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# Filthy Rich and Other Nonprofit Fantasies: Changing the Way You Do Business

by Dr. Richard Steckel

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*“The whole idea is to deliver  
what money can’t buy.”*

— Bruce Springsteen

*“Show me a man with both  
feet on the ground and I’ll  
show you a man who can’t  
put his pants on.”*

— Arthur K. Watson

*“A hunch is creativity  
trying to tell you some-  
thing.”*

— Frank Capra

*“Familiarity, truly culti-  
vated, can breed love.”*

— Dr. Joyce Brothers

*“The trouble with being poor  
is that it takes up all your  
time.”*

— Willem de Kooning

This is the first of two articles about changing your nonprofit organization from a poor, grant-dependent, sand-kicked-in-your-face operation into one that is muscular and self-reliant. It is about paying your own way with earned income ventures, and about using those ventures to improve the delivery of your mission.

This is also about changing the skinny way you think. For too long, nonprofits have been bound by assumptions that limit their effectiveness. No more. A new class of nonprofits has developed, with muscular attitudes and behaviors borrowed from the private sector. The private sector provides some excellent role models; just because they’re brawny doesn’t mean they’re bad guys. So let’s throw out your tacit tongue *tssks* right now.

## **The End at the Beginning**

Unfortunately, that’s also where fantasy ends for most nonprofits: at the beginning. Missions are sparked and sculpted from fantasy, but when it comes to the politic and business of carrying out those missions, nonprofits have traditionally floun-

dered; they can’t produce results the way the private sector does; they become traditionalists; they become the Invisible Sector. Irritating, isn’t it?

There are a bunch of traditional assumptions you’ve been lugging around, assumptions about how nonprofits operate:

- Money will always be a problem.
- We will always be grant dependent.
- We will always be tied to funders’ priorities and schedules.
- There will be long lag times between getting a grant and getting the money.
- Our staff will always be overworked and underpaid.
- We’re dependent on volunteers who aren’t always effective.
- We can’t afford to do projects the way we would like.

Look at the assumptions again. Highlight them with a yellow

marker. You may want to change the world, but assumptions like these—thinking like this—is tying your hands.

Thinking like this limits your ability to earn money, to reach new audiences, to adapt to change—to deliver your mission. Believing those assumptions condemns you to live them. It means you'll always be left on the beach or standing in line for the leftovers.

### **New Nonprofit Assumptions**

Cheer up. Many nonprofits have learned not to operate under those traditional assumptions. They are becoming productive. In fact, in the last two decades, the Labor Department reports that the nonprofit sector has grown faster than either private business or the government. Enterprising nonprofits have followed their fantasies, and their fantasies have released them from assumptions, have freed them to scout new ways of accomplishing their objectives. You can too; you can decide where you want to go and at what pace.

Take a closer look at your organization and you're likely to find fantasies already floating around, even if you haven't checked on them for a while. Don't some of your fantasies look like this?

#### ***The Filthy Rich Fantasy***

- We'll have lots of unrestricted cash.
- The money will be spaced evenly throughout the year.
- We'll use the revenues for projects of our own choosing.
- Revenues will cover our general operating costs.

#### ***Other Nonprofit Fantasies***

- We will reach huge audiences with our mission and message.
- We will pay our staff competitive salaries.
- Our staff won't be chronically overworked.
- We will be the best organization in our field.
- We will effect change.

It's time to talk about those fantasies in the light of day, not stash them away as ties to a world that probably was never as good as it is remembered. Realize your fantasies by changing the way you do business, by dropping the onerous nonprofit assumptions and embracing some productive assumptions from the private sector. As Yogi Berra once said, "You can observe a lot just by watching."

#### ***New Nonprofit Assumptions***

- **Nonprofits can operate like businesses.** By adopting for-profit attitudes and behaviors, nonprofits can strengthen the way they operate, the way they serve their customers, the way they meet their goals, the way they deliver their missions.
- **Nonprofits can have a clear vision of the future and a clear path for getting there.** By being proactive rather than reactive, nonprofits can anticipate changes in funding and market needs; they can monitor trends and plan accordingly.

I'm going to assist you in making these new assumptions second nature. In doing so, your nonprofit fantasies will become reality. Your nonprofit can be customer-centered, always looking for the next need, with new and better ways to fill that need. Your staff won't have to be

underpaid and overworked; by offering incentives and rewards, nonprofits can keep staff motivated and pay salaries commensurate with the private sector.

Your audiences are not all poor; by broadening your view of whom you serve, your nonprofit can develop new, paying audiences for its programs. You don't have to wait and compete for funders' handouts. By developing programs that meet businesses' needs, you can *earn* money from corporations, put them to work for you, and isn't it about time for that?

### **Entrepreneurial vs. Traditional Nonprofits**

Entrepreneurial nonprofits choose the mainstream roads. Traditional nonprofits take the side roads. Who's delivering the message? Let's take a look at the two approaches.

**Market-driven drivers.** Entrepreneurial nonprofits know they must be responsive—and responsible—to their markets. They enjoy serving people. That's where they get their power. They ask their audiences, "What do you want, how are we doing?" If they get off course, they ask their audiences for direction. They are "market driven." They stay flexible, sensing change early, then watching and using it to their advantage.

**Bumper car mentality.** Traditional nonprofits, on the other hand, are "program driven." They've put their programs in the driver's seat, audience in the back, and they drive the side roads diligently. Unfortunately, the route doesn't change regardless of who the audience is or where it wants to go. New audiences develop but, steered by their programs, the nonprofits don't see them and can't meet their needs. These nonprofits are captive to the

side roads as bumper cars are to an arena.

**Driving the dollar.** Entrepreneurial nonprofits like money rather than fear it. They hire people from the public or private sector who are comfortable with money and who have strong financial skills. Solid financial people know they have to earn their keep. The good ones uphold their concern for quality and service in the face of economic pressure. They turn occasional tensions between program and marketing staffs into productive energy. They use money to enhance the quality and delivery of their programs. They drive the dollar, not the other way around.

**Virginity, pollution, and the filthy rich.** Meanwhile, traditional nonprofits are distrustful of money. Many disagree with the “bottom line” thinking of the for-profit world. They fear that if concerned with money, they will lose their social goals. They fear money will pollute their mission. They fear they will lose their nonprofit virginity.

**Streamlined strategies.** Entrepreneurial nonprofits are action-oriented. They know where they are going and are impatient to get there. In order to make quick decisions, they’ve streamlined their decision-making process so that only people vital to the decision are involved. They are able to compress the lag time between decision and implementation. They’ve brought together a team of like-minded players who can quickly conceptualize and develop fantasies into practical programs, products, or services. This also allows them to be opportunistic, to watch for and seize opportunities that appear.

**Tyranny of democracy.** Traditional nonprofits, however, tend to be preoccupied with planning. They

make decisions slowly, subjecting each decision to endless, and often unnecessary, opinions in a paralyzing tyranny of democracy. Passionate ideas are sucked dry in the process.

**No more Mr. Nice Guy.** Entrepreneurial nonprofits expect and demand the best. Being nice isn’t good enough. These are the folks with inherent designer genes. They define themselves as the best in their fields and consistently hire the best staff and contractors to help them realize that vision.

Traditional nonprofits, unfortunately, have a second class mentality. Some say they have an excess number of humility genes. In the name of affordability, they tolerate being less successful than the private sector. They hire cheaper designers for their newsletters, cheaper architects for their buildings, cheaper staffs for their programs. The subtle message is that they don’t deserve or expect the best, and that message is heard loud and clear by their staffs, their publics, and their funders.

One of the cruelest by-products of this attitude is the willingness to retain non-performing staff. Thinking it’s kinder, managers retain people well after it’s time for them to leave. The person usually knows what’s coming, as does everyone around him. To make them wait and wonder is unfair, irritating, and poisonous to the organization.

The same is true for volunteers. Nonprofits have a tendency to let their goodwill toward volunteers impede the delivery of their missions. They let volunteers slow the organization and lower its standards. Volunteers begin to think that because they’re free they can’t be fired. A bad volunteer does more harm than good. Don’t accept

mediocrity, unless you believe you deserve it.

**Seeing is believing.** Entrepreneurial nonprofits have a clear vision of the future and of how they will get there. The vision is concrete, quantifiable, and operational; it describes what they’ll do and how they’ll do it; it defines the style of the organization. The vision is actively communicated, internally and externally. It motivates staff, galvanizes the public, and attracts investors because it paints achievable pictures of success. The vision grows and changes because it is the organization’s living definition. It is universally understood, constantly talked about, and frequently challenged.

Traditional nonprofits, on the other hand, have mission statements. These spell out their broadest goals in terms that are unmeasurable and frequently unachievable. (“We strive for an end to discrimination.”) Rather than becoming motivated, the staff covers from the unmanageable task ahead, often unable to take a first step, for the mission statement provides no direction. Nor is the public inspired by such statements: talk is cheap. As a result, mission statements sit in drawers, unchanged and rarely consulted from year to year.

Are you convinced? Are you ready to change the way you do business? If so, stay tuned for the second article in this series, “Creating the Fantasy,” in the April 1990 issue of **Exchange**.

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This article was adapted with permission from **Filthy Rich and Other Nonprofit Fantasies: Changing the Way Nonprofits Do Business in the 90's** by Dr. Richard Steckel (Berkeley, CA: Ten Speed Press, 1989). If you have ideas you want to exchange or wish to order the book (\$8.95 plus shipping), you can contact Richard Steckel at:

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