



Orientation Transcript

Welcome

I'm so glad you're here! My name is Akiva and I will be guiding you through this course. If you're watching this video and you're signed up for this course, it's because you have a dream and I love that you have this dream. You have found a problem in your community, in your, in your city, wherever it is that you are.

And you're like, I see that issue.

And while anybody could take care of it, nobody is a, and you decided to be that somebody and. And create this dream and create this vision that you have for your nonprofit. And it's just so amazing.

I have, thank God over the years has been, , very fortunate to be part of countless initiatives and nonprofits

and these initiatives from, from bringing medical aid. To people to, , helping teens with life skills. These are the accomplishments that I know for me. I look back on and these were the building blocks of my life. And I think that you. , will be able to look back on these accomplishments as well and say, these were the building blocks of my life. And so I'm so glad you're here and together, we will be able to turn this dream that you have , into a reality. Super excited.

So I've learned a lot about what it takes to take these passions and fuse conversations that you're having with people and take them from concept to actual programs on the ground.

And I'm really excited to share all of that with you. , believe it or not doing this, , can actually change your life positively in so many ways. And I'd like to start off with this video over here. there's only going to be a handful of videos throughout this course. It's not going to be like a whole lot of, uh, YouTube videos put together, but this video. Legitimately changed my life.

It completely blew my mind. And, and change my entire perspective on fundraising, , on nonprofits, on how I should approach my time as someone who's in it, who's in a nonprofit. And my income as someone who is in a nonprofit. And so, take a look at this video.

I recommend honestly, watching with a pen and paper and really writing down your takeaways because this video is the ideology behind everything that I'm looking forward to teaching you throughout these next nine modules.

So. Watch the video, get paper and pen and write down some takeaways, and hopefully your mind will be blown as well.

See you after the video.

Ted Talk Video

The real social innovation I want to talk about involves charity. I want to talk about how the things we've been taught to think about giving and about charity and about the non profit sector are actually undermining the causes we love and our profound yearning to change the world. But before I do that, I want to ask if we even believe that the non profit sector has any serious role to play in changing the world.

A lot of people say now that business will lift up the developing economies and social business will take care of the rest. And I do believe that business will move the great mass of humanity forward. But it always leaves behind that 10 percent or more that is most disadvantaged. And social business needs markets, and there are some issues for which you just can't develop the kind of money measures that you need for a market.

I sit on the board of a Center for the Developmentally Disabled, and these people want laughter and compassion, and they want love. How do you monetize that? And that's where the nonprofit sector and philanthropy come in. Philanthropy is the market for love. It is the market for all those people for whom there is no other market coming.

For And so if we really want, like Buckminster Fuller said, a world that works for everyone, with no one and nothing left out, then the non profit sector has to be a serious part of the conversation. But it doesn't seem to be working. Why have our breast cancer charities not come close to finding a cure for breast cancer, or our homeless charities not come close to ending homelessness in any major city?

Why has poverty 12 percent of the U. S. population for 40 years? And the answer is, these social problems are massive in scale, our organizations are tiny up against them, and we have a belief system that keeps them tiny. We have two rule books. We have one for the non profit sector, and one for the rest of the economic world.

It's an apartheid, and it discriminates against the for profit sector in five different areas, the first being compensation. So in the for profit sector, the more value you produce, the more money you can make. But we don't like non profits to use money to incentivize people to produce more in social service.

We have a visceral reaction to the idea that anyone would make very much money helping other people. Interesting that we don't have a visceral reaction to the notion that people would make a lot of money not helping other people. You know, you want to make 50 million dollars selling violent video games to kids, go for it, we'll put you on the cover of Wired magazine, but you want to make half a million dollars trying to cure kids of malaria and you're considered a parasite yourself.

And we think of this as our system of ethics, but what we don't realize is that this system has a powerful side effect. Which is, it gives a really stark, mutually exclusive choice between doing very well for yourself and your family, or doing good for the world, to the brightest minds coming out of our best universities, and sends tens of thousands of people who could make a huge difference in the non profit sector, marching every year directly into the for profit sector, because they're not willing to make that kind of lifelong economic sacrifice.

