



The Center for Public & Nonprofit Leadership

Issues Forum

BEHIND THE HEADLINES: THE MEDIA'S COVERAGE OF NONPROFITS

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Educating Leaders Who Change the World

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PANELIST BIOGRAPHIES

E.J. Dionne (Moderator) has been an op-ed columnist for the *Washington Post* since 1993, having joined the paper in 1990 as a reporter on national politics. His work is syndicated to more than ninety other newspapers. In May 1996, Mr. Dionne joined the Brookings Institution as a senior fellow in the Governance Studies Program. He is a Professor in the Foundations of Democracy and Culture at Georgetown University. Mr. Dionne spent fourteen years with the *New York Times*, reporting on national and international affairs, including stints in Paris, Rome, and Beirut. He has been a regular commentator on politics on television and radio, and a guest scholar at the Woodrow Wilson International Center.

Diane Camper joined the Annie E. Casey Foundation in 1997 as Public Affairs Manager and in July 2003 was appointed as a Senior Fellow in its Measurement, Evaluation, Communication and Advocacy group. Ms. Camper arrived at the Foundation with almost 30 years of experience in journalism including as an editorial assistant and Washington bureau correspondent for *Newsweek* where she covered Watergate and the John Hinckley trial. She has received journalism awards from the American Bar Association, the New York Newspaper Guild and the *New York Times*.

Robert Egger is the Founder and President of DC Kitchen, Inc., a community corporation that distributes over 4,000 meals a day and trains and places unemployed men and women in food service jobs. In 2003, Mr. Egger assumed the Interim Executive Vice Presidency of the United Way (National Capital Area), leading it through a period of significant internal and external crises. He Co-Chairs the Mayor's Blue Ribbon Task Force on Special Nutrition and Commodities Program and sits on the boards of several community organizations. He is the recipient of several awards, including the 2002 World Hunger Year-Harry Chapin Self Reliance Award, the 2002 Enterprise Foundation-JP Morgan Chase Foundation's Excellence in Workforce Development Award and the 2001 Oprah Angel Network-Use Your Life Award. Mr. Egger is the author of *Begging for Change: The Dollars and Sense of Making Nonprofits Responsive, Efficient, and Rewarding for All*.

Stephanie Strom is a national correspondent for the *New York Times*. She covers philanthropic activity and nonprofit organizations. Previously Ms. Strom covered business, economics and finance from Tokyo and London. She has covered finance and the retail industry as a reporter on the business desk of the *New York Times*. She worked briefly at the *Plano Star Courier* in Plano, Texas, before joining the *New York Times* in 1988.

Raul Yzaguirre joined the National Council of La Raza in 1974 where he is now the President and CEO. He is one of the most widely recognized leaders of Hispanic Americans. Mr. Yzaguirre is a past Chairperson of the Independent Sector and serves on the Board of Directors of numerous organizations, including Sears, Roebuck and Co., the Enterprise Foundation, the National Democratic Institute and the Trustees of Dowling College. He has been awarded a Rockefeller Public Service Award and served as a Fellow of the Institute of Politics at the JFK School of Government at Harvard University. Currently Mr. Yzaguirre serves on the Visiting Committee for the JFK School and is a member of the Council on Foreign Relations. He was awarded the Order of the Aztec Eagle by the Government of Mexico.

INTRODUCTION

For decades, nonprofit organizations attracted relatively little attention from the news media. Reporters wrote feature articles highlighting the good deeds of charitable organizations. Society pages chronicled the philanthropy of community leaders. Occasionally, a scandal erupted concerning management or finances, but, overall, news coverage was intermittent and reporters were mild-mannered.

In the period since September 11, nonprofits have found themselves in a more rough-and-tumble media environment. The enormous outpouring of charity following the attack on America, rightfully, attracted attention. Good reporters know to “follow the money.” By virtue of its tax-exempt status, the sector’s finances are, literally, an open book. Consequently, while continuing to enjoy much of the “soft” coverage, nonprofit executives and board members also have been subjected to a tougher kind of coverage: harsh criticism, accusatory questions and stinging analysis. From the American Red Cross, to the United Way, to the National Zoo, organizations have been criticized for the caliber of their management, their fiduciary oversight, and their communication with donors. In an effort to provide deeper coverage, some news organizations have established reporter teams to systematically analyze the practices of nonprofits and foundations in an attempt to identify misdeeds that may have escaped notice.

While none of this behavior by the news media is new, it is relatively new to the world of nonprofits and the larger independent sector, which includes foundations and sector support organizations. Nonprofits, like many caught in the media headlights, express frustration, confusion and uncertainty about the appropriate response to this attention.

How should nonprofit leaders respond? How does a nonprofit executive tell the organization’s story in an effective way? What is an appropriate relationship with the media and how does such a relationship develop? At Georgetown’s Center for Public and Nonprofit Leadership, we hear these and similar questions from nonprofit leaders with increasing frequency. To explore these and related topics, we convened this Issues Forum, *Behind the Headlines: The Media’s Coverage of Nonprofits*, held at Georgetown University April 21, 2004. What follows is a transcript of the discussion by a distinguished panel of media and nonprofit leaders, along with a commentary, *The Media and the Independent Sector – Obstacles to Good Communication*, by Mary Kress Littlepage, a veteran journalist now working with the independent sector. I commend them to your attention and invite your comments in response.

Nonprofits may never again find themselves the object of predominantly benign media coverage. At the end of the day, that may prove to be a positive development. Though often unpleasant, the task of learning to conduct business in a way that can withstand public scrutiny is a worthwhile endeavor. We are, after all, about the public good.

Kathy P. Kretman, Ph.D.
Director
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PANEL DISCUSSION

E.J. DIONNE: It is a real honor to be here today. This is a great institution. I am greatly interested in issues dealing with the third sector, and the relationship that exists between it, the government and the marketplace.

It has been suggested that we talk mostly about government or the economy, but we don't really live much of our lives in government or the economy, or in that space that is supported by, or sometimes not by, the government and the economy. In many ways, our discussion today about the media coverage of nonprofits is about how that world is covered.

One of the issues we face is that people in worlds that are not covered by the media as much as they feel they should be -- and certainly that is true for not-for-profits -- is they really want two contradictory things at once. They want a whole lot more coverage than they are already getting, and they absolutely never want any negative coverage. Those two goals can't fit together.

I do think that, on the one hand, it is reasonable for this vast world that we are talking about today to feel that they deserve more attention than they get. But I think what comes with that is a willingness to accept closer scrutiny and more questioning. The combination, if it works out well, is delightful. If it doesn't, it can be very tough on certain institutions, some of whom may be well represented here today and will raise that issue.

We also want to talk about how the goals of the media and not-for-profits, nonprofits, intersect and also how they don't. It is striking that many of the major media institutions of our country have a very rich engagement in the not-for-profit sector. I know my own newspaper, The Washington Post, is very, very involved in philanthropy, particularly in the D.C. area. The New York Times has a great foundation run by Jack Rosenthal, its former editorial page editor.

I also think it is very important to stress the difference between news and editorial-page journalism. And we also should talk about investigative journalism. That is a very long-term trend and it is very significant that we are meeting at the moment when Bob Woodward's book, *Plan of Attack*, is being released. Bob Woodward is, in many ways, the pioneer of investigative journalism. *Plan of Attack* has shot up to No. 1 on the best seller list.

We also should address the role of the media as an accountability mechanism for the nonprofit sectors.

To begin our conversation, let me turn to Diane Camper, who is seeing this from both sides. Can you talk about sort of the struggle nonprofits face? On the one hand, they, like politicians, want to stay on message on the themes that they are trying to push, and a journalist may be looking for another angle or have a completely different idea of what the organization does. Can you talk about that challenge?

DIANE CAMPER: Good morning. I think there are some "points of difference" and "points of similarity" between the goals of the nonprofit sector and the media. It has to do with form and function.

The media are interested in things that are immediate, for the most part. There are deadlines. There are current issues that must be dealt with. I think most of the issues that the nonprofit sector deals with are long-term issues: poverty, homelessness, AIDS, cancer. There is no magic solution to these problems, no quick fixes. There is a natural tension here. The nonprofit is trying to get its story out but in the reporter's mind, perhaps there is no story.

In addition, the media are interested in who is doing what, but also who is *not* doing what they should. Nonprofits and others who deal with the media often complain, "Oh, they always want to focus on the negative." That may not be the right way to characterize it. It may be that somebody is not doing what they are supposed to do, and it is the media's job to report that.

For the nonprofit – assuming it is doing what it is supposed to do – the task is to stay on message. A reporter may come to you with an idea or a different angle on a story than what you had planned to talk about. I wouldn't say exactly ignore the questions, but steer the answers in the direction that you want. You can control a lot more of the message than perhaps you think you can.

But there also are points of similarity between the two institutions, I think.

Both the media and the nonprofit sector, in my view, are interested in the public trust. Both have a certain amount of goodwill that they bring to their efforts, and I think they want to try to find as much common ground as possible.

Finally, I would say that, in my transition to the foundation world I have encountered a whole new language that is not always conducive to talking to the media or, by extension, the public. I think you want to keep your messages understandable, throw out jargon, and just stay focused.

DIONNE: Let me go to Stephanie Strom. Tell us how coverage of nonprofits fits in with the core mission of your newspaper? What is your understanding of the history of how nonprofits are covered? It is my sense that this is a relatively new beat at the New York Times and a lot of other newspapers.

STEPHANIE STROM: The philanthropy beat at the New York Times actually has existed in sort of a half life, if you will, for some time, going back to an era when we primarily covered foundations. Since then, coverage has been very off and on and has reflected very much the interests of whoever happens to be writing about it, including myself. This is the first time, I think, in many years that somebody has been devoted full time to it, and to be perfectly honest with you, I am not sure management is completely sold on that yet.

I think there has been a great deal more interest in the field. There are more newspapers and more media outlets that will cover these topics. I think there are two underlying reasons. The first is just the tremendous wealth transfer that is occurring because of what happened in the 1990s in

the technology sector. The second reason is 9/11. It was the largest outpouring of philanthropy on a very grass roots level the world has ever seen, and it was very poorly handled, and that created questions from donors and regulators about nonprofits. I think that really is what kicked off some of the interest and has kept it going.

A lot of the coverage in recent months has been done by investigative reporting teams. I know most of you read the Boston Globe's series "Charity Begins at Home" that was published last year. Investigative reporters work very hard to answer questions about foundations' accountability. I am not sure that the sector appreciates the merits of this work.

As I explained to a nonprofit executive in a conversation one day: Look at the Business section of the newspaper. They cover Apple computers. But they don't write about the computers that Apple makes. They write about how Apple does its business and the people who make the decisions about how Apple does its business. That is how a reporter may choose to cover the nonprofit sector.

DIONNE: Would you explain why this focus on accountability?

STROM: The focus on accountability comes partly from fact that there were so many questions around the handling of contributions after 9/11. The New York Community Trust's September 11th Fund has raised more than \$500 million, for instance. In some cases, it was very hard to get an answer about where the money was going. Foundations might say: "We gave \$100 million for relocation," but it was very hard to get answers about exactly where that \$100 million went, what organizations received it, and how they are using it. I think that breeds skepticism. It begs the question about accountability.

Coincidentally, there were accountability issues surfacing in the corporate sector, and that has spilled over significantly into the nonprofit sector. In some cases, you are expected to behave the same way as the corporate sector does, the same levels of accountability, the same levels of transparency, and that is challenging.

DIONNE: The Apple computer metaphor is revealing and helpful. It is true that the newspaper business pages cover Apple computers, but somewhere in the paper, usually in the Consumer or Science section or somewhere, there are articles appealing to those who actually are interested in the product itself.

I would like to go to Robert, who has experienced this, in a sense, from both sides. I don't think I have ever seen a bad news story about D.C. Central Kitchen. On the other hand, I have seen quite a few less-than flattering stories about the United Way. Could you talk about watching this from both sides?

ROBERT EGGER: Yes. I think it illustrates some of the ways the media cover the nonprofit sector. It is somewhat simplistic. At the United Way, the media cover the “scandal.” At the D.C. Central Kitchen, we can count on an annual story at Thanksgiving. It is the good deeds story. Or on Volunteer Day, a feature on volunteers. Or, at the end of the world, somebody wrote a trust. Right from the beginning of this forum, the conversation has fallen into a very interesting tradition, which is that nonprofits are either covered as good deed-doers or scoundrels.

If I could frame this: In this industry, in the Washington, DC area alone, the public gives \$6 billion to charity a year. We are not talking about corporations or foundations or government, just the public. The nonprofit sector generates \$13 billion, at least, in revenues a year. Yet, the best you get in all the media is the Washington Business Journal’s “good deeds” section, which reports that the proceeds from the spaghetti dinner helped poor kids in Southeast.

DIONNE: You would prefer accountability?

EGGER: I would prefer that we get something beyond the traditional.

As you suggested, the business section has the ability to look at the NASDAQ or the stock exchange to get a barometer about the health of the corporate sector. There is nothing comparable for nonprofits. There are four restaurant writers on The Washington Post staff, reviewing restaurants. Here we have a sector with \$6 billion being exchanged along with an extreme amount of goodwill. And there is nothing that gives people a sense of the daily pulse, what is going on. I would suggest that it is way past time for at least a weekly section of any business section to cover the nonprofits as a sector, what is good, what is bad, how does the public determine what is a good nonprofit.

Why do we wait until an organization is on fire, like we did with the United Way, when we have the ability to regularly report to the public, who give so generously to the United Way or whatever organization, and provide something to help them determine what is a good nonprofit and what is a bad nonprofit? There is a huge information vacuum out there.

DIONNE: Raul, you have thought a lot about these questions. In particular, these issues are relevant to the Latino community and also Asian Americans. Is there a problem with coverage of this sector, in your view?

RAUL YZAGUIRRE: I think it is important to understand when we talk about the nonprofit sector, we are talking about lots of opposites. You have the gun-control lobby, and the National Rifle Association. You have the Catholic Charities and Planned Parenthood. They're all nonprofits. Our friends and our enemies are in the same sector, if you will.

Narrowing it down to my own community -- and by the way, we do feel like we either get ignored or we get stereotyped, nothing in between. Let me give you a sense of how it breaks down in my world: I get a call from, say, The Washington Post or the New York Times, and they will say, “There is an immigration bill to go before Congress. We understand you're for open borders.” I say, “Well, no, we are not. We are for a responsible approach,” and they don't want to talk to us. They present an issue either in the most negative, most extreme terms, because

that is the only thing that makes news. So, therefore, the public doesn't get an understanding of the complexities, because the news coverage is just focused on extremes.

DIONNE: Could I pursue the immigration issue? I read in the New York Times and Washington Post stories around the time that President Bush put out his immigration proposal, and it was my impression that those papers covered that in depth and that, in fact, what readers saw in that debate was made quite understandable. At least that was my impression. I am talking here just about newspapers. The media is a lot of things. Do you think that sometimes we perceive things in certain ways and sometimes we're wrong, while our critics perceive things in certain ways and are not entirely right?

YZAGUIRRE: You are entirely correct to note the spectrum of the media. Of course, newspapers have more space to fill. So they give more coverage. But most of the people get their news by television and radio and that is sound bite material. If we don't come out with an extreme sound bite, it is not reported on the news.

DIONNE: Stephanie, I would like you to respond and, perhaps, go back to your Apple computer metaphor.

STROM: Let me go back to my Apple computer metaphor. I didn't mean to say that the newspaper never covers what nonprofits do. I think it does. Perhaps people are trying to get a message out about an early childhood program that is interesting for some reason or an elder care program. There are reporters at the paper who cover child care, elder care, whatever it is that the organization happens to be involved with. But it is hard to navigate a newsroom full of reporters, know whom to talk to and how to get their attention.

I am always amazed by how much information and knowledge members of the nonprofit sector have that would be useful to my colleagues, but it doesn't seem to get to them. I think the sector in general has a fairly quiet voice.

DIONNE: You're going to be sorry you said that.

STROM: I know I am.

CAMPER: When it comes to foundations, you're in a tricky position. I don't know if you remember the BASF commercials (I don't even know what BASF really does) but they would say, "We don't make the jeans, we make them bluer," or whatever. Foundations are somewhat like that – the middle person or the broker. That may not be as true for a lot of community foundations and local foundations, but for national foundations such as Casey, we are not right in the trenches. We fund people who are in the trenches.

For us to get our good deeds noticed, it requires a variety of strategies. We have done a couple of things. I am hoping that many of you out there have seen our annual Kids Count Report, which gets a lot of attention mainly because of the gimmick of ranking the states on how they are doing in terms of kids and families. That is a great story for local and regional reporters. Almost 10 years ago, we started the Casey Journalism Center on Children and Families, which is a

wonderful nonpartisan repository of information about what is happening with kids and families around the country. It has a database of experts. They hold conferences. They bring in journalists and expose them to various experts and journalists find it informative. They follow up with stories. They see or are exposed to the issues in a way that they might not have been earlier. But the foundation is not right in their face. In the foundation world, the buzz word is “strategic communications.”

DIONNE: Raul, for this sector, especially the people doing charitable work in this sector, one of the tasks is to encourage us all to be more generous, to do a lot of good work that a lot of people are doing out there. I think that is where some of this conflict with the media comes into play, particularly the charitable part of the not-for-profit sector. I can imagine somebody blaming newspapers and for causing people to lose faith in this whole sector because of these particularly tough stories. They may give people an excuse for their own lack of generosity.

YZAGUIRRE: I worry, quite frankly, that the public is more and more skeptical. They are skeptical of all institutions right now. This sector, on the one hand, is perceived as inhabited by the Mother Teresa and Albert Schweitzer, and yet, it is understandable, within a multi-billion-dollar-a-year industry, you are going to get some less than savory behaviors. It is natural.

EGGER: I think what is lost in this conversation is that newspapers and the media are businesses, and they have to sell a product, and the product is driven by consumerism and consumers like conflict. So what you often get is predictable: the good guy and the villain.

The recent situation with the National Zoo was fascinating because I have lived here and I've been a fan of the zoo for 30 years – loved the zoo, like anybody in this town. That was a pretty rough zoo. It was a concrete zoo. And what happened there with Lucy Spelman¹, you know – it is a metaphor, if you will, for the larger nonprofit sector. Here is a woman who was given a dinosaur of an institution and had to turn it around, and yet, she fell into this situation in which there was the protagonist, the ex-employee, and she became the villain. And if I could just take this moment, I think she was really ill-served. She took on a huge task and was really trying her best to turn it around, and she just got put into this dumb role that serves nobody well.

I, like everybody, am concerned that the public is losing faith, but I don't think that the dynamics we are talking about here are going to change that. Again, I come back to the lack of a system that serves the public. The public demonstrate, through the level of giving and the level of volunteering, a deep interest in what is going on, and yet they are ill-served. There are no guides to help them determine how the money is being spent, how can they make wise investments, and they deserve it.

DIONNE: Stephanie, let us accept for the moment the consumer's model of newspapers. We assume there are four restaurant reviewers on a newspaper staff because there are a lot of people

¹ In March, 2004, NBC News reported a highly critical, year-long independent review by the National Academy of Sciences found severe deficiencies at the Smithsonian's National Zoo. The report said deficiencies in animal care, pest control, record keeping and management contributed to the deaths of 23 animals in the past six years. Lucy Spelman, director of the 114-year old National Zoo in Washington, D.C., announced plans to retire the day the report, by the National Academy of Sciences, was released. <http://msnbc.msn.com/id/4402427/site/newsweek/>

who read the newspaper and like to go out and eat at restaurants. The reviewers serve the interests of the readers. Do you think there ever would be interest in newspapers or among editors in simply providing more information to readers who are, in this case, not consumers and buying something, but potential donors who are actually looking for information to guide their decision making?

STROM: You see, you are talking about restaurants. That is not “news coverage,” that is “criticism” which is a different style of reporting. I’m not sure there is interest in criticism of nonprofits.

EGGER: There's \$6 billion in public interest out there. There is a portion of the public who gave on level with the portion of people who go out and buy a dinner every night. So why not have a nonprofit section? Why do we have a travel section? Why do we have a movie section, but we do not have a nonprofit section?

DIONNE: What I am asking here is not that you, Stephanie, should do this, that your job would be to critique nonprofits. I am wondering aloud here whether, in trying to find other ways of covering the sector, it would be possible to have critiques that are both tough and honest on the one hand, but helpful on the other.

STROM: As you pointed out, newspapers are a business. Presumably, the people who run the business side of our paper know what readers ask for, and if they thought there was a demand for it, they would provide it. I suspect there are not thousands of readers calling up every day saying, “Why aren't you giving us a nonprofit of the week?”

YZAGUIRRE I understand that the media is a business. But I would point to the fact that if you had asked me 15 years ago whether I would be willing to pay \$5 for an exotic cup of coffee, I would have said you're crazy. The point I am trying to make is that you don't know whether there is a market out there until you try it.

EGGER: I would be interested in whether the language used by nonprofits and foundations, either little tiny mom-and-pops or big ones, serves us well. At DC Kitchens, we have done a million things. Yet, what are we called? Virtually every story, no matter how much I beg and plead, refers to us as a “soup kitchen in Washington, D.C.” You know, I hate that.

STROM: So how would you have us describe you?

EGGER: Do you use the word “bum”? Do you use the word “flophouse”? Historically, we move beyond words that hurt, words that injure, and create new words. You don't say “bum” anymore. You say “homeless person.” There is a long history of evolving language to reflect accuracy.

I am a community kitchen. I am a community kitchen. Everywhere I go, I see the community coming together trying to take care of other people in that community, and the term “soup kitchen” not only belittles their work, but perpetuates the wrong stereotype. The face of hunger is not a disheveled man waiting in line in the Depression. It is a working woman with two kids.

And that demands a heavier conversation. And we don't get there by using these terms that are simplistic and lull the public into thinking this is charity. It is not. It is a tough and important business, and we need to treat it as such.

AUDIENCE: How can the nonprofit sector create more of a business presence so that we do get coverage of nonprofit issues? I think that the newspaper is a business, they want to sell copies. Television has a similar imperative. How can the nonprofit sector create a need among readers and viewers that will drive more coverage?

EGGER: Again, a lot of this is our own problem. You know, we're a multi-billion industry and we have no voice. For all intents and purposes, we have allowed ourselves to be marginalized. It is no wonder that the public or the media don't view us as a powerful sector that demands or deserves some type of really intense review on a regular daily basis. I think the small steps we need to begin changing that situation are petitioning, if you will, or speaking to reporters, editors, publishers about why this is important. There is so much movement of money that, again, it demands some sense of information flow to the public who clearly gives at a huge level.

STROM: If you say the nonprofit sector is a big business and we need to start thinking of it that way...

EGGER: I'm glad you are motivated....

STROM: ...then you must be prepared for what that is going to entail.

Just recently, a Times reporter wrote a glowing story about a nonprofit and, after it ran, I received a call from the Attorney General's office saying, "What the hell was [the reporter] doing? Do you realize that the nonprofit violated various regulations multiple times..." yadda, yadda, yadda. The United Way in Washington was a good charity. A lot of people gave money to it, and look what happened. Suppose you read a great restaurant review and you go there and you have a bad meal. All you've lost is the cost of a meal. For a newspaper to say this is a great organization and have the public invest great sums of money in it – there is great risk in that.

EGGER: Well, again, it doesn't have to be "this is good or bad" as much as "this is how they operate." I don't think people have a lot of insight into the daily workings of a nonprofit, how are they run, how are they administered.

CAMPER: I think the reality is that we are polarized in terms of how the nonprofit sector is covered.

I have done some work with the Perry Center² downtown, and the reality is that we get coverage there when there is a shooting across the street. I guess I am not averse to bringing that link in so that people can come into the community and see what the community is doing that is positive. But it is worth noting that that is what the media pays attention to. I wish we could create something more constructive.

² The Perry School Community Services Center is the most comprehensive human services center in Washington, DC with 11 collaborating organizations providing services from prenatal care to elderly assistance.

EGGER: In the 1990s, there was a huge surge of volunteers by corporations, and there was going to be a sense of corporations making a difference. There was – and still is – a shallow view of what we do. People say, for example, “I want to come in and help inner-city children.” Well, there is a thin understanding of the social science of what we should be able to achieve.

Our frustration is only partly with the media. I am part of a sector and part of a country that has invested trillions and trillions of dollars in the war on poverty, and there are just as many poor kids in Washington, D.C., as there were in 1965. Something is not right, and I would hope that the discussion about how we do and what we do could inform the larger public about what is possible, what should be happening, what can happen. What I see too often is a very shallow view.

AUDIENCE: I am an assistant professor at the Center for Public Services. We are in the midst of conducting a study on the 10 largest newspapers in the country and how they cover the nonprofit sector. We certainly are seeing plenty of the goody-goody stories and also plenty of the “gotcha” stories. But one of the things that is perhaps surprising is the number of stories where a nonprofit director is quoted as an expert in some area in the context of another story. It is throughout the newspaper. There are relationships that seem to be developing between business reporters or health reporters with people in particular nonprofits.

DIONNE: Certain organizations and foundations have gotten very good at being experts in certain areas, such as health care. I think everybody who is a health care reporter knows that they should talk to the Kaiser Foundation.

AUDIENCE: I am with the Association of Fund-Raising Professionals. It seems to me that a lot of these good organizations would be the smaller grass-roots organizations; where we see all the scandals are at larger national organizations. Obviously, that is where the money is.

YZAGUIRRE: I do think the public perceives small grass-roots programs better. But small or large, there’s an issue we haven’t yet touched on. I understand what we are being asked to do. On the one hand, we are asked to be more proactive in telling our story. That takes money. On the other hand, we are asked to keep our administrative costs down and put more money into the program. People constantly are saying “no administrative overhead... I don't want any of my money going to administrative overhead.” which really is flawed. It directly affects the expectations of what can be accomplished as a business.

DIONNE: No administrative overhead means no accountability.

YZAGUIRRE: But that's what the public wants, and that is reinforced constantly by, again, what you see as an understandable, yet frustrating, dilemma in which big is bad and small is really great.

You know, coverage is, indeed, all about relationships, and you have to bring class, ethnicity, and race into the equation because you don't have reporters in all areas who understand the nuances of these things. We recently received \$105 million in lending capital, an extraordinary

story. A major bank was willing to give us the authority to approve loans by their bank. It didn't make the news. It didn't make the New York Times. It didn't make any paper in the country, I don't think. There wasn't an understanding of what that meant. Even though \$100 million is a lot of money, probably to New York Times it is not an awful lot of money, but in our community – in our community, that is an enormous, historical event, and yet not a whimpering. I think if there was a Latino [reporter] who understood our community and understood the significance of that, I think that story would have received notice.

STROM: If you think that only a Latino or Latina can understand the significance of a story, then why not call the reporter and tell them “This is important for this reason. If you do not cover such things, can you help me get to the person who would be interested in it? Help me explain it.”

DIONNE: This whole business is about learning. There's a lot of stuff I don't understand in a lot of parts of life, and I have to ask people to explain it to me. There are a lot of people out there who have taken time to explain things.

CAMPER: Another way to think about this is, while that was a valid, wonderful story, it might be made even stronger by being put together with something else that is happening similar and position it as a trend. Then it goes beyond your organization and may be perceived as having a broader impact.

EGGER: I think the sector has outrun the ability of the current media to portray that. I think there are just a handful of reporters you can go to. I think they are overwhelmed with the day to day news coverage. I just think they can't do the field justice.

AUDIENCE: I am actually really interested in the concept of coverage of nonprofits, particularly in the business section – not only the good stories, but just specifically how nonprofits work. But I think it also requires a change within the nonprofit industry, particularly 501(c)(3)s and how we view ourselves and our self-definition as businesses per se. One reason that coverage may not come about yet is that we're not entirely ready for it as an industry, or we are not ready to accept it as an industry.

Let me echo another point and mention that, for nonprofits, public relations and communications help is often unavailable. It is just not feasible just because of cost. If you compare the nonprofit sector to another industry, such as the pharmaceutical industry, they have enormous funds dedicated to image and communications. They have so much money and time and people to address that.

DIONNE: I am trying to get the business model message. The target audience you are really talking about is not shareholders but, to use one of the buzz words that Diane warned us against, “stakeholders.” The stakeholders are the people served, people of the membership organizations, people who belong, and people who give. It does seem those are a set of groups the media might be thinking about as they cover these organizations.

STROM: And the public, which provides a very large subsidy as a tax exemption.

AUDIENCE: I am a graduate here from Georgetown and teaching at Johns Hopkins. I don't want to lose track of something and that is how do we get the positive, good story news about nonprofits. And there is a very interesting set of questions about this issue of accountability. So, Stephanie, to your point about how does the newspaper protect itself against reporting on charity work, that turns out to have questionable practices, you can do due diligence with those organizations.

STROM: We can't do due diligence for this sector. The tools to do due diligence don't exist. There is almost no data, and you can't tell anything from the 990s [tax returns]. I can pull it, but I always have to call the organization and ask them to explain it. I called one organization the other day and asked why they had a deficit last year. They didn't have a deficit last year, but the way they were forced to report the numbers by the government shows they had a deficit. So what are we supposed to use for due diligence? It is very hard to do due diligence on an organization in your sector because there is no data. There is no analyst community that follows you and can say buy, sell, or hold. If I look at an annual report and I looked at a 990, it sometimes is like looking at two organizations. How do I reconcile that?

DIONNE: I think we are all suggesting that this is a huge sector that needs some sense of oversight. The public needs some sense of information, and the media isn't providing that. So what is next? How can the media and nonprofits come to some sense of agreement on giving a fair shake to the sector, but also enough analysis and accountability to inform the public.?

STROM: I do think that the sector is more businesslike than people give it credit for and is going to be increasingly more because more and more businesslike because the other choices are not what they used to be.

AUDIENCE: I think that in addition to being an \$800-billion business, we also are selling a product. Restaurant reviewers do not exist just because of the food. They are advising readers how to spend leisure time. We have a huge number of people, an increasing number of people in certain age groups, who are volunteering. That is a leisure-time activity. I think you need to look at the sector from that perspective because, frankly, my time is more valuable than my money, and I think that is true increasingly for people in this country. So the choices we have regarding donating our time deserve some attention from the media.

I would also like to comment on the piece of the nonprofit sector called – at the risk of using jargon – the intermediary sector. The sector includes not just the people who take money and give money; not just the foundations, the United Way, and so forth. It includes organizations that represent the interests of a lot of smaller nonprofits. For instance, the National Training Institute for Community Youth Work. They work with organizations and communities around the country to try and coordinate youth work and professional development for youth workers. That is very much below the radar. The only time you hear about youth workers is when there is a scandal; the work that those organizations do prevents the scandal. I suggest that is an area that the press really needs to take a look at.

DIONNE: Could I ask a question? I am very sympathetic to what many have said about wanting to be viewed as a business. Why is it necessary to use the business or profit model at all? It seems that is, in a way, buying into a whole set of assumptions that are not necessarily appropriate, such as “market analysis is always correct.”

You are not doing this to make a profit. You are doing this, in one case, to help lift up kids so they can go to college. Why must we all buy into market language to describe everything? Ann Lewis, who used to work for President Clinton, once said, “We once talked about immunizing little children against disease. Now we call it an investment in human capital.”

Once you go down that road, you may be doing what you need to do. I am not critical of you at all. But I worry that, in fact, this whole sector loses something when it accepts – it buys into – a whole series of things that it is not and should not be. The sector does what it does and it has its own measures. Yes, it should be judged by strict standards of all those numbers you offer, but why is the market the right metaphor? There are good businesses out there, but there are also great people doing great work that you can measure, that is successful, and it has nothing to do with making a profit.

STROM: I think it is a shame that we all don't feel better about charity. I think it is a shame that “charity” has become a derogatory term because it is what made this country what it is. People all around the world look at our “charity” and marvel at it. Why do we now all want to be businesses? I don't think business is terribly respected anymore, particularly post-Enron. I don't think it is going to ever be very respected. We are a culture that likes to talk about money, but I think, if you get your wishes, you may be a little disappointed. I don't know that I would encourage all of you to rush out and start lobbying your newspapers to be covered as businesses.

YZAGUIRRE: As long as there is the term “businesslike approach,” it is considered positive, we want to be considered positive.

DIONNE: I think what Stephanie has suggested is really something that needs to be considered. The nonprofit experience is a really great American thing, and we don't want to lose that. Nor do we want to feel trapped in that.

Meanwhile, the businessmen or women walking downtown every day are confused. They have been giving to charity for years, and yet the city is filled with men and women who are out on the street. These donors come around to saying, “I don't want to give to charity anymore because I want something to change.”

I think we are all trapped by this. We all are chasing our tail here, whether it is the contributor, the nonprofits, the foundations or the media. We all are trying to work with this old framework of a charity business. Yet, I think, collectively, we all want to preserve what is really important – the great expression of passion – but we want to mix it with a little bit of fiscal and marketplace sense. I think it is an understandable evolution.

Years ago, the first wave of business accountability was “let's get measurable outcomes.” We all struggled with that for years. Again, another clumsy attempt to do the right thing.

STROM: What concerns me about the case on outcomes and performance is it overlooks the basics. I tell people who give a lot of money this all the time. People have to be fed. Whether they then go on to change their lives, get a job, educate their children, is another matter. If we measure success but just that latter change, what is going to happen to the soup kitchen? What is going to happen to the homeless shelter?

DIONNE: Final comments from our panelists?

EGGER: I'll tell you, I have to believe – I work every day believing – that this is an amazing country. There are so many opportunities. There is so much money. There is so much good will and desire to create positive social change.

CAMPER: I am fascinated by the sort of new technology, new ways of doing business, new models, new dot-orgs. There are lots of different ways of getting to people, and communication is not just the media. There are many more ways to talk directly to the public these days.

YZAGUIRRE: This sector is a great asset for this country. For a long time, when we did development across the world, it was about roads and airports and assessments of business. Now for the past several years, a new term has been not only coined, but accepted and valued by the World Bank, the Inter-American Development Bank: The Civil Society. It is now considered a national asset, but we've had that asset. It is an asset because it is about change. Nonprofits are the best example, the epitome of social change. It may not be the change that you like or want, but it is change.

STROM: It is interesting to hear talk about the convergence of nonprofits and businesses. I see a lot of people in Congress taking a look at exactly what distinguishes a nonprofit from a business. I think the government is going to start drawing lines in the sand.

DIONNE: I would like to thank our panelists and make one final observation.

Accountability has two sides. Accountability means reporting on failure, ambitious people, corruption, and it is about reporting on success, efficiency, generosity. There is a great demand on the press, but there also are demands on the nonprofit sector.

Barney Frank, the Congressman from Massachusetts, was once meeting with constituents and he was getting a lot of grief. And he looked at the people finally and said: “Look, we politicians are not great chaps, but you voters are no day at the beach either.”

And so what I would say to the media is: is you guys make a lot of mistakes, but we would be lost without you.

Bless you all.

COMMENTARY:

The Media and the Independent Sector: Obstacles to Good Communication

There are many lessons learned during the course of three decades in the news business, but one towers above the rest: in a world rich in communication technology and media outlets, there is far too little communicating going on. I am reminded of the public relations advisor who coached her client, an embattled corporate executive, before the news conference: “These are the three points you want to make. No matter what question they ask you, answer with one of these three points.” In other words: don’t listen, don’t respond, just push your message.

Good advice, perhaps, under the circumstances. And probably not unlike some of the advice given to nonprofit organizations in recent months. But there are more effective ways to interact. And for the independent sector, at least, the task of finding a more effective interaction with the media – and ultimately the public – has become crucial. Few predictions about the future of philanthropy, nonprofits, and civil society in America suggest that the road will get easier for the independent sector in the years ahead. Indeed, most signs point to increasing challenges.

The much-heralded intergenerational transfer of wealth, already begun and estimated to exceed \$100 trillion by 2052, suggests the infusion of huge sums of money into foundations and nonprofits in the years ahead. Meanwhile, social scientists predict an upsurge in volunteerism among Americans in the coming decades, connected in part to the wealth transfer and associated investment in the independent sector. While both developments have strong positive implications, the prospect of increased financial and human investment significantly raises the stakes of performance and accountability for the sector. Moreover, these changes are likely to occur against the backdrop of what Lester M. Salamon refers to as continued “federal retrenchment,” that is, the trend by the federal government, and, similarly, state governments, away from responsibility for the broadly-defined public welfare. Thus, a scenario builds that suggests significant growth in the expectations placed on the independent sector, both by “investors” and the general public. And in modern American culture, what institution most frequently assumes the role of assessing and “grading” performance in the public interest? The media.

It stands to reason that it will be increasingly important for the independent sector and the media to develop mutual knowledge and understanding. Yet significant challenges exist that threaten such a relationship. Let us consider three fundamental obstacles:

Obstacle I: Lack of Understanding About the Role of the Independent Sector

If you are a reporter, editor, reader or viewer, chances are you will struggle to define the role of the independent sector in today’s society. The first challenge might be simply knowing what to call it. Is it the Nonprofit Sector (or the Not-for-Profit Sector)? The Independent Sector? The Third Sector? What is the difference? (For the record, I prefer “Independent Sector” – part of a troika that includes the Public Sector and the Private Sector. Independent – owing to neither, free to connect with both, strong and upright, able to embrace the nonprofit world, the philanthropic world and the world of miscellaneous organizations that exist for the support of the sector.)

What is the role of this sector? A common answer is “private initiative for the common good” – a definition that is good, as far as it goes. However, it fails to acknowledge the enormous investment of public tax dollars into nonprofit organizations for the delivery of services. Who delivers Medicaid-funded health care? Nonprofit hospitals. Who provides government-subsidized day care? Nonprofit child care centers. Scratch a nonprofit and you’re likely to find public money. No wonder people get confused.

It is the nonprofit sector that, to a great degree, determines the quality of life in any community. From Little League to libraries, hospitals to homeless shelters, get-off-drugs to get-out-the-vote campaigns, the independent sector gives shape to our communities. Journalists are experienced at assessing the economic health of a region, or the economic impact of an industry, business or event; but few can systematically assess the health of a region’s nonprofit community, or even explain to readers the importance of that sector to their daily lives. This civics perspective, the fundamental understanding of democratic governance, is broadly lacking among young journalists today.

In the late 1970s and early 1980s, when Americans by the millions began investing in mutual funds – suddenly becoming stakeholders in the equity markets – the media responded by increasing coverage of business news. Prior to 1980, it was hard to find a daily newspaper with a special Monday Business magazine. Today, such sections are staples of metropolitan newspapers. Moreover, there are 3,200 members of the Society of American Business Writers and Editors. Those writers and editors through the years have required education about business and finance, provided by professional associations and others. For years, the University of Pennsylvania’s Wharton School of Business conducted special education programs for business journalists, instructing them in the fundamentals of economics and current industry trends.

If the independent sector expects professional understanding from journalists on a par with the understanding the business community has come to expect, then the sector must wrestle with the task of educating the journalists. Who is best equipped to assume this role and what strategies will be most effective? Knowledgeable news coverage requires knowledgeable journalists. It is in the sector’s best interest to invest in building a universe of journalists knowledgeable about the roles and responsibilities of the sector.

Obstacle II: Our Engineering, Solution-Driven Mindset

We live in a today-oriented, solution-driven society. We expect answers. We expect solutions. We expect them now – or at least within one hour. The world, however, has other ideas. Seattle environmentalist Seth Zuckerman writes: “How many times have any of us fingered a particular factor as the root of our troubles... only to find that the solution we impose on the situation is as bad as the original problem? Such errors are the predictable result of an engineering mindset, which imagines the world as an orderly, linear system of single causes leading to discrete effects at precise costs. But living systems ... do not respond so neatly. Those rare times when our actions lead only to their intended result seem nothing short of miraculous.”

The independent sector's work, more often than not, is within just such "living systems" to which Zuckerman refers. Many nonprofits and their funders struggle with human change – building a literate population; reducing homelessness; developing appreciation for the arts; balancing the needs of nature, industry and humanity; feeding a seemingly endless line of hungry citizens. Documenting subtle work around an intractable community problem over the long term is anathema to a media machine that must be fresh and different and competitive each day (each hour?) or lose the allegiance of the voracious, on-the-go audience that pays the bills.

How might the media and the sector think differently about the sector's work? Journalists (and their audience) seek that which is fresh and new and exciting. Where is the excitement in the slow, incremental, day-to-day work of creating human change?

It may be instructive to consider coverage of science and medicine. Understanding climactic change or finding a cure for cancer are long-term challenges and the work around them is subtle and incremental. And yet, these subjects attract considerable attention from journalists. But much of the reporting is research-based: that is to say, the story often is "Look at what we have learned."

How might the independent sector profit by this example? What opportunities exist for a nonprofit to share with its community what it might learn about literacy, or the teaching power of music and math on young children? How might journalist respond if nonprofits and funders spent less time saying "Look what I'm doing" and more time saying "Let me tell you what I have learned"?

Obstacle III: The Absence of Measures and Yardsticks

If a potential investor seeks to buy stock in a public company, she has a wealth of measures by which to evaluate that investment's potential. From earnings history and P/E ratio to economic forecasts to industry analysis, there exists a framework of measurements that enable the investor to compare the prospect against the norm. But for those who invest – or would invest – in the independent sector, no such broad framework exists.

What measures does the sector use? Some organizations use a "turnstile" approach, reporting numbers of people served. Others attempt to document "changed conditions;" some do an excellent job; others a miserable one. But across the scope of the sector, there are few common yardsticks of value. Within a single community, it may be impossible to compare the merits of four different organizations providing similar services. Which after school program is most effective? How might a potential donor evaluate that? How might a journalist evaluate that?

The complexity of the problem grows as one seeks to evaluate the work of the sector in a larger context. What strategies for providing affordable housing are most effective? How can work across multiple communities be compared?

There are, of course, some guidelines that run across the sector. There are general "rules of thumb" about the proportion of expenses that is acceptable for administration, for instance. And

government dictates specific standards, such as foundation payout or public support for public charities. These measures may have little to do with the true mission and work of the organization, but in the absence of other measures they are elevated by default.

If the independent sector wishes to be judged on the merits of its work, it must develop a means of assessing that work across a broad range of organizations and communities. It must develop tools for comparative analysis if it expects news coverage to move beyond the realm of feature stories about community do-gooders, or financial exposes.

Three obstacles. Three opportunities for change. Not a one of them easy.

A wise woman once said, “You can change no one but yourself. You are the only person over whom you exercise complete control. But as you change, others will respond differently to you and, in the end, you will have changed them, too.” While the burden of change does not rest exclusively on the independent sector, the sector can control only itself. Its leadership must take the initiative if there is to be fundamental change in way journalists tell the story of the independent sector.

Mary Kress Littlepage

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