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Is chasing the money losing the mission?

CSR CENTER

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"Corporate policy prohibits us from funding staff or operational expense. We only fund programs."

I was speaking with a community affairs manager of a major company this morning, and they told me their company's particular version of the above won't be talking in this post about whether overhead is needless spending. That's been discussed before.)

When I was managing CSR programs for more than 15 years at Wells Fargo, I was skeptical about that theory because no one ever talked about what happens in the extreme case when every donor requires their donation be 100% spent on program. Now that I serve on Community Health Charities' national board plus work for a nonprofit myself, I see that the "we only fund programs" approach not only ignores some important realities, but it can actually incentivize inefficiency or, worse, ineffectiveness.

The reality for many nonprofits is that they do get a lot of unrestricted donations, mostly from individuals, that end up paying the electricity bills and other essential operating expenses. But even when this is the case and the nonprofit can legitimately promise a corporate funder that 100% of their grant will go to program, the grant itself brings with it additional burdens.

Although there are exceptions, in my experience, most corporate funders have three expectations that make sense in the corporate office, but which are not in the nonprofit's nature:

- **Reporting on impact, in the company's language**

Good nonprofits measure the effectiveness of their programs in one way or another. At **Cancer Support Community**, we capture important information through surveys and measurements every year that help guide our program development and delivery. But companies tend to want their own metrics, on their own schedules. In some cases, companies can help the nonprofit improve their measurements, but in my experience, a lot of what companies ask for is designed to support the company's CSR mission, CSR communications, or management confidence—not necessarily the nonprofit's mission. If what the company asks for is different from what the nonprofit needs, the nonprofit will have to create a new process to report to the company in the format and language it demands. Loath to upset the funder, Every nonprofit I know is profoundly grateful for every donation received, and they want every donor to feel that gratitude. Large nonprofits, especially those with huge communications teams, are equipped for and competent in creating communications that promote their donors. Small nonprofits, however, often don't understand what recognition would be meaningful to their corporate partners, or don't have the channels to include that messaging. Thus, many larger companies gravitate toward the larger nonprofits, to the neglect of many outstanding and often more impactful local organizations. It's so much easier to drop a big grant on a big brand who knows how to recognize the company… even if a small nonprofit would more effectively deliver the impact the company actually wants to create.

- **Customizing program delivery to the company's specifications**

A lot of my peers in the nonprofit space talk about how they don't want to "chase the money," but many companies are so focused on their strategic priorities that they dream up impact they want to create, then shop around until they find a nonprofit willing to do the work they've ideated. Some companies do a great job of partnering—bringing the company's competencies to the table and hearing what the nonprofit's competencies are, then collaborating on making a profound impact together. The power dynamic in these conversations, however, is imbalanced, and nonprofits are too often seduced into believing they have to agree to a company's desires no matter the cost in order to get the funding they need. This can lead to mission scope creep and delivery dilution as the nonprofit customizes their programs to different funders in order to give those funders what they're asking for—whether it truly supports the nonprofit's mission or not.

These expectations seem completely natural to corporations, but they are not at all natural to nonprofits that are built and staffed to deliver their mission, not to serve the corporation's mission. As a result, nonprofits that get large corporate grants end up filtering into two groups:

demands, which in aggregate reduces the organization's focus and efficiency.

Smaller nonprofits that "chase the money" tend to fall into the first category, and large nonprofits that can absorb more overhead tend to fall into the second. Many nonprofits simply put all the burden on their development director, who ends up not being able to singlehandedly bridge the divide between the mission staff (who think pleasing the donors is the development director's job) and the corporate funders (who think the development director can influence program design). This is probably one reason that the average tenure of a typical development director is less than 18 months.

Since jumping the fence from corporate to nonprofit, I've become more aware of how I fell into these corporate mindsets in the past. I've also learned that a lot of people whose careers have been spent entirely within nonprofits don't understand the corporate mindset or the pressures from management and other stakeholders that CSR program managers face.

Too often, I think companies look at nonprofits as an extension of their own staff—the company wants to feel they are "moving the needle," so they fund a nonprofit to accomplish whatever goal they've created, and then they demand that the entire donation go to "funding the program, not overhead." In 15-plus years of looking at CSR programs, however, I've observed that the most effective corporate donations are those that take the venture capitalist's approach: Find the best nonprofit that is aligned to the same intended outcomes, and give them the money they need to accomplish their goals. You're investing in the leadership, not hiring a vendor. Learn to use the metrics the nonprofit produces for their own program adjustments rather than demand they learn your specific corporation's vernacular.

Ultimately, everyone involved in the process wants to better the world in some way. Corporate funders often don't realize the unintentional and unnatural burdens they are unwittingly putting on nonprofits in the name of effectiveness and inefficiency, however—often creating new inefficiencies that exist for the sole purpose of supporting the grant.