Business Week did a survey, looked at the compensation packages for MBAs 10 years out of business school. And the median compensation for a Stanford MBA with bonus at the age of 38 was 400, 000. Meanwhile, for the same year, the average salary for the CEO of a 5 million plus medical charity in the U. S.

was 232, 000 and for a hunger charity, 84, 000. Now, there's no way you're going to get a lot of people with 400, 000 talent to make a 316, 000 sacrifice every year to become the CEO of a hunger charity. Some people say, well, that's just because those MBA types are greedy. Not necessarily, they might be smart.

It's cheaper for that person to donate 100, 000 every year to the hunger charity, save 50, 000 on their taxes, so still be roughly 270, 000 a year ahead of the game, Now be called a philanthropist because they donated 100, 000 to charity. Probably sit on the board of the Hunger Charity. Indeed, probably supervise the poor SOB who decided to become the CEO of the Hunger Charity and have a lifetime of this kind of power and influence and popular praise still ahead of them.

But the second area of discrimination is advertising and marketing. So we tell the for profit sector, spend, spend, spend on advertising until the last dollar no longer produces a penny of value. But we don't like to see our donations spent on advertising in charity. Our attitude is, well look, if you can get the advertising donated, you know, at four o'clock in the morning, I'm, I'm okay with that.

But I don't want my donations spent on advertising, I want it to go to the needy. As if the money invested in advertising could not bring in dramatically greater sums of money to serve the needy. In the 1990s, my company created the long distance AIDS ride bicycle journeys, and uh, 60 mile long breast cancer three day walks.

And over the course of nine years, we had 182, 000 ordinary heroes participate, and they raised a total of 581 million dollars. They raised, they raised more money more quickly for these causes than any events in history, all based on the idea that people are weary of being asked to do the least they can possibly do.

People are yearning to measure to measure. The full distance of their potential on behalf of the causes that they care about deeply, but they have to be asked. We got that many people to participate by buying full page ads in the New York Times and the Boston Globe and primetime radio and TV advertising.

Do you know how many people we would have gotten if we put up flyers in the laundromat?

If you can't raise more revenue, you can't grow. And if you can't grow, you can't possibly solve large social problems. The fourth area is time. So Amazon went for six years without returning any profit to investors. And people had patience. They knew that there was a long term objective down the line of building market dominance.

But if a nonprofit organization ever had a dream of building magnificent scale, that required that for six years, no money was going to go to the needy. It was all going to be invested in building this scale. We would expect a crucifixion. And the last area is profit itself. So the for profit sector can pay people profits in order to attract their capital for their new ideas, but you can't pay profits in a non profit sector.

So the for profit sector has a lock on the multi trillion dollar capital markets, and the non profit sector is starved for growth and risk and idea capital. Well, you put those five things together. You can't use money to lure talent away from the for profit sector. You can't advertise on anywhere near the scale the for profit sector does for new customers.

You can't take the kinds of risks in pursuit of those customers that the for profit sector takes. You don't have the same amount of time to find them as the for profit sector. And you don't have a stock market with which to fund any of this, even if you could do it in the first place. And you've just put the non profit sector at an extreme disadvantage to the for profit sector on every level.

For If we have any doubts about the effects of this separate rule book, this statistic is sobering. From 1970 to 2009, the number of nonprofits that really grew, that crossed the 50 million annual revenue barrier is 144. In the same time, the number of for profits that crossed it is 46, 136. So we're dealing with social problems that are massive in scale and our organizations can't generate any scale.

All of the scale goes to Coca Cola and Burger King..

Now, this ideology gets policed by this one very dangerous question, which is what percentage of my donation goes to the cause versus overhead? There are a lot of problems with this

question. I'm going to just focus on two. First, it makes us think That overhead is a negative. That it is somehow not part of the cause.

But it absolutely is, especially if it's being used for growth. Now this idea that overhead is somehow an enemy of the cause creates the second much larger problem, which is it forces organizations to go without the overhead things they really need to grow in the interest of keeping overhead low. So we've all been taught that charities should spend as little as possible on overhead things like fundraising under the theory that, well, the less money you spend on fundraising, the more money there is available for the cause.

Well, that's true if it's a depressing world in which this pie cannot be made any bigger. But if it's a logical world in which investment in fundraising actually raises more funds and makes the pie bigger, then we have it precisely backwards and we should be investing more money, not less in fundraising, because fundraising is the one thing that has the potential to multiply the amount of money available for the cause that we care about so deeply.

