

The
MISSION MYTH

**BUILDING NONPROFIT
MOMENTUM
THROUGH BETTER
BUSINESS**

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Business
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The Mission Myth: Building Nonprofit Momentum through Better Business

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DEDICATION

To the clients, staff and board members of Colorado AIDS Project,
who shared in seven years of lessons learned...

And to my husband and all-around favorite person, Jason,
who never let me whine too much as I learned them.

TABLE OF CONTENTS

Introduction	11
--------------------	----

PART ONE: The Mission Myth

<i>Chapter 1: Nonprofit? Business? Both?</i>	<i>19</i>
<i>Chapter 2: The Real, Hard Truth about My ED Journey</i>	<i>22</i>
<i>Chapter 3: The Mission Myth</i>	<i>25</i>

PART TWO: Management

<i>Chapter 4: What Management Really Is</i>	<i>33</i>
<i>Chapter 5 Strategy</i>	<i>35</i>
<i>Chapter 6: The Importance of Systems</i>	<i>41</i>
<i>Chapter 7: The Founder</i>	<i>45</i>
<i>Chapter 8: The Board of Directors</i>	<i>48</i>
<i>Chapter 9: The ED/Board Relationship</i>	<i>60</i>
<i>Chapter 10: Supervising Your Staff</i>	<i>70</i>
<i>Chapter 11: Evaluating Your Staff</i>	<i>83</i>
<i>Chapter 12: Recruiting Your Staff</i>	<i>88</i>
<i>Chapter 13: Succession</i>	<i>94</i>
<i>Chapter 14: Delegation</i>	<i>97</i>
<i>Chapter 15: Volunteers</i>	<i>99</i>
<i>Chapter 16: A Few Words on Committees</i>	<i>105</i>
<i>Chapter 17: Consultants</i>	<i>110</i>
<i>Chapter 18: Customer Service</i>	<i>116</i>
<i>Chapter 19: How to Be a Great Nonprofit Leader</i>	<i>122</i>
<i>Chapter 20: Communication</i>	<i>128</i>

<i>Chapter 21: Time Management</i>	<i>133</i>
<i>Chapter 22: The Single Best Thing You Can Do To Improve Your Work Life.....</i>	<i>140</i>
<i>Chapter 23: The Importance of Redefining Success</i>	<i>147</i>
<i>Chapter 24: A Special Note for the ED: How to Survive the Loneliest Job</i>	<i>150</i>

PART THREE: MONEY

<i>Chapter 25: What Money Really Is</i>	<i>158</i>
<i>Chapter 26: Proving Your Worth to Funders.....</i>	<i>160</i>
<i>Chapter 27: The Fundraising Plan.....</i>	<i>163</i>
<i>Chapter 28: Donor Engagement.....</i>	<i>165</i>
<i>Chapter 29: The Ask.....</i>	<i>175</i>
<i>Chapter 30: Getting Corporations on Your Side</i>	<i>177</i>
<i>Chapter 31: Events</i>	<i>179</i>
<i>Chapter 32: Grants.....</i>	<i>186</i>
<i>Chapter 33: The Board and Its Fundraising Role</i>	<i>193</i>
<i>Chapter 34: Managing the Money.....</i>	<i>200</i>

PART FOUR: Marketing

<i>Chapter 35: What Marketing Really Is.....</i>	<i>206</i>
<i>Chapter 36: Marketing Strategy.....</i>	<i>208</i>
<i>Chapter 37: The Marketing Plan</i>	<i>214</i>
<i>Chapter 38: The Most Common Marketing Mistake We Make – and How to Avoid It.....</i>	<i>220</i>
<i>Chapter 39: The Luxury of a Marketing Professional and What to Do if You Don't Have One</i>	<i>224</i>
<i>Chapter 40: Public Relations/Media</i>	<i>227</i>
<i>Chapter 41: The Press Release.....</i>	<i>231</i>
<i>Chapter 42: The Interview.....</i>	<i>235</i>
<i>Chapter 43: There is No Bad PR: The Great Fallacy.....</i>	<i>239</i>
<i>Chapter 44: The Role of Social Media.....</i>	<i>242</i>

