

"Charitable Giving: Closing Can Mean 'Mission Accomplished'"

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Organization mergers and close-outs are on a lot of people's minds these days, whether the interest is based on personal involvement or as an observer of the current nonprofit scene.

I decided to ask Nancy Hall, one of my "go-to" nonprofit professionals, for her opinion. Hall teaches nonprofit management at Johns Hopkins University as well as being a consultant for nonprofit organizations.

Here is what she had to say:

"I can think of a dozen nonprofits that should close their doors. Some actually have decent programs that could be moved to a larger agency, maintaining quality while reducing overhead expense. These nonprofits can best fulfill their mission by going out of business.

When an entrepreneur starts a business, he knows that at some point the company might be acquired by a larger entity. Acquisition or merger is cause for champagne and celebration. The entrepreneur happily goes on to start another enterprise.

Tears and hand-wringing

When suggested that a nonprofit be absorbed by another entity, it is viewed as failure, with tears and hand wringing.

Nonprofits are started for many reasons. If a nonprofit is created around a specific problem, should it continue after the issue is addressed? If a nonprofit is launched to demonstrate innovative programming, should it carry on if another can replicate the program at a lower cost?

One Baltimore organization, founded to address several 'hot topic' community issues, approached close-out with a well-planned strategy. Once its original issues were resolved, mission-drift set in and the organization attacked a number of new concerns with varying degrees of success.

Despite lack of focus and funding, the organization sustained three programs, two of which were award-winning and provided tangible benefits to the community. But the financially strapped parent organization was strangling these successful programs.

Rather than jeopardize the programs, the organization decided to close using the following principles:

1. Do no harm to existing program beneficiaries.
2. Do as much good as possible with remaining time and resources.

Knowing when to say it's over

One program was transferred to a larger, financially stable nonprofit. Assistance was given to a second program to become a stand-alone nonprofit organization. The third program, which benefitted few, was closed. Ultimately, the parent organization paid all debts and distributed remaining assets to local nonprofits.

Far from failing, the organization succeeded, protecting the interests of stakeholders, minimizing risks by ensuring continuation of beneficial programs and finding a way for its mission to live on through other, healthier nonprofits.

There should be public praise for those forward-thinking organizations that close by their own volition. Board members closing down a nonprofit must not brand themselves as failures, but should celebrate their organization's achievements, thinking of themselves as social entrepreneurs.

Have the nonprofit's actions resulted in new legislation, heightened public awareness or assisted clients through new program initiatives? Board members who shut their nonprofit's doors voluntarily should be sought, not shunned, to fill vacancies on other boards.

I was at a funeral where a gentleman congratulated me on the passing of my relative, explaining that he believed that people die when they finish their job on earth and that when work is completed, it is cause for congratulations."

Nancy's parting words to me were an offer of congratulations to all those organizations who know when it is time to say it's over. My thanks to Nancy and to one of her former students, David Crouch, who served as a board chair of a nonprofit that successfully closed, for giving me much to think about.

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