

**“Taking Pride in Who We Are and What We Do”**  
**Remarks at the Mandel Center for Nonprofit Organizations’**  
**Leadership in Nonprofit Management Awards Luncheon**  
**Honoring David Bergholz**  
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Thank you Susan. I want you to know that I accepted Susan's invitation to be today's speaker before I knew that my dear friend and colleague David Bergholz would be your honoree — I came anyway.

I came because it is an honor to support the Mandel Center and to sing its praises. But I have also come to acknowledge David, to reflect on our friendship and to tell you that to be a David Bergholz in-the-making is to aspire to the highest of callings in our sector.

In a career of notable accomplishments both as a nonprofit executive and a foundation director, David has charted a path based on values and performance; a path of vision and deed that has earned him the great respect of so many colleagues and friends all around the country, all of whom would dearly love to be in my shoes today.

I am so pleased to be here honoring the Mandel Center. As one of the grand dames of nonprofit management and leadership programs, the Mandel Center is among the very best. What an achievement both to establish this reputation and maintain it for eighteen years and counting.

Indeed, your own leadership, people like Dennis Young, John Palmer Smith and Susan Eagan, speaks volumes about the Mandel Center's commitment to walk its talk.

I chose the title of my remarks today — Taking Pride in Who We Are and What We Do — because it is my hope that you walk out of here today with the conviction that nothing could be more rewarding than the challenges of being a leader in the nonprofit sector.

With that in mind, I want to discuss issues of credibility in the nonprofit sector, the independence of the sector and the need to guard it faithfully, and the significance of innovation and advocacy in helping nonprofits achieve.

Everywhere we go in this country we can see and cite the unique contributions of America's nonprofit sector and the extraordinary commitments emanating from our passion for volunteerism. And because of our contributions, our sector has grown substantially. But our growth poses a challenge that we must now face; it is the classic challenge of how to maintain quality control during a period of rapid expansion.

Let me give you some statistics to get you thinking about our size and scope. Did you know that nearly six percent of all organizations in the United States — or one point six million — are in the nonprofit sector? If you are attending the Mandel Center or are a distinguished graduate, of course you know.

And then you probably also know that the entire nonprofit sector represented nine point three percent of all paid employees in the United States in 1998 — that is almost eleven million people working in our sector.

Of course you know that private, individual charitable giving increased from about \$103 billion in 1993 to nearly \$190 billion in 1999.

And finally, you know that between 1987 and 1997 the number of charitable organizations in this country increased at an annual rate of five point one percent — more than double the growth rate of the business sector.

Pretty amazing. This clearly suggests that ours is now a sector that is much more organized, visible, diverse, popular, attractive and exposed, all at the same time. The challenges of preserving impeccable values are certainly magnified given our size, scope and growth.

I am sure the Mandel Center teaches its students that the reputation of this sector was built on the performance and values of great leaders extending from Benjamin Franklin to John Gardner. Gardner — founder of Common Cause and Independent Sector — unfortunately died several months ago, but his legacy as the champion of the civil society will never be forgotten.

Let me share with you one of his thoughts:

“Our tradition of voluntary association, Gardner wrote, is still vital. And its vitality is rooted in good soil – civic pride, compassion, spiritual commitments, a sense of individual responsibility and, whatever cynics may say, a commitment to the great shared effort to improve our life together and to ensure a good future for our children and our children’s children.”

Current and future graduates of the Mandel Center are the new stewards who get to carry on John Gardner’s vision.

The achievement of that vision rests in a major way upon the credibility of our sector. And one of the most important tasks of Mandel Center graduates will be to sustain and grow the credibility of our sector, to take concerted action and collective effort to build up public appreciation and public trust in who we are and what we do.

In our sector credibility and trust are enablers of high performance. Indeed, we principally depend upon what I like to call a goodwill account we have with the public. This goodwill account will go a long way in determining our future health and well being. Yet, I am concerned that we have made too many withdrawals from our account in past decades and we need to plan and act more conscientiously to replenish it.

Fortunately, I think we in the nonprofit sector have begun to recognize the importance of making more goodwill deposits and fewer withdrawals. I hope we are moving in the right direction in this regard and that our future actions will substantiate this sense of optimism.

Let me take a moment to share one example of the significance of this concept of public trust. The aftermath of the tragic events of September eleventh provided both an enormous opportunity and perilous risk to the nonprofit sector’s goodwill account.

As we are all aware, Americans responded with extraordinary generosity and compassion after the attacks. They provided hundreds of millions of dollars to nonprofit institutions to aid in relief efforts.

