

JACK'S JOURNAL

Building Bridges Between For-Profit and Nonprofit Businesses (Part Four)

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The TANGO Nonprofit Principles

The theme of TANGO's 2018 Annual Meeting (September 13th in Hartford) is Building Bridges Between For-Profit and Nonprofit Businesses, and I have been setting the stage for the panel discussion I will lead that day with monthly articles in this electronic newsletter (TANGO Trends).

In the May issue (Building Bridges Between For-Profit and Nonprofit Businesses), I discussed the fact that it is relatively easy to measure a business's performance by looking at its price per share in the market. Nonprofits do not have as readily available and objective a metric to measure mission performance.



In the June issue (Hiding Behind the Mission) I argued that people in the business sector must understand the inherent limitations on the ability of nonprofits to deliver metrics as objective as a price per share; but that this does not relieve nonprofits of the obligation to be candid with themselves and outsiders about what they can measure (such as the cost per meal in a homeless shelter), and what they cannot (how many of the homeless treated will turn their lives around permanently).

In the July 2018 issue (What Is Money (Profit) And Where Does It Come From?) I discussed money and profit – what are they and where do they come from? After all, we use the terms “for-profit” and “non-profit” to distinguish the sectors, so it made sense to probe the term “profit.”

In this August issue I will complete the series with a presentation of the five TANGO Nonprofit Principles -- which collectively articulate the underlying nature of the bridge we have in mind. The principles appear at the beginning of our textbook, [The TANGO Nonprofit Method](#), and are repeated below in red, with commentary in blue.

1. Nonprofit organizations and business organizations are equally important to the health and welfare of their communities.

We believe that each sector is equally important to the communities in which they operate. Nonprofits attend to and address the most trenchant issues and problems - as well as the glories and mysteries - of the human condition – everything from poverty relief to education, arts and science, to religion and health care. Businesses are there to create wealth and employment opportunities to enable people to achieve self-sufficiency.

2. Nonprofits are operating enterprises with perpetual missions and finite resources, and they must be sensitive to the underlying tension between the two. Nonprofits have a duty to deploy available resources effectively, cognizant of practical limitations in the face of enduring need and with respect for the challenges awaiting unborn members of their communities. Nonprofits are not entitled, simply by their mission, to donations, contributions, or gifts of goods or services. They must operate lawfully, efficiently and effectively to deliver quality goods and services in their communities, and to establish a positive reputation and goodwill that will attract donations and support. Nonprofits are “private” organizations in that they are managed by private individuals (the board of directors) but operate for public purposes.

This principle expresses our expectations of nonprofit organizations. They must recognize that the human condition is such that there will always be loss, poverty, suffering, disease, and the like; and that available resources are and always will be, finite. The task is to manage the tension between needs and resources adroitly, never making the perfect the enemy of the good.

Moreover, nonprofits are not entitled to financial support because they have a worthy mission (that's the easy part). They deserve support when they demonstrate their ability to manage their operations successfully and deliver quality goods and services to their constituents.

3. Businesses are accountable to their communities for the sale of quality goods and services at reasonable prices. They must operate within the law, create bona-fide opportunities for gainful employment, and generate new wealth in the community through innovation and expansion. Business organizations should also, directly and indirectly, provide meaningful financial and in-kind support to well managed nonprofit organizations within the community.

This principle expresses our expectations of business organizations – especially those which are TANGO Partners. We expect them to be good corporate citizens, to fulfill their obligations to create wealth and jobs, and, of course, to support well managed nonprofits in their common communities.

4. Rigorous governance, management, and ethical principles and practices at all levels within nonprofit and business organization are essential to their success and longevity. The total is greater than the sum of the parts. The entire community benefits when its nonprofits and businesses succeed. Business organizations make a profit so that nonprofit organizations do not have to do so.

The first three sentences in this principle are self-explanatory. The last sentence is the most important—economic profit is the source of the wealth that both sectors rely upon – and the source of the tax revenue that enables government to support the sector, and of the charitable bequests, gifts and contributions upon which the nonprofit sector relies.

These five principle underly the TANGO operational model in which our Business Partners provide the financing necessary to operate, and in which nonprofits can join for free. We urge our nonprofit members to patronize our business partners in recognition of their financial support. We hope to see you on September 13th in Hartford.

The Alliance For Nonprofit Growth And Opportunity

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