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Nonprofits adding business skills

By Doreen Hemlock, SunSentinel

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Gone are the days when volunteers with a passion for social service could easily rise to the top at nonprofit organizations.

Today, as funders seek greater accountability and demand for social services spikes, nonprofit managers are finding they must boost their business skills to run their organizations effectively.

Many nonprofit managers now are taking classes in finance and leadership. Some are outsourcing technical functions to specialized nonprofit groups. Some executives are heading to graduate schools for management degrees. And a few nonprofits are recruiting from for-profit companies.

Germaine Smith-Baugh, who leads the Urban League of Broward County, exemplifies the trend.

The 40-year-old mother of two holds a doctorate in organizational leadership, with a focus on nonprofit management, from Nova Southeastern University. She earned her degree while second-in-command at the League.

Since becoming chief executive in 2007, Smith-Baugh has overseen development of a new headquarters and community center at a cost topping $8 million. She's grown her budget to top $7 million and a staff beyond 50 employees. Her leadership and affiliate is so respected that the National Urban League has chosen to hold its big annual conference in Fort Lauderdale in 2015, partly to showcase her work.

Smith-Baugh said the doctorate helped her take a step back from daily tasks and develop a vision and strategy for her group. Too many nonprofits, she said, tend to deal with their tight budgets by cutting administration and training to instead direct resources to programs for their clients. That approach leaves top managers "into the weeds of stuff," instead of taking a broader, longer-term view, she said.

With the doctorate, Smith-Baugh learned that a focus on management and strategy can help grow the organization's resources, so that executives need not be "like a hamster on a wheel, just running and running," she said.

Nonprofit leaders say their groups operate basically as businesses, except that they direct any surpluses earned into programs and not to shareholders. The same managerial skills apply, and those skills are more vital today, now that nonprofits face tougher competition for funds since the Great Recession.
To help meet those skill needs, Florida Atlantic University launched a master's program in nonprofit management in 2000. It's similar to a traditional MBA or master's in business administration, with some courses tailored to nonprofit requirements, such as fund-raising. About 75 people now are enrolled, said Professor Ronald Nyhan, who coordinates the FAU program in Boca Raton.

Nyhan said some students have enrolled to gain an edge in finding a job with nonprofits, one of the fastest-growing areas for jobs nationwide. With their master's, graduates can help nonprofits address rising demands from their funders. Donors used to be satisfied with information on a group's output, such as number of meals it served. But now, they want to measure the nonprofit's impact — with business-style metrics such as return on investment and on program effectiveness, he said.

Some nonprofits are addressing the growing skill needs of peers with training sessions.

The Community Foundation of Broward, for example, has a Leader-to-Leader program that joins chief executives of nonprofits with budgets topping $1 million for sessions with business leaders such as builder Terry Stiles, said Lindsey Linzer, who runs the Foundation's Leadership Institute. She holds an MBA in social enterprise that helped her land her nonprofit job in Fort Lauderdale.

Nonprofits First of Boynton Beach, meanwhile, launched in 2005 to create a certification tool to ensure that agencies funded by United Way of Palm Beach County met standards in finance, personnel, governance and other administrative basics. It offered lessons in best practices, said Chief Executive Kathy Adams.

Now, Nonprofits First also serves as the outsourced back-office for many small and midsized nonprofits, handling their accounting, information technology and personnel needs — "so that agencies can concentrate on their mission," said Adams.

Increasingly, larger nonprofits are looking to the corporate, for-profit world for their top executives too.

Lawyer Norm Wedderburn left his job as managing partner at his law firm, Wedderburn & Jacobs, in 2006 to become chief executive at Make A Wish Southern Florida, taking a substantial pay cut. He's expanded the organization to boast a budget of about $7 million per year, with a staff of 30.

Corporate executives often face challenges in making the switch to nonprofits. For example, they must learn to work with volunteers who are not motivated by money but like appreciation, said Terrie Temkin, a former nonprofit CEO who now runs consulting firm Core Strategies for Nonprofits Inc. of Miami. She holds a doctorate in organizational communication, with a focus on nonprofits.

But it is precisely their business skills that nonprofits need to expand amid tough funding challenges.
"The competencies to run a nonprofit have escalated," said Leslie Lilly, chief executive of the Community Foundation for Palm Beach and Martin counties, with assets of $140 million. "It simply isn't enough to be well-intended. You have to have a roadmap to meet the requirements of the IRS."