

Exploring the Problems and Benefits of **SELF-INTEREST** *in* **NONPROFITS**

There is nothing wrong with self-interest being a part of what motivates us in this sector; but avoiding the ethical sinkholes that nonprofits can create for themselves through conflicts of interest requires constant vigilance.

WHY WOULD *NPQ* PREPARE A SPECIAL FOCUS ON SELF-interest both well and badly used in nonprofits? Because the topic of conflicts of interest has presented itself so often recently in investigations of large, well-known nonprofits, imbuing the sector with reasons for the public to be skeptical about its intentions.

Over the last few years, some high-profile stories have surfaced about conflicts of interest among board and staff leaders. In many of these stories, the defense posed in even the most egregious of cases was a kind of wide-eyed wonder at the fact that anyone would think such behavior was out of line.

And, indeed, conflicts of interest are a slippery slope—which is why at *NPQ* we have always suggested that it is just better to steer clear of them altogether.

This includes, by the way, disclosures and recusals, which are a poor proxy for actual avoidance of conflicts. Even as we go to press, the public is being treated to a bird's-eye view of the various ways in which executives and board members at the NRA have improperly profited from their leadership positions. As a result of the disclosures, the organization is losing donors, along with any credibility it still had. Add this to the millions of dollars that have gone into questionable expenses, and you have an organization in serious decline.

But these are the obvious types of conflicts; many are more

subtle. And the opportunity to stray into dangerous territory in nonprofit life is omnipresent, requiring strong ethical practices and protocols to identify and avoid problematic situations. In each organization, the temptations may be slightly different; but when nonprofits fall prey to those temptations, they run risks for which, often, they can only barely imagine the consequences.

Those consequences can include reputational damages all around, and in some cases massive organizational losses and organizational and personal humiliation.

This cluster of articles includes a typological review of common nonprofit conflicts of interest by Dr. David Renz, one of the country's most renowned scholars of nonprofit governance; an astute and practical examination of why recusals and disclosures are inadequate to the problem, by the always insightful Vernetta Walker, who knows nonprofit boards like the back of her hand; a wonderfully irreverent meditation that brings together the notion of enlightened self-interest and ducks, by Rainier Valley Corps' Vu Le; and an article, by *NPQ*'s Ruth McCambridge, on the role self-interest plays in nonprofit life in—as Minnesota Council of Nonprofits' Jon Pratt calls it—"the nonprofit wing of the nonprofit sector."

Please help us to keep this conversation going. We would love to hear from you on this topic.

