

## The Philanthropic-Consultant Industrial Complex . . . editor notes issue #74

EDITOR'S NOTES - NOVEMBER 11, 2011 - [EMAIL](#)



You've probably heard of the **5% payout requirement** for foundations . . . but most people mistakenly believe this means that foundations must grant out 5% of their assets each year.

Actually, foundations must *spend* 5% of their assets each year . . . which can include their own salaries, office rents,

and so forth.

But perhaps the least examined of all foundation spending is what they spend on consultants, such as consultants to themselves and their initiatives, contract staff, consultants to nonprofits (the \$200K strategic planning grant that goes 100% to the consultant, none to you), and so forth.

In fact, in the blink of 15 years, we've gone from a time when there was hardly any nonprofit infrastructure support to one where it feels as if the infrastructure -- we coined the term Philanthropic-Consultant Industrial Complex -- outweighs the nonprofits doing the actual work.

Even more than the money, the philanthropic-consultant infrastructure is changing who's running the show: rather than supporting nonprofits, foundations and consultants are increasing telling nonprofits what nonprofits should be doing.

## editors and readers picks

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(Of course we recognize the value of infrastructure . . . *Blue Avocado* is even part of that infrastructure. It's the relative size and the shifting center of gravity we're concerned about here.)

These days when a foundation announces it is starting an initiative for low income seniors, we now assume that much of the money will go to regrantors, researchers and consultants rather than to on-the-ground nonprofits and the seniors themselves.

And doesn't it sometimes seem as if the best and the brightest young people in the nonprofit sector want to be foundation program officers, consultants, or donation app makers? To tell the truth, we have enough program officers, enough (so often unsatisfying) consultants (really!), and enough start-up apps. We don't have enough people who aspire to run homeless clinics or foster care homes, to raise money for ethnic theaters or rights for prisoners, to be executive directors working the front lines of domestic violence rather than program officers addressing domestic violence issues.

Our sector is in danger of hollowing-out. In fact, innovation comes from the ground up, and that's also where the real work takes place. Let's start by honoring, celebrating, and paying more to the people on the ground above how much we honor and pay the people in the infrastructure. Grantmakers and consultants: are you listening?

- This issue you'll find an executive director evaluation form, an update to the Vanguard Foundation story, 3-Minute Vacation to Nonprofit AcronymLand, a legal guide to the latest in nonprofit social media,
- How corny . . . but let's be grateful this month of Thanksgiving. I'm very grateful to have the opportunity to work on *Blue Avocado*. -- Jan Masaoka



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# Executive Director Evaluation Survey Form

BOARD CAFE - BY JAN MASAOKA - NOVEMBER 13, 2011 - [EMAIL](#)



*In the last issue of Blue Avocado, we discussed how board evaluations of executive directors (CEOs) are different from all other performance evaluations in the organization. These differences -- including the limited ability of board members to observe the executive -- are also among the reasons why **45% of executives have not had a review in the last year** (CompassPoint's [Daring to Lead 2011 study](#)). In this article we draw on that discussion and on the submissions of dozens of Blue Avocado readers to propose a process and an evaluation instrument.*

(At the end of this article is a link to download the survey form in Word to make it easy for you to modify.)

When we reviewed various the dozens of evaluation instruments sent in by Blue Avocado readers, we found that nearly all of them had these attributes in common:

- Most reviews used a checklist form (rather than narrative)
- Most focused on ED's actions and behaviors (rather than on organizational performance)
- Most relied on input from board members only (rather than include input from others such as staff, funders, clients, art critics, etc.)

Although we feel that evaluations that are narrative, focus on organizational performance and contain elements of a 360 degree evaluation are better ways to evaluate executives, we also realize:

- Without a checklist of some kind, the ED evaluation most likely won't take



place . . .

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## Firing Someone for Slamming Their Nonprofit Employer on Social Media: Legal Update

ASK RITA IN HR - BY PAMELA FYFE - NOVEMBER 6, 2011 - [EMAIL](#)



**i dare you to fire me  
for what i said  
about you  
on facebook**

**Dear Rita:** I liked your article a couple of years ago about whether employees could be fired for what they posted on their Facebook page. Since then I keep reading about how a federal law, called the NLRA, is being used to regulate what action an employer can take when an employee posts negative comments

about the employer on a private Facebook page. Can you explain what this is about? Signed, Wondering

**Dear Wondering:** You are truly keeping up-to-date on the most recent Facebook decisions and I will be happy to fill you in. And towards the end of this article we've included language for a personnel policy on social media.

### Background

NLRA, which stands for "[National Labor Relations Act](#)," is the federal law that regulates union activity. However, a small section of the act applies to *all* employers, even those who are not unionized. The act also only applies to employees that could unionize, so it does not apply to management. Section 7 of the NLRA grants employees the right to engage in "protected concerted activity" which is generally defined as two or more employees working together to improve the terms and conditions of employment.

