A Nonprofit Leader Who Really Did Shut It Down

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Ephraim Gopin, writing for eJewish Philanthropy:

I read with great interest the point-counterpoint by **Robert Evans, Avrum Lapin** and **Seth Chalmer** featured on eJewish Philanthropy recently. As someone who has recommended to a nonprofit Board to cease operations, I feel I have a unique perspective on the issue...

...There are too many nonprofits and institutions in Israel. I firmly believe that merging nonprofits with similar missions will create a more stable, vibrant sector where long term well-being and strategy are dominant, as opposed to the pettiness of “kavod” – honor – taking center stage...

...Israel has 40,000 registered nonprofits – 5-10,000 of which are active at any given time. We all know that a great percentage of them depend on overseas funding for survival. With the world recession and federations keeping more funds at home, we should be REDUCING the number of nonprofits here seeking funding overseas.

I am well aware of the dangers of merging – job and salary slashing being the worst. However, we should encourage this behavior because the alternative is worse: nonprofits who are debt-ridden, can’t pay salaries or suppliers, may have to shut down. In that case, everyone is out of a job. Donors and foundations should be pushing similar mission-oriented nonprofits to merge, as a means of survival if nothing else.

Lest you say I talk the talk but don’t walk the walk, here’s my story: I recommended to the Board of a nonprofit I headed to cease operations.

When I settled into the CEO chair and began looking over the financials, I was shocked: the organization was in major debt. When I sat with the CFO, we tried every which way to avoid the “cut, slash, burn and trim” method of nonprofit management. To no avