

Using Business Skills in Nonprofits

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[Note: CPNL mentioned on second page]

Twenty years ago (remember the 1980s?) a career in the nonprofit sector was almost the last thing any new business school graduate would consider. Nor were nonprofit management courses included in business school curricula. How times have changed.

Today nonprofit executives go back to school to get an MBA or come from the for-profit world with years of experience. What does this mean for the sector?

Paul Alofs, president and CEO of The Princess Margaret Hospital Foundation in Toronto, Canada, believes that his business experience in the for-profit world has helped him with his work, particularly with general management and marketing. He began his career in marketing with Colgate-Palmolive and received his MBA from York University in Toronto. He was president of HMV Music Stores in Canada before relocating to Los Angeles to become general manager of the 15,000-employee Disney Store group. He then worked as president, strategic business units, with MP3.com.

He also appreciates entrepreneurship and the ability to take risks that is more common in business. "In the nonprofit sector, it is riskier not taking any risks," Alofs explains. "Many nonprofits have such a wonderful vision, but they do not take risks that are sometimes necessary."

However, businesses could do more to learn from nonprofits. "If you don't have a cause—the passion that drives your organization—you don't have a brand," Alofs says.

Ashley Boren, executive director of Sustainable Conservation in San Francisco, Calif., previously worked in finance, new business development, inventory planning and retail merchandising at Smith & Hawken, the mailorder and retail gardening company. Prior to that, she worked with The Nature Conservancy's International Program in program development and fundraising. Between working for the two organizations she earned an MBA from Stanford Business School. At Sustainable Conservation she works closely with the business sector and finds her business experience has been very helpful to understanding the constraints within which businesses operate and to be able to relate to the challenges business leaders face every day.

While there are many differences between businesses and nonprofits, there are many similarities as well. In fact, Boren believes that there may be more differences based on size within the sectors than based on tax status. "The Nature Conservancy operates much like a large corporation," she points out. "The size, nature and developmental stage of an organization are important to how an organization operates. For example, small for-profit or nonprofit organizations may not have extensive HR [human resources] and management policies, but staff members often have a much greater sense of ownership."

She also says that strategic planning and measuring results are more common in larger organizations because they have the resources, while smaller organizations are not as strong in these areas.

Nevertheless, she has seen differences in the way nonprofits and businesses approach social issues. "Businesses generally tend to be myopic and gauge their success in terms of short-term profits," Boren explains. "Sustainable Conservation tries to introduce social issues and encourages business people to take a longer view that will increase the sustainability and profitability of their businesses in the long run."

Kathy Giusti, president of the Multiple Myeloma Research Foundation (MMRF) in New Canaan, Conn., received her MBA from Harvard Business School and worked as an executive for pharmaceutical and consumer goods companies. "I've always had to wear a lot of hats—research, manufacturing, working with ad agencies, etc. I learned the ability to present ideas and sell them effectively," she says. "Running a nonprofit you have to do the same thing. Those skills have always served me well."

She also has used her marketing and business skills to help form the Multiple Myeloma Research Consortium that includes the Dana-Farber Cancer Institute in Boston, the Mayo Clinic and University Health Network in Minnesota and the H. Lee Moffitt Cancer Center and Research Institute in Tampa, Fla.

When Giusti attended business school, the nonprofit sector was not top of mind. “If I hadn’t gotten sick [she has multiple myeloma], I don’t think I’d be here. I’d volunteer, of course, but I wouldn’t have made it a career,” she admits. “You don’t come here for the financial rewards. We need to get the message out there that [the nonprofit sector] is a good place to work.”

Cynthia Allen Smith, J.D., CFRE, director, strategic development with the Central Florida YMCA in Orlando, is an attorney who got her start in the nonprofit sector when she volunteered on the board of a hospital foundation. She had worked in banking before joining the YMCA seven years ago. “I didn’t know a lot when I got here but it grabs your heart quickly,” she says.

Today there are many options to learn more about the business of running a nonprofit. Following are just three examples:

The Center for Public & Nonprofit Leadership, Georgetown University, Washington, D.C., housed in the Georgetown Public Policy Institute, offers courses in the Public and Nonprofit Management Track. Sample courses include:

- **Governance and Management of a Nonprofit Organization**
- **NGOs and Civil Society in Various Nations**
- **Philanthropy and Public Policy**
- **Public Leadership: Principles, Practices and Realities**
- **Public Policy, Advocacy and Social Change**

The Center also offers a Nonprofit Management Executive Certificate Program, a graduate-level course of study designed for mid- to senior-level staff, board members and others who work with nonprofit and philanthropic organizations. <http://cpnl.georgetown.edu>

Harvard Business School’s Social Enterprise Initiative and the Hauser Center for Nonprofit Organizations at Harvard University’s John Kennedy School of Government, Cambridge, Mass., offer various executive education programs:

- **Governing for Nonprofit Excellence (GNE): Critical Issues for Board Leadership**
- **Performance Measurement for Effective Management of Nonprofit Organizations (PMNO)**
- **Strategic Perspectives in Nonprofit Management (SPNM)**

www.exed.hbs.edu/programs

The Stanford Graduate School of Business in Palo Alto, Calif., offers executive education programs in the Nonprofit and Philanthropy Department Track:

- **Executive Program for Educational Leaders (EPEL)**
- **Executive Program for Nonprofit Leaders (EPNL)**
- **Executive Program for Nonprofit Leaders—Arts (EPNL-ARTS) by nomination only**
- **Executive Program in Philanthropy (EPP)**
- **Strategy for Nonprofit Organizations (SNO)**

www.gsb.stanford.edu/exed