PART FIVE: Measurement

<i>Chapter 46: What Measurement Really Is</i>	246
<i>Chapter 47: Why Measurement Is More Important than Ever</i>	249
<i>Chapter 48: Measurement—Getting Started</i>	252
<i>Chapter 49: Phase 1: Set Them Up</i>	257
<i>Chapter 50: Phase 2: Get Them In</i>	262
<i>Chapter 51: Phase 3: Get Them Out</i>	266
<i>Chapter 52: Phase 4: Use Them</i>	271
<i>Chapter 53: When to Go Outside</i>	276
<i>Chapter 54: The Role of Qualitative Measurement</i>	281
<i>Chapter 55: What Next?</i>	283

PART SIX: Wrapping It Up

<i>Chapter 56: Your Mission Matters</i>	288
Index.....	291
Acknowledgments.....	296
About the Author.....	298

INTRODUCTION

Welcome.

Chances are you've cracked open this book because you care about your nonprofit and you want to figure out how to run it better. Or maybe you're not yet running a nonprofit, but you want to know how to do so effectively. Or maybe you're at the end of your rope and you need a lifeline.

If you do currently run a nonprofit, I have a special message for you right now, first thing:

This job is hard. I mean really hard. I mean the tearing-up-your-stomach, clenching-your-throat, sleepless-nights kind of hard. And nobody but those who do it truly understands why.

I do. And so I'm here to help by first telling you that no matter how it feels sometimes, you are not alone. You are not crazy.

I'm also here to tell you that you're doing something great, but there are ways to do it better.

Thank you for taking the time to learn a few of the ways how.

Why I Can Talk about This

I got my first—and only—executive director job when I was fairly young.

Somehow, at 28 years old, I found myself running Colorado AIDS Project in Denver, the largest community-based HIV/AIDS provider in the state. At the time that I took on the position we had

a budget of about \$3.5 million, a staff of 40, and a long history of serving people living with this terrible disease while also working to prevent the spread of the infection to others.

Because I am both painfully realistic and a big believer in humility, I admit right up front that, although I did do a few things right to get that job, I actually got it for a whole lot of reasons that had nothing to do with me.

I was working as the marketing director at the organization when the position opened up. I'd been there about a year and a half, and during that time I had gotten to know the nonprofit well. During that time we'd gone through a number of changes—including a biggie. Our wonderful executive director of 18 years stepped down, and the board of directors launched a national search to replace him. We all held our breath, fingers crossed, in the hopes that our next leader would be the perfect person to take us to the next phase in our evolution.

The perfect leader lasted for five months. And when the board decided he wasn't the right fit for us, the organization went further astray. Though the board's decision to let him go was the right one, it was not easy to find ourselves without a leader—again, and so soon.

To make matters worse, at the time, the organization itself was suffering from some pretty common and dangerous challenges—the kind that most, if not all, nonprofits face at one time or another. The kind that we think nobody but other nonprofits could ever understand or endure.

We had just completed a rough fiscal year and, with no ED (from here on in my word for executive director, CEO, leader, what have you) in place, it was the board who took on the tough duty of cutting personnel to balance our new budget. The morale of those who remained was pretty low, as was their trust and opinion of the organization. The public's opinion of the organization? Not much better. We were struggling. We needed a leader.

Throughout the next several years I often wondered just what possessed me to throw my proverbial hat in the ring when the position opened up again. Since I was working at the organization at the time, I didn't have the excuse to say I didn't know what the challenges would be. I knew full well what lay ahead.

I like to think it was my deep desire to help the organization that led me to apply for the job—and for the most part it was. I truly did want to *do good* for a cause I cared about. And I truly believed I could do a good job. I'd be lying, though, if I said a bit of hubris didn't play into the decision as well. After all, I was vying to be the leader. And leaders have a lot of power.

And so I submitted my résumé. I told myself and anyone who asked that if I got the job it would be great. And if I didn't get the job it would be fine. And I believed this. The organization was in rough shape, and even from my inexperienced scope, it was clear that this job would not be easy.

And then...I got it.

I got the job because the board was scared. They had just hired an unknown, and it had backfired. I got the job because I was a known entity. They knew my strengths, they knew my weaknesses. They hoped there would be no more surprises. I got the job because there weren't a whole lot of other, great options. I got the job because I'm a marketer, and I gave a great presentation.

