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Some Nonprofit Leaders Ask: Is Philanthropy Killing Itself With Kindness?

By Caroline Preston

For Albert Ruesga, what's dragging down philanthropy isn't the threat to the charitable deduction, the slow economy, or the excise tax. Rather, it's that nonprofit leaders tend to be, well, too nice.

"The culture of overweening politeness in American philanthropy is leading to our ruin," says Mr. Ruesga, president of the Greater New Orleans Foundation. "It keeps me from telling you, in the clearest possible terms, that your five-year, \$2-million initiative to end homelessness is well-intentioned magical thinking at best and boneheaded ignorance at worst."

Politeness isn't a bad thing, Mr. Ruesga says. But it "crosses over to the dark side" when people are so worried about offending each other that they don't engage in honest debate. That can cause poor grant-making practices to perpetuate, silly projects to be started, and weak leaders to remain in their jobs too long. For Mr. Ruesga and others at foundations and charities, the nonprofit world too often steps over that divide.

A 'Genteel Attitude'

Not everyone agrees with his appraisal. But many who do say the field's lack of candor, fueled perhaps by a belief that nonprofits' positive social missions should spare them criticism, is a bigger issue today than ever. That's in part because today more people inside and outside of nonprofits demand brutal honesty.

People are increasingly taking to the Web and Twitter to look into foundations' performance, says James Canales, president of the James Irvine Foundation, while younger nonprofit employees tend to ask tougher questions about the impact of nonprofit work. "We're in a different era, in terms of expectations," he says.

The tight budget climate, too, has elevated the importance, and the risks, of frankness, say charity officials. Anxious about where their next \$10,000 will come from, fundraisers may be more tempted than ever to keep their mouths shut in the

face of a donor's unrealistic demands. As government grants dwindle, nonprofits need a stronger voice in city halls.

And with too little money available to keep every group afloat, it's important to have an honest discussion about which nonprofits ought to "merge, grow, or go," says Vignetta Charles, senior vice president of AIDS United.

"It's harder for us to talk about this in philanthropy than in the corporate world because we've had this genteel attitude. We've been too nice to each other for too long," she says. "It's especially timely for us to think through the ways we communicate, how transparent we are, and who needs to potentially fade gracefully into the night."

Good Intentions

Holden Karnofsky says he was struck by the nonprofit world's sensitivity to criticism when, in 2007, he left a hedge-fund job to help found a group dedicated to evaluating charities and recommending the most effective ones to donors.

Many nonprofit leaders seemed confused and offended that he would even entertain the idea of critiquing them, says Mr. Karnofsky, 31.

"We received feedback from people who said, 'We're busting our butts trying to help people while you guys are being negative, and what is the value in being negative?'" he says.

Eventually, Mr. Karnofsky's group, GiveWell, decided to offer charities the chance to opt out rather than face a potentially critical published assessment.

That's a contrast with fields like business and politics, where, Mr. Karnofsky says, "people are criticized all the time." He says he worries about a "society-wide culture where people focus on good intentions rather than good results."

"It's hard to be a critic in this sector," agrees Cynthia Gibson, a consultant to nonprofits and foundations.

"People may see any challenge as being critical of the good intentions behind doing 'God's work,'" she says. "But there are circumstances in which calling into question the way in which this work is being done—such as whether it's effective, ethical, or strategic—is not only wise but highly advisable, especially when there are large investments behind it."

Psychic Rewards

Emmett Carson, president of the Silicon Valley Community Foundation, has often encouraged his colleagues to speak out more forcefully about tough issues like poverty and what foundations have failed to do well.

But he says it's difficult for many people to feel comfortable doing so. People don't choose nonprofit jobs for the pay, says Mr. Carson, so the work itself become more important. Aware that their colleagues are making personal sacrifices, he says, charity and foundation workers may be more reluctant to point out each other's shortcomings.

And while businesses must ask questions to stay competitive and follow trends in a way that nonprofits don't need to worry about, he says it's wrong to think companies are so much more tough-skinned than charities.

"I have yet to meet the business owner who likes Yelp," says Mr. Carson, referring to the Web site that enables customers to rate small businesses.

Bursting Bubbles

In keeping with their tendency to pull punches, nonprofit officials interviewed for this article mostly declined to provide on-the-record examples of money misspent or misguided assumptions left unquestioned.

Mr. Karnofsky cited microfinance, and the recent furor over its shortcomings, as an example of what can come of too much fawning and not enough questioning. Publicly, many nonprofits and donors had hyped small-loan programs as a way to solve poverty, he says.

When independent evaluations showed its limits in helping to reduce poverty rates and bring big changes in poor people's lives, it was akin to the bursting of a bubble, he says.

"If you had people all along being critical and transparent and saying, I know this is a very nice story, but this is not quite what microfinance is," Mr. Karnofsky says, there may not have been such a backlash. People would have possessed all along a better understanding of microfinance's limitations, he says.

Susan Davis, president of BRAC USA, which supports the Bangladeshi international-development group of the same name, agrees that charities need to stop selling only good news.

Fearful that donors will react in a knee-jerk manner if they hear of a program's failure or a developing-country government that siphons off aid money, nonprofits tend to oversimplify stories of their work, reinforcing donors' unrealistic expectations, she says.

Nonprofits must be their own harshest critics, says Ms. Davis. They might consider approaching fundraising as a long-term educational endeavor, trying to inform donors and helping them understand the work.

“What we want when we donate money is to feel good,” she says. “It’s much harder to engage the public in something more complicated, but the truth is, as our world has become more interconnected, people are becoming more sophisticated, and what we’re trying to do is invite people on a learning journey.”

Tougher Boards

Charity leaders don’t just sanitize their group’s work for donors; too often they do so for their board members, too, says Mr. Canales, of the Irvine foundation. He says the tone of board meetings is too often celebratory and deferential.

Leaders should move away from talking about “managing” their boards, he says, and instead speak of “engaging” by inviting them to question assumptions. Ms. Charles of AIDS United says the reluctance of boards to embrace candor is a reason some founders remain on the job too long.

She says she would like to see more charities create emeritus posts, where the veteran leader is an adviser but not the head of day-to-day operations.

Grant makers, too, are often unwilling to share their concerns and reservations with grantees or other donors, says Ms. Charles, robbing nonprofits of a chance to improve. When AIDS United decides to end its financial support of a grantee over concerns about its effectiveness, she says, “we say very openly that it would be difficult for us to recommend to another funder that they invest in your services.”

Cultural Roots

For others, the soft edges of the nonprofit world limit its ability to advocate on its behalf.

Robert Egger, founder of CForward, which endorses nonprofit-friendly political candidates, says the culture of politeness is rooted in the charity world’s history.

Nonprofits grew fast in the 1960s and ’70s as women were beginning to enter the work force in large numbers. At the time, foundations were dominated by men, says Mr. Egger, who looked to charities to “plant flowers” or “take care of the old” but not to shake up the status quo.

But, he says, “no one ever stopped to try to reevaluate the overall culture in which charities were founded.” Now, as nonprofits seek to avert government spending cuts or tax-code changes that might affect them, they’re hobbled by how the public perceives them.

Mr. Egger, who this winter started the charity L.A. Kitchen, recalls a recent meeting with lawmakers in Rhode Island who expressed gratitude for the “noble work” of nonprofits.

“They didn’t say, Thank you for bringing millions of dollars into the state or thank you for creating jobs or paying payroll taxes,” he says.

Timid Advocacy

Phil Buchanan, president of the Center for Effective Philanthropy and a *Chronicle* columnist, agrees: Nonprofit leaders tend to be too timid about shaping the public debate on what they do.

“The debate over the charitable deduction shows the price of the nonprofit sector’s tendency not to be assertive and forceful enough about its distinctive value,” he says.

Mr. Buchanan says nonprofit leaders have too often ceded that discussion to people in the business world.

“We have stood by while the words ‘business’ and ‘business-like’ have been claimed as synonyms for effectiveness, when they are clearly not, and allowed the nonprofit sector to be unfairly and inaccurately caricatured by those who seek market-based solutions as a panacea,” he says.

Mr. Ruesga agrees, saying that too many nonprofit leaders fail to point out when business-world concepts are a poor fit for nonprofits, he says.

“There’s an ongoing, pitched battle for the soul of philanthropy,” he says. “And it’s being won, much to my chagrin, by the MBAs.”

Philanthropy needs to reshape the way it discusses its work and the problems it is trying to alleviate, Mr. Ruesga says.

“We need to talk about the way we talk,” says Mr. Ruesga. “Currently, our culture prevents us from doing the right thing.”

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