I'll give you two examples. We launched the AIDS rides with an initial investment of 50, 000 in risk capital. Within nine years, we had multiplied that 1, 982 times into 108 million after all expenses for AIDS services. We launched the breast cancer three days with an initial investment of 350, 000 in risk capital.

Within just five years, we had multiplied that 554 times into 194 million after all expenses. Now, if you were a philanthropist really interested in breast cancer, what would make more sense? Go out and find the most innovative researcher in the world and give her 350, 000 for research, or give her fundraising department the 350, 000 to multiply it into 194 million for breast cancer research.

2002 was our most successful year ever. We netted for breast cancer alone, that year alone, 71 million dollars after all expenses. And then we went out of business. Suddenly and traumatically. Why? Well, the short story is, our sponsors split on us. They wanted to distance themselves from us because we were being crucified in the media for investing 40 percent of the gross in recruitment and customer service and the magic of the experience.

And there is no accounting terminology to describe that kind of investment in growth and in the future other than this demonic label of overhead. So on one day, all 350 of our great employees lost their jobs.

Because they were labeled overhead. Our sponsor went and tried the events on their own. The overhead went up. Net income for breast cancer research went down by 84 percent or 60 million dollars in one year. This is what happens when we confuse morality with morality. with frugality. We've all been taught that the bake sale with 5 percent overhead is morally superior to the professional fundraising enterprise with 40 percent overhead, but we're missing the most important piece of information, which is what is the actual size of these pies?

Who cares if the bake sale only has 5 percent overhead if it's tiny? What if the bake sale only netted 71 for charity because it made no investment in its scale and the professional fundraising enterprise netted 71 million because it did? Now, which pie would we prefer, and which pie do we think people who are hungry would prefer?

Here's how all of this impacts the big picture. I said that charitable giving is 2 percent of GDP in the United States. That's about 300 billion a year. But, only about 20 percent of that, or 60 billion, goes to health and human services causes. The rest goes to religion and higher education and hospitals.

And that 60 billion is not nearly enough to tackle these problems. But if we could move charitable giving from 2 percent of GDP up just one step, just one step to 3 percent of GDP by investing in that growth, that would be an extra 150 billion a year in contributions. And if that money could go disproportionately to health and human services charities, because those were the ones we encouraged to invest in their growth, that would represent a tripling of contributions to that sector.

Now we're talking scale. Now we're talking the potential for real change. But it's never gonna happen by forcing these organizations to lower their horizons to the demoralizing objective of keeping their overhead low. Our generation does not want its epitaph to read, we kept charity overhead low.

We want it to read that we changed the world and that part of the way we did that was by changing the way we think about these things. So the next time you're looking at a charity, don't ask about the rate of their overhead. Ask about the scale of their dreams. Their Apple, Google, Amazon scale dreams.

How they measure their progress toward those dreams and what resources they need to make them come true regardless of what the overhead is. Who cares what the overhead is if these problems are actually getting solved? If we can have that kind of generosity, a generosity of thought, then the non profit sector can play a massive role in changing the world for all those citizens most desperately in need of it to change.

And if that can be our generation's enduring legacy, that we took responsibility for the thinking that had been handed down to us, that we revisited it, we revised it, and we reinvented the whole way humanity thinks about changing things forever, for everyone, well, I thought I would let the kids sum up what that would be.

That would be a real social innovation. Thank you very much. Thank you.

Change your mindset!

So I hope that video blew your mind. We have a lot of preconceived notions when it comes to running a nonprofit. Some of those preconceived notions are, like he said, in the video, like. Imagine if someone came to you and says, listen, we have an amazing, amazing thing that we want to do.

We'd like a \$25,000 donation for marketing. You'd be like for. From marketing. Like what? No, I want my money to go. Right. Some of the preconceived notions that you might have as someone who's about to go step in and run a nonprofit is that well, I can't pay myself a very high salary.

Right. Kind of like what he was saying in the video, you could see like the people who are in a for-profit like, oh, it's totally fine for, for. For him or her to make a great salary. Cause cause they're selling Coca-Cola whereas someone who is helping, helping a, a poor children like, well, they shouldn't make a lot of money.

Why not? And this is the, this is the, challenge to this old perspective, which guess what doesn't work the old way did not work. It does not work. What it does is create people who are honestly can't make a living and they're, they want to cause they're trying to do a good thing and there's stress all the time.

They're stressed all the time and they don't have any time. It's not a good recipe. And you know, who suffers the most by keeping this old mindset? Is the people who are benefiting from the nonprofit! The poor kids or the, uneducated young adults or, the people who need medical care, whatever it is that your nonprofit is doing.

That's who suffers. By keeping these old perspectives. And so we're going to toss those in the trash. We're throwing them away. And from here on in, you're running your nonprofit, like a business and in a business, it's about the big picture. If you need marketing, you need marketing. The lifeblood of your business is sales. If you're not selling your product, you've got nothing. You don't have a business. In the nonprofit world, the lifeblood of your nonprofit is fundraising because that's how you have money coming in.

And so it should, be where you're putting a large portion of your money - into. Fundraising cause that's how you're going to be able to bring more money. And then sometimes you need other types of things for fundraising. Like you need marketing, you might need some great software. Whatever it is that you need. And you as the nonprofit owner should be confident in this.

And when someone challenges you, you tell them exactly what you're hearing from me right now. You say, do you want to help the kids or not? Because if you want to help the kids, we need to make sure we have X, Y, and Z. And some of the things aren't. Food for the children,

but they're a hundred percent needed in order for us to be able to have even more, , resources to help even more kids. Be confident in that. Take this new perspective.

One final piece.

I'd like to say on this. Let's say you started a business today. Guess who's the most important employee in the room. You are, you are the most important employee because it is your business. This is your nonprofit, or if you're part of a larger nonprofit, then you are the person getting trained in fundraising, which is like we said, the most important part of a nonprofit is to bring in money.

So you are arguably the most important part of your nonprofit, or one of the most important pieces in your nonprofit. And so you are an important employee. And important employees, guess what they need to be paid well so that they continue and be happy in their jobs so that their job goes well. So that the nonprofit does well so that the kids benefit or wherever your beneficiaries are benefit.

So you need to be paid well, you need to have an X amount of hours that you work per week and X amount of hours that you don't work per week, so that you're not stressed all the time and said that you enjoy your work, which is again, giving, and making the world a better place. I'm very passionate about this, as you can see, and. I hope that you're really hearing what I'm trying to tell you.

Okay. Jumping in now to a little bit about the course.

So I'm a very practical person. So I built this course in a way that you can. take it, learn it. And implement it very, very practical. There is. I've distilled my decades of experience in the nonprofit world for you here, as well as hundreds of hours of content. however, you can definitely spend some time online and watch things there as well.

There's some great things there too.

I'd like you to take a moment to think about your, why, why you're doing this right. Whatever your nonprofit idea is if it's helping teenagers, if it's helping the elderly, if it's helping people who are less fortunate people, whatever it is, right. Why are you doing this? What's that passion. You have a purpose here.

I believe every single person was placed on planet earth with a purpose. And so this is part of yours. Why are you doing this? Write it down. Literally write it down. I am doing this because. Like for me, as an example, my why of this course is because many, many people were coming up to me and asking me for advice and how to start and how to realize their dreams. And I just didn't have the time, you know, to take all of those phone calls and they said, I have to create something so that more good people can create more good in the world.

And that was my why. There's so many people trying to do good things. There needs to be something for them. And I couldn't find anything that existed. And so I created this. , but this. Nonprofit that you're building will give you purpose and give your family purpose.

No one's going to be able to do this, but you.

Check out this picture over here. I'll pause for a moment so that he could read it. It's just a very powerful picture.

All right, so we're going to dive in. Okay.

First, we're going to learn about creating your mission statement and a variety of documents that you'll be able to have for donors, for interviews, for your beneficiaries and your mother-in-law because she might ask as well. Number two is we're going to go through what is a 501(c)3 and EIN adapt a board.

All the technical pieces could be again. You might already have this set up for your nonprofit. If you're a currently existing nonprofit, we'll then dive into learning about budgets and CRMs. Then the meat and potatoes, which is really diving into the fundraising, both on an individual level foundations, federations. grant writing and more, we're going to then dive into some work-life balance pieces, which are really important. When running a nonprofit, when working at a nonprofit, some tech tools and marketing. And then we will wrap up with where do we go from here?

So really excited to do this with you guys. Let's dive in.