I ran the organization for seven years. I ran it through 72 board meetings and 150 executive staff meetings. I helped create seven budgets and assisted with seven audits. I appealed to each funder seven times. I oversaw seven AIDS Walks and seven galas. I coordinated the creation of two strategic plans, and seven years of their implementation. I worked with four board chairs, welcomed in dozens of new board members, and said good-bye to dozens more. I headed up a move to a new location and took on a strategic restructuring. I hired several staff members and let many others go. I made controversial decisions, learned from

many, many mistakes, and celebrated enough wins along the way to keep me going.

I ate, slept, celebrated, and cried my way through seven years as an executive director. And I am confident that at the end of this lifetime, this particular job for this particular organization will go down as the most fulfilling, most exhilarating, most challenging, and most stressful time of my life.

Would I change any of it? Most often I say no. But it's easy to say that now that I'm on the other side. I learned a lot. And it got me exactly to where I am today, which is owning a company, speaking to audiences and writing books about how to run a nonprofit effectively while still getting a good night's sleep. Most of the time.

At the same time, my memory hasn't completely faded. That job was tough. Tougher than anything I'd ever endured...or have since.

And it began right from the start.



PART ONE

The
MISSION MYTH

Chapter 1

NONPROFIT? BUSINESS? BOTH?

When I first took over at Colorado AIDS Project, or CAP as I'll call it from here on in, it was a fun place to work. We had lots of passion and we worked each day for those who needed us. We did our best.

But...

We were also a multimillion-dollar nonprofit organization, and, like many nonprofits our size, hadn't strategically evolved, functioning as though we were still working out of the basement of a church.

There is a time and place for what I call “the clubhouse effect”—when everyone has a “pitch-in” attitude, gathering together for fundraising events or to stock the food bank or to write a grant. This time and place is when the organization is young and filled with volunteers. Once you get some money in the bank, some funding in the door, and some commitment to and from the community, the clubhouse effect simply does not work anymore.

We were lucky at CAP in the sense that our longtime executive director had kept our programs solid throughout his tenure. He saw the organization right from the beginning of the AIDS crisis, when CAP's role was to help people die with dignity, through the politically correct phase, when the money—and new levels of accountability—began to roll in. He also saw us through the late 1990s, when AIDS was faded from the spotlight and was replaced by other causes, and the organization found itself serving mostly the poor, homeless, and hungry who also happened to be living with HIV.

Three different organizations, three different sets of challenges and opportunities. This long-term ED navigated the organization through it all.

The problem was that although the programs were solid, there was still this sense that we were a grass-roots organization. But that was no longer the case. We'd taken on government funding by the millions, and expanded services to meet the emerging needs of our clients. We needed systems. We needed strong policies for our staff, a good Internet server, and a kitchen where we knew the microwave wasn't going to explode.

We weren't running like a business. And yet it couldn't be denied that, at our size and our scope, that's exactly what we had become, like it or not.

Crossing the For-Profit/Nonprofit Divide

Running a nonprofit like a business is not necessarily a popular approach.

I've seen it over and over again: Those who work in the nonprofit sector look pretty negatively on their for-profit counterpart. They leave corporate America because they don't want to focus on chasing that proverbial dollar. They want to do something that "makes a difference." They see everything corporate as greedy and overly competitive, instead of giving and caring, like nonprofits.

To be sure, for some companies this is all true. But there's also another truth that some in the nonprofit sector don't see—and perhaps don't *want* to see.

Sometimes, for-profit businesses get things *right*.

Having goals to strive for, systems to get you there, policies that set parameters, and an understanding that politics always play a role -- each of these is not only positive, but critical for any organization—for-profit or nonprofit—that wants to conduct business effectively. Just because the nonprofit "business" is focused on a purpose doesn't mean it can't—and shouldn't—ensure it runs with maximum impact. Maximum efficiency.

Nonprofit? Business? Both?

In fact, I'd argue that because nonprofits work toward a higher purpose, it is even more important that they do so.

When I began my journey as an ED, I somehow knew that my role at CAP would be to help the organization realize its business side. I knew that if we had clearly defined strategic goals, if we had the right people in the right seats, if we had the technical ability to capture information and report it, then our good nonprofit could become even better.

It didn't take me seven years to get there, but it took a while. It was hard work, and not nearly as fun as that clubhouse mentality had been. But in the end I can say definitively that the organization was better for it. And so were our clients.

How did I do it?

Read on.

Chapter 2

THE REAL, HARD TRUTH ABOUT MY ED JOURNEY

It's truth time.

The lessons you'll read throughout this book, the opinions I've gathered during my time in the nonprofit sector, the realities of leadership I've learned along the way—they almost all have one thing in common.

