that institutional funders won't pay for adequate overhead. Can we have it both ways? Overhead rate is a red herring in the analysis of nonprofit impact. It takes anywhere from 15 cents to 30 cents of every dollar spent by most nonprofits to maintain an adequate administrative and fundraising capacity to *have* real impact. When *Good to Great* business author Jim Collins turned his attention to the nonprofit sector, he singled out our silly obsession with overhead: “It's a well-intentioned idea, but it reflects profound confusion between inputs and outputs.”<sup>11</sup> Money—including the percentage of money directed to the functional categories of program, administration, and fundraising—is an input. Impact, or what Collins refers to as *greatness*, is about outputs. Obviously, we would all gladly pay 29 cents of overhead on the dollar to have a state-of-the-art children's museum in our city, rather than 14 cents on the dollar for a dated and dreary one.

### Spin: We Would (Fill in the Blank with Something Nonprofits Should Do), But Our Funders Won't Pay for It

Get in a room of nonprofit executives and suggest

that we should invest more in professional development, in developing the next generation of leaders, in technology—in you name it—and within minutes someone will complain that they'd love to do the right thing, but foundations and government won't pay for these things. Of course the majority of institutional support is for programming, but in my experience if you press executives a bit further on how many times they have asked their core funders and donors to consider a capacity investment and been turned down, the answer is often “never.” Perhaps more important, if you press executives to make a cogent case for the direct connection between infrastructure and impact, they falter. Many of our leaders are still not skilled at developing people and systems; they are still more comfortable in the program and community arenas. They haven't yet brought the same energy and discipline to funding people and capacity as they have to program delivery.

Spinning the situation to suggest that there is simply no way to finance capacity building lets us off the hook for some of the most important responsibilities we have as nonprofit leaders. It is our fundamental responsibility to arrive at a business model—a portfolio of high impact program and fundraising activities that in turn attracts a sufficient mix of resources—that results in a healthy organization. No funder can do that for us. Second, it is our responsibility to find creative, affordable ways to develop the people who work and volunteer at our organizations. Claiming that we can't because our funders won't pay for it is a profound cop-out. In many community-based organizations plenty of under-utilized time could be better devoted to good supervision, good board orientation, mentoring, group discussion of new articles or books, attendance of workshops and conferences, and participation in local networks and coalitions—all at little cost. And third, it is our responsibility to be sophisticated enough fundraisers to make a strong case to our supporters to invest in our organizations even as they invest in our specific outcomes. Too many of us still apologize for investment in organizational capacity or, worse, are ignorant of ways to recover these costs through ongoing funding channels.

When *Good to Great* business author Jim Collins turned his attention to the nonprofit sector, he singled out our silly obsession with overhead: “It's a well-intentioned idea, but it reflects profound confusion between inputs and outputs.”

## Spin: Scale Is the Holy Grail

While it makes great sense to look for scaleable innovations in our sector and finance them well, what's begun to feel like spin is our indifference when we talk about impact and innovation to the work that can't be scaled.

One of the results of venture philanthropy and increased attention to the nonprofit sector by consultants and funders trained in the best business schools is the tendency to conflate scale with impact. While it makes great sense to look for scaleable innovations in our sector and finance them well, what's begun to feel like spin is our indifference when we talk about impact and innovation in the work that can't be scaled. With enormous respect to a tremendous organization, how many times can Teach for America be held up in our press as emblematic before we have to acknowledge the spin factor? One can momentarily forget in these conversations that monolingual immigrants, as they have for generations, are getting legal counsel at local nonprofits—places they can walk to that are staffed in many cases by people who were in their shoes just a few years before; that this essential activity cannot be scaled for deeper impact; that there isn't a brilliant earned income strategy waiting to be discovered inside this fragile business model.

There are important and valid pressures on our sector to focus on impact. And, nonprofits can and should learn from the for-profit experience. But the preoccupation with scale also seems seductive, and therefore vulnerable to spin. It raises questions about who has access to capital for scaling and who doesn't. Which organizations' innovations get studied and celebrated, and which do not?

In *On Truth*, his best-selling follow-up to *On Bullshit*, Harry G. Frankfurt, distinguished professor of philosophy at Princeton, says that while not all lies have profoundly negative effects, "the most irreducibly bad thing about lies is that they contrive to interfere with, and to impair, our natural effort to apprehend the real state of affairs."<sup>12</sup> If spin lies somewhere on the continuum between truth and lies, and even if it has utility at times, we should nonetheless take care that we can see through our own bullshit when we want to. Among ourselves, we should look honestly at our "real state of affairs." If not, success in meeting our most profound sector challenges—from diversifying our workforce to leveraging in full the talent and commitment of our board members—will surely elude us.

## ENDNOTES

1. Francie Ostrower, *Nonprofit Governance in the United States: Findings on Performance and Accountability from the First National Representative Study*, The Urban Institute, 2007, p. 12.
2. *Daring to Lead 2006: A National Study of Non-profit Executive Leadership*, CompassPoint Non-profit Services and The Meyer Foundation, p. 11.
3. Heather Joslyn, *Chronicle of Philanthropy* online: <http://philanthropy.com/free/articles/v20/i01/01d00301.htm>
4. Rosetta Thurman, *Stanford Social Innovation Review* online: [http://www.ssireview.org/site/prINTER/philanthropy\\_doesnt\\_care\\_about\\_black\\_people/](http://www.ssireview.org/site/prINTER/philanthropy_doesnt_care_about_black_people/)
5. Online interview with Michael Watson, The *Chronicle of Philanthropy* Live Discussions, January 22, 2007.
6. *Principles for Good Governance and Ethical Practice: A Guide for Charities and Foundations*, Panel on the Nonprofit Sector, Independent Sector, October 2007, p. 13.
7. *Daring to Lead 2006: A National Study of Non-profit Executive Leadership*, CompassPoint Non-profit Services and the Meyer Foundation, p. 11.
8. Francie Ostrower, *Nonprofit Governance in the United States: Findings on Performance and Accountability from the First National Representative Study*, The Urban Institute, 2007, p. 12.
9. *Rethinking Governance* by David O. Renz, PhD. the *Nonprofit Quarterly*, Winter 2006, p. 6.
10. Judy Freiwirth and Maria Elena Letona, "System-Wide Governance for Community Empowerment," the *Nonprofit Quarterly*, Winter 2006, p. 25.
11. Jim Collins, *Good to Great and the Social Sectors*, 2005.
12. Harry G. Frankfurt, *On Truth*, Alfred A. Knopf, New York, 2006.

What are nonprofit myths or spin that you confront most often? How do these prevent organizations from achieving their goals? What are the underlying motivations that drive this spin (e.g. 100% of funding to programs helps organizations appear more efficient than others). Share your views with NPQ at [feedback@npqmag.org](mailto:feedback@npqmag.org). Reprints of this article may be ordered from [store.nonprofitquarterly.org](http://store.nonprofitquarterly.org), using code 140402.