But almost immediately, there were questions about how the funds were distributed. There was criticism of the American Red Cross and other nonprofits that hit squarely on their credibility. Whether the criticism was waged fairly or unfairly, their credibility — and ours — was shaken. Perhaps the Red Cross was not given much benefit of the doubt, perhaps because of the perceived or real improprieties of it and other nonprofits in the recent past.

For the most part, the funds given for September eleventh relief efforts were probably deployed efficiently and effectively. But this example shows that nonprofits cannot afford to get sloppy and that the extraordinary gift of public trust is a highly sensitive issue and one we can never ever take for granted.

For better or worse, we now operate under a public and media microscope, where all parties are now watching us closely to make sure our activities are not just above board, but impeccable.

Let me be clear, I have tremendous confidence in our nonprofit institutions. I urge us, however, not to ever let any tawdry examples of egregious practice or behavior that could damage us all go unchallenged.

Keeping operations above board to maintain credibility includes working with the media. The media's proclivity — some would say its responsibility — to focus on or uncover the next scandal occurs because we simply haven't communicated that well and have aroused suspicion with the past actions of some nonprofits. Despite this, nonprofits can still get positive results out of a relationship with the media.

I value free and independent press just as much as I value a nonprofit sector that is transparent and independent of government. So I view working with the media as both an obligation and opportunity of nonprofit leadership to proactively address any questions. Learning how to effectively work with the media is now an important part of leadership preparation.

Another potential challenge to the credibility of our sector is the difficulty we seem to have in documenting our outcomes. This phenomenon is quite serious in human services where it poses some difficult challenges.

The main challenge stems from the fact that certain outcomes measurements create situations where nonprofits who take on difficult human relationships and problems — and who do make, I believe, demonstrable and enduring differences in short periods of time — must somehow show statistical outcomes of working with thousands of human

beings each with unique individual circumstances, few of whom want to be “measured” over long periods of time.

We keep trying to point out that people are not like widgets, but because the public doesn’t trust us as they once did, the new pressure on measuring outcomes seems unrelenting. Outcomes are important to our credibility, but as leaders we must force discussion of the more complex questions, such as: For the ease of measurement, should we only do in our organizations what it is that we can easily measure? Or should we be challenging our skeptics to find ways to help us measure the more difficult aspects of what it is we do?

As I said, we make a difference and perform very well. To convey this however, we are going to have to document our outcomes — hopefully outcomes measured against mission rather than project — so that others can be more comfortable in trusting how often and how well we succeed in our work.

Our credibility and reputation must be intact within the nonprofit sector so we are able to effectively assert our independence. And, preserving the independence of the independent sector is not something we can take for granted.

History and tradition remind us that our sector is independent of government and business and grounded in values of altruism, volunteerism, social purpose, the common good, and a civil society. We are a very important part of the fabric of American life and have so much to be proud of.

But, in my estimation, we need to direct more attention to preserving, protecting and strengthening this third sector; we need to highlight our independence, our distinctiveness, our value and our values.

Remember, our sector is unique and the envy of much of the world. Over many years, we have adopted public policies that recognize this sector, codify it where appropriate and support its growth and development.

And, like every other large movement, there is room for improvement; we can be inefficient at times and somewhat vulnerable to abusive practices. My concern is that while in many respects we are stronger than ever and thriving, our search to be better and to do better, can also put us at risk of losing some of our independence. The risk is sometimes self-inflicted and sometimes the intrusive result of larger societal and economic forces.

For instance, there is concern that extensive government contracting could compromise this sector’s independence. The public sector has found that it can be very difficult to actually deliver high volumes of services and programs over extended periods of time with high performance standards. So more and more frequently, government has turned to notions of privatization in order to provide services on a contracted basis which it once provided itself. As leaders, as guardians of our sector, we can applaud government’s

confidence in us, but we have to ask: when does the government love hug morph into the government bear hug?

The trend toward privatization, while perhaps making sense from the perspective of the public sector, threatens to disrupt the healthy equilibrium that has evolved between the independent sector and government. Indeed, while privatization of many government programs has led to significant increases in government funding of nonprofit organization, it has also simultaneously led to a growing dependency of many nonprofits on government funding to survive.

So, while I appreciate and applaud government's confidence in our competencies, I also feel there must be some concerns expressed because an increasing number of nonprofit organizations have become, for all practical purposes, public sector contractors with volunteer boards. I do not think we have fully explored the longer-term implications of this.