I learned them because I did them wrong the first time.

I like to consider myself a somewhat learned individual, which means I also like to think that I make each mistake only once. In some cases this was true about my time at CAP, but truth be told there were plenty of other instances when I had to go through the pain more than once before I figured out exactly why things weren't working out.

And I do mean pain.

Remember, I went through the budgeting process for my nonprofit seven times. I don't want to tally up how many of those budgets went awry before I finally figured out how to do it well.

I sat through dozens—no, hundreds—of board meetings. Same thing.

I oversaw a few strategic plans and joined many, many committees. Ditto.

I tried to organize my tasks, and I tried to communicate effectively. I had a lot to learn, and I did a lot of it on the fly. And in a lot of cases I did it wrong the first time.

What made the difference was that I was always aware of it. I knew I had to be humble, that I needed to recognize my mistakes. And so I swallowed hard and faced them head on. And it stung.

But here's another truth, and it might bring you some relief: None of my mistakes caused us to shut down. Even when I made them more than once, even when my mistakes seemed unfixable and it seemed as though I'd doomed our organization, they weren't and I hadn't. And after I fixed them, my organization was always stronger for it.

What I can also say is that it wasn't just my organization that was stronger as a result of the process. So was I.

I also spent those seven years morphing into a completely different kind of leader. I began as an analytical leader—carefully weighing the costs and benefits every time, checking with my topic experts every time, giving myself as much of a guarantee as I could that I was making the right decision. Every time.

In the end, I emerged with a whole different level of confidence. I didn't need to ask as many questions, and I didn't second-guess myself nearly as much. I still wanted to make the right decisions; I just didn't have to go through as much process to do so.

How Did I Get There?

It took some time, but I got better at the job. I got better at hiring staff and I got better at firing staff. I learned how to budget and to monitor financials. I learned why our marketing wasn't working and I realized how to make it more effective. I learned first what not to do with my board, and then what to do with it. I learned to be reasonable in my goal setting and effective in my execution. I learned how to communicate clearly—with everyone.

Perhaps most important, I took each lesson learned—painful and humbling as it was—and forced myself to grow. It meant swallowing a whole lot of pride. It meant many moments when I wondered just what the heck I was doing in this kind of position. It made me wonder if I was doing more harm than good.

But here's the good news.

I was in the position because, inherently, I *was* a good leader. I possessed raw leadership skills, I had a commitment to my organization, and I learned every day how to make things better.

So do you. And so I make you this promise.

Over time, if you keep making yourself better each and every day, you can't help but grow—exponentially. And your organization will be better for it.

One way to learn? Read this book and learn from me.

This book is filled with nuggets learned, not from a textbook or a conference on nonprofit management, but from facing real situations, dealing with them, and learning how I could have handled them better. These nuggets came from making mistakes. I now use them to help nonprofits, big and small, make fewer of them. My hope is that you'll make fewer of them, too.

Chapter 3

THE MISSION MYTH

And so we've arrived at my biggest lesson of all: the Mission Myth.

I begin with the common story, the one told by so many of us who began our careers in the for-profit world.

I was working for a for-profit company and I was disheartened by the constant focus on the bottom line. I decided to leave the corporate world behind so I could, to put it simply, do good.

We join nonprofits because of the mission, and we should. We love them for the same reason, and we should.

We immerse ourselves in them, pour our time, effort, and tears into them, all because of the mission—because we care about the good the organization does each and every day.

But here's the truth.

The mission may drive you. It may be the reason your organization exists, the reason people join it, staff it, volunteer for it, and give to it. It may be the thing that gets you up in the morning.

But...

It is *not* the reason an organization succeeds. In fact, in some nonprofits the mission is such a central, sole focus that it can drive the organization's focus *away* from results, *away* from success. Our relentless ambition to do more and more *good*, however we need to and at whatever cost, actually causes the organization to falter and, in some cases, fail.

We are doing good, but we are not doing good *well*.

And that's when we learn the truth: that the things that cause a nonprofit organization's success are often the very same things we couldn't stand about the for-profit world when we worked there.

I call them The Four Ms: Management, Money, Marketing, and Measurement.

These are not sexy principles. They are about running a business, and in the end they are just as important—and some cases *more* important—in determining whether or not a nonprofit organization is successful.

It may be the mission that drives you. But it's the business that drives you to success.

It's a hard fact for many in the nonprofit sector to swallow. Caring, passionate individuals don't become staff members at nonprofit organizations because they care about policies and procedures. They don't join boards because they care about governance.

In the beginning, when these individuals make the move to the nonprofit sector, puffing up their chests and knowing that their altruistic spirit is about to descend on an unsuspecting organization, they don't think about accounting. Or liability insurance. Or office space. These mundane details don't inspire passion.

As a result, it becomes all too tempting to disregard everything but the mission itself, to sacrifice capacity building or staff reviews or information technology in order to deliver another home-cooked meal, give another speech about environmental sustainability, or produce another theater show that will enhance the culture of the community.

When we succumb to these temptations we feel wonderful at first. Yet they must be resisted. Though they may seem like the exact things we should focus on, they in fact distract us from some of the most important elements of running an effective nonprofit.

To believe that mission alone will lead to success, to believe that the work must always be about your mission, to believe you must focus there and there alone, is a myth.

Focusing on your mission means you are doing good. It does not mean you are doing good *well*.

How to do good well? That's where The Four Ms come in.

Integrate them with your mission—make sure your nonprofit is running like a strong, solid business—and there’s no telling what you can do, or where you might go next.

When we stand outside and view the nonprofit world, it’s easy to idolize it—to think that because we are doing good work, the work itself is pristine and perfect.

But once we’re in it we know it’s not. It’s messy and personal and wonderful and painful.

And, because we want to it to be successful, we also learn the truth: that a nonprofit is a business, and we must run it well.

I lived the Mission Myth. I took a job for the mission and dedicated my life to it. But in the end, it was my work with the four *Ms*, my commitment to running it like a business and figuring out how to do so, that helped CAP do good *well*.

In the end, I realized that was my job.

Now, let’s move on—to those Four Ms, and the lessons I learned about each one of them.

Remember, they came from pain. I urge you to read them, learn from me, use them, and save yourself a bit of heartache if you can.

HOW I LEARNED ABOUT THE MISSION MYTH

I came to the Mission Myth the way I came to many other lessons—the hard way.

I was working in the for-profit sector, and I had that pivotal moment, that change of heart that so many of us have right before we decide to make that altruistic sacrifice, to give our professional lives over to the nonprofit sector.

The truth is that my for-profit job—working as a local television news producer—was pretty cool, all things considered. That being said, it took just a few years for me to grow tired of, then frustrated about, the bureaucracy—the policies and the procedures, the office politics and the egos.

I told myself that the office life wasn't a good use of my time, that by focusing on silly issues like who would clean up the lunchroom and how to play nice with the intern meant we had all lost the meaning of what we were trying to do. I noticed a pattern. After all, this wasn't my first for-profit experience. I'd worked in retail and I'd scooped ice cream. I'd waited tables and sat at reception desks. Each job brought with it rules and regulations that seemed silly, bosses who didn't get me, and all kinds of tedious bureaucratic procedures.

Clearly the for-profit world wasn't for me.

And so one day I decided to give the nonprofit sector a shot. I knew that I would be more fulfilled if I was working toward a mission instead of a profit-driven goal, and I truly believed my worst day at a nonprofit would beat my best day at a for-profit for that reason alone.

That's when I began my search for my next thing, the thing that would fulfill my heart and use my talents for good.

It didn't take me long to find my first nonprofit landing pad, my first job in the sector. I dutifully accepted the position and took a pay cut, which only added to my rosy-cheeked vision of giving and sacrifice, and I showed up on my first day all puffed up, anticipating what it would be like to work in the nonprofit world and knowing, just knowing, this was where I belonged.

And in the end it was. But for very different reasons than I'd imagined. In the end I did get to do good, but not by serving food to the poor or housing the homeless. Instead, I did good through business relationships, political savvy, and following bureaucratic lessons—each of which I was able to do because I'd learned how from my work in the for-profit world.

Ironic, yes?

In the end, I did the most good for my nonprofit by being strategic and organized. By running the organization like a business, thinking about efficiencies and implementing those same policies and procedures I loathed in my previous for-profit jobs—the ones I soon learned actually made all the difference.

And here's the other thing I learned.

The Mission Myth

The office politics from my old gig? The constant managing of relationships and egos, the feelings of worthlessness, the personality conflicts? They were front and center in the nonprofit world, too.