

# Nonprofit Business Advisor

*Business Strategies and Best Practices for Nonprofits*

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## Expert warns against limits of skills-based volunteers

With more and more businesses seeking to leverage the skills and spirit of their employees as part of their corporate philanthropy programs, nonprofits have taken note, looking for ways to put these volunteers to use in their organizations. But according to some in the philanthropic sector, there are limits on what skills-based volunteerism can accomplish, especially when it comes to capacity-building initiatives. *Nonprofit Business Advisor* recently spoke with Laura Otten, director of The Nonprofit Center at La Salle University, on what nonprofits should expect from skills-based volunteers, and where they should focus their service for maximum benefit.

**Q:** *What is the current state of skills-based volunteerism? Are nonprofits leaning on this more than in years past?*

**A:** There is no question that there has been a growth in the number of opportunities for nonprofits

to use skills-based volunteerism. There are now stand-alone organizations that offer skills-based volunteers, such as Taproot and Catchafire, as well as more and more corporations who would like to use the skills of their employees to help nonprofits and bolster their corporate social responsibility programs. Because these opportunities are free, and there are more options for finding these services, yes, nonprofits are using these services more than ever before.

**Q:** *What problems do you see with nonprofits utilizing corporate employee volunteers for capacity-building* (See **VOLUNTEERS** on page 2)

## Congress mulls e-filing rules for nonprofits

Congress is close to passing a bill that would require nonprofit organizations to electronically file their tax returns and then make those forms available to the public in a machine-readable format.

The bill, H.R. 5443, has been passed by the U.S. House of Representatives and is awaiting consideration by the Senate at press time. The bill would amend the Internal Revenue Code to “require electronic filing of the annual returns of exempt organizations and provide for making such returns available for public inspection.” The bill would apply beginning with the tax year after the passing of the act, although an exemption is made for small organizations that might face undue burden. For organizations with gross receipts less than \$200,000 and gross assets of which at the end of the taxable year are less than \$500,000, the IRS could provide a two-year delay on compliance.

Currently, only about 60 percent of nonprofits file their Form 990s electronically, so the law could have a significant impact, primarily among organizations with less than \$10 million in assets.

*To track the bill's progress through Congress, visit <https://bit.ly/2qYmTbq>.* ■

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**efforts? Are there any specific areas where they should not be involved?**

**A:** While I have never met a corporate employee volunteer who didn't have the best intentions, the reality is that, more often than not, they know little or nothing about nonprofits: their constraints, their reality, their need for efficiencies in a way that don't apply to corporations, how they are judged, etc. One

size does not fit all, and just because something works well in the corporate world does not mean it will work well in the nonprofit world.

First is the issue of size. The vast majority of nonprofits have budgets under \$800,000. They don't have the resources—personnel, financial, technology, time—that exist in even midsize corporations. If you don't understand the limitations of the reality of nonprofit life, how can you provide a useable solution?

Second, the goal of generating money is very different from the goal of generating impact. What motivates someone to buy a product that they need or want is not the same thing that motivates a person to seek help, to conserve resources, to build community or to give money to support any of these endeavors. Nonprofits need all of that to happen so that they can do their mission and measure their impact in order to know what to do next.

Third, what happens too often is volunteers come in and design things that don't match the capacity of the organization to implement and/or leave things unfinished and/or don't transfer knowledge to the nonprofit staff (which is what capacity-building consulting is all about) so that when what the volunteers did “breaks,” the nonprofit staff left behind have no idea how to fix it.

Nonprofit board governance is not the same as for-profit governance, no matter how much people like to talk about “corporate governance” like it is all the same, whether governing a for-profit or nonprofit. People who have never been taught what is involved in nonprofit governance—which is most people—do not have expertise to lend on board development, board recruitment, board orientation, and the list goes on. And finance whizzes who don't understand restricted funds and grant accounting can help nonprofits set up systems that actually set nonprofits back rather than benefit them.

Capacity building is about education, not going in and doing something for or to the nonprofit. Capacity building is about enhancing employees' and volunteers' understanding of best practices and how things could (and should) be done better by sharing information and options and working with the organization's current capabilities to move the organization along. Good capacity building leaves the organization smarter, with systems and solutions in place that the organization can continue to implement and improve upon. When consultants have to be educated about the realities of the organization, the nonprofit capacity isn't being enhanced.

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There is a mindset in our country that for-profits do everything right and nonprofits don't know how to do things right at all. Too often, we see corporate volunteers come into the sector with that arrogance that says "I know what you need to do, you don't." Thus, too often corporate volunteers come into a nonprofit and don't take the time to understand the organization, its constraints and its reality, and simply provide what they "know" is best, wasting the staff time and other organizational resources and leaving the nonprofit with a product that is not functional for them.

**Q: You mention the importance of having experience in the nonprofit world. Why is this so critical?**

**A:** As I've said, capacity building is about educating and empowering, giving nonprofits not just end results (a marketing plan, a new website) but information along the way so that they are better equipped to do the work in the future either with less help from a consultant or completely on their own. In order to know what to teach, how much to teach and how to teach, a person must understand those elements of a nonprofit that make it different than a for-profit. While for-profits and nonprofits do many of the same things—watch the bottom line, produce a "product," hire employees, assess goodness—we do them differently because of the nature of our businesses: Nonprofits must watch the bottom line tempered by the ability to deliver on mission promises; focus on one over the other and the organization will suffer, if not eventually die. We cannot measure the goodness of our product by how many clients we have (how much we sell), but by whether we are making the difference we promised our clients when we brought them into our product. Because we tend to have to pay employees less than for-profit companies, we have to be creative with our compensation, looking for low-cost and no-cost benefits that will sweeten our offer. And the list goes on. Without a deep understanding of these differences and nuances, the solution that a skills-based volunteer proposes could be, at best, a waste, and, at worst, harmful to the organization.

**Q: How are nonprofits "shortchanged" when relying on volunteers without that experience or understanding of the charitable sector?**

**A:** Just because the volunteers are giving their expertise for free doesn't mean it doesn't cost nonprofits to take advantage of the offer. Nonprofits invest scarce resources—from money to employee time—in the work that skilled volunteers provide, just as they would with a skilled nonprofit consultant. The difference, however, is that more often than not, they are

guaranteed that the latter will give them a product that is designed specifically for them, their needs, their capacity and set within the realities of their nonprofit existence. Too often with the former, nonprofits' returns on their investment are plans that they cannot afford to implement, databases that are beyond their ability to use and manage and strategies that they either do not fully understand and/or can't implement.

I would be remiss and unfair not to note that having an outside perspective can be extremely valuable. But that outside perspective that doesn't take into account reality is not very valuable.

**Q: With all this in mind, what guidance would you offer nonprofits considering working with skills-based volunteers?**

**A:** I would not use a skills-based volunteer for capacity-building purposes unless that volunteer has many years of experience working in the nonprofit sector (not volunteering; the perspective is different as an employee than it is as a volunteer). I would, however, consider using a skills-based volunteer for a discrete project, such as a marketing brochure, website or database, with one proviso: The volunteer is closely managed by a nonprofit employee who is watching to be sure that the project is kept within the financial constraints of the organization and honors the unique culture of that nonprofit.

### For more information

Laura Otten, Ph.D., is director of The Nonprofit Center at La Salle University and founding director of La Salle's Master's in Nonprofit Leadership program. She is a nationally recognized expert in numerous aspects of nonprofit management and governance. She earned her M.A. and Ph.D. from the University of Pennsylvania and her B.A. from Sarah Lawrence College. *She can be reached at [otten@lasalle.edu](mailto:otten@lasalle.edu).* ■

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