In light of what are commonly referred to as "Section 7 rights," employers cannot prohibit employees from . . .

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## Vanguard Foundation Update

BLUE AVOCADO INVESTIGATES - NOVEMBER 12, 2011 - ✉EMAIL

| Acronym | Nonprofit full name |
|---------|---------------------|
| ACLU    |                     |
| NAACP   |                     |
| MADD    |                     |
| PFLAG   |                     |
| EFF     |                     |
| SPCA    |                     |

*Blue Avocado* readers will remember our coverage of the "Decline and Fall of the Vanguard Foundation" (for which we won a journalism award), which detailed the ways in which Vanguard CEO Hari Dillon and major donors became involved with businessman Mouli Cohen and a series of get-rich-quick schemes.

Two weeks ago, [Mouli Cohen was convicted on 31 counts](#) of money laundering, tax evasion, and other matters. Investigative reporter Rick Cohen is now plowing through the flurry of competing bankruptcy suits and conducting interviews, and will be bringing us a full report in the next issue of *Blue Avocado*. Thanks very much to the many *Blue Avocado* readers who have kept us apprised of developments. (Image to left is in Hari Dillon's handwriting -- and signed by him -- from one of the bankruptcy cases.)

See also in *Blue Avocado*:

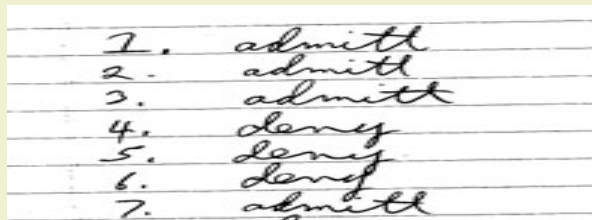
- ["Decline & Fall of the Vanguard Foundation, Part I"](#)
- ["Vanguard Foundation: How Did This Happen? Part II"](#)

## Name that Nonprofit Acronym! A 3-Minute Vacation Quiz

NONPROFIT LIFE & STYLE - NOVEMBER 11, 2011

- ✉EMAIL

Acronyms are today's hieroglyphics . . . we can read them but we actually don't know what they mean. Or

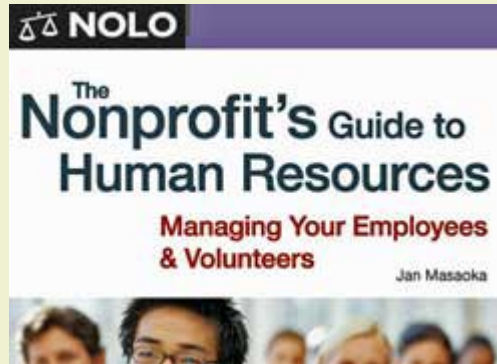


something like that. Take this fun *Blue Avocado*-created quiz on 26 nonprofits that are better known by their acronyms than by their full names . . . click [here](#) to play! (In some cases there are more than one acceptable choice.)

[> Read more](#)

## HR Book for Non-HR People incl EDs, Supervisors, Boards

ASK RITA IN HR - BY JAN MASAOKA - OCTOBER 31, 2011 - [EMAIL](#)



While there are many books written on HR, almost none focus on nonprofits or address the unique issues and cultures in community nonprofits (for instance, the fact that in most organizations there isn't enough budget for a full-time, credentialed HR director).

My newest book, [The Nonprofit's Guide to Human Resources: Managing Your Employees & Volunteers](#), could have been titled "Everything You Need to Know About HR in Nonprofits." It's truly focused on HR from a nonprofit perspective, and it's written for everybody but the full-time HR professional.

HR really is different in nonprofits, and here are some of the ways:

| Conventional HR   | Most nonprofits  |
|---|--|
| Developed for large companies   | 96% < 100 staff  |
| Many people doing the same job  | Many unique positions                                    |
| No volunteers   | Many volunteers  |
| Workplaces often dominated by men   | Workplaces 2/3 women                                     |
| Supervisor/subordinate is dominant relationship                               | Work in teams is dominant relationship                   |
| Compensation strategies have increased performance and profit as central goal | Compensation strategies often include values-based goals |
| Company is ultimately profit-driven   | Organization is ultimately mission-driven                |

So many people -- from "Accidental HR Managers" to executive directors to employment lawyers to HR

directors in organizations large and small -- have contributed to this book. Even though I wrote it, I have to admit I am encouraging people to buy and read this book. It's available from the publisher, the well-known legal-oriented Nolo Press ([www.nolo.com](http://www.nolo.com)) [here](#) or Amazon ([www.amazon.com](http://www.amazon.com)) [here](#). Thanks!

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