Similarly, adopting best practices of the business sector, is a good idea on its surface. It holds great promise for maintaining our independence through improvement of our service delivery and management systems. And, as our sector grows larger and larger, we will need to adopt some hallmarks of the business sector: stronger financial systems, more sophisticated investment procedures, newer strategic planning capacities, more entrepreneurial cultures, more rigorous human resource policies, and tough executive decision making models.

At the same time, we will obviously need to preserve our values from the corporate lure of short-term outcomes and cost-effective measurements that can never fully capture all of the intangibles of quality of life.

In effect, business models challenge us in our sector to improve our efficiency without sacrificing our humanity. Business models challenge us to identify and nurture more pinstripe suits who can embrace Florence Nightingale values.

Thus, the fad or trend in recent years has been for the independent sector to blur the distinctions between ourselves and the other two sectors, to look and to be more like "them." And while there may be short-term gains to be had, the long-term risk is that we diminish the *raison d'être* for an independent sector of the size and significance we have attained. We have delicate balancing acts to master, but I think we can.

So far the values of our sector remain thankfully intact. Government contracting and business and marketing principles may continue to blend with social purpose in different configurations, but we are still values driven organizations and we must always be.

Next, I want to say a brief word about innovation.

The willingness to take on innovation is one of those best practices of the business sector that we can adopt — again, as long as it is in the context of our values. This is not to say

the nonprofit sector does not innovate. On the contrary, there have been many instances of creative, groundbreaking achievements within the nonprofit sector over the years.

However, as Letts, Ryan and Grossman, in their exceptional book on managing high performing nonprofit organizations point out, there is a big difference between an innovation and the capacity to innovate.

In my estimation, our environment is going to relentlessly discriminate more and more between high performing nonprofit organizations and those which are not. Embracing innovative practices and ideas can help drive a nonprofit organization to higher and higher levels of achievement.

Finally, I do not think we can ever address leadership issues in our sector without some mention of advocacy and public policy. These are not only valid functions for non-profit leadership, they are, in my estimation, essential.

Nonprofit advocacy and public policy participation are a proud part of our heritage. We must protect these rights from both those who search out loopholes in existing laws to misuse them for their own purposes, and from those who would seek to severely restrain these rights because they do not value them as much as we might.

We cannot — and we should not — shy away from representing the constituencies we serve in the great, or even not-so-great, public policy debates of our times. Indeed, given that so often nonprofit institutions represent underprivileged, disadvantaged or disenfranchised communities, if we don't attempt to speak out on their behalf, who will?

Instead of allowing us to be muzzled, our supporters need to be giving us bigger and better megaphones, and public policy training needs to become a cornerstone in all nonprofit leadership development.

Obviously, I feel strongly about this! We ought to be — as we have often been and still are — a voice for our ideas, our ideals. Non profit advocacy is a celebration of American democracy. We must treasure it, guard it diligently, and use it consistently with the principles of law (under which it has been extended to us).

The issues I chose to present today — credibility, independence, innovation and advocacy — are vital to the future of the nonprofit sector. But I chose them in particular because efforts to achieve each allow us to take greater pride in who we are and what we do.

As perhaps in any career, your day to day activities may sometimes seem mundane or, at very frustrating times, futile. But as a nonprofit leader you must also remember the bigger picture, the longer-term vision, you are participating in a nonprofit sector with a glorious history and promising future. As a member of that sector help build credibility, strengthen independence, embrace innovation and promote advocacy. All of those functions speak to the compelling need for leadership in our sector. Leadership that is

bold, yet reasoned; imaginative, yet grounded in experience; entrepreneurial, yet mission and values driven. All in all, a challenging mixture. So, to help inspire you, let me leave you with one of my favorite statements spoken nearly a century ago by Theodore Roosevelt.

Far better it is — he said — to dare mighty things, to win glorious triumphs, even though checkered by failure, than to take rank with those poor spirits who neither enjoy much nor suffer much because they live in the gray twilight that knows not victory nor defeat.

So, as you walk out of this room today, I urge you to think about Roosevelt's challenge and to take pride in who we are and what we do as nonprofit leaders.

I urge you to not forget the integrity of our nonprofit missions; but to emphasize them.

I urge you to not neglect the integrity of the values we stand for; but to trumpet them.

I urge you to not forget our track records of success and the contributions we make to the quality of community life; but to remind the public of them every day.

I urge you to strive to be leaders in the very best sense of the word, to be David Bergholz's in the making.

Thank you for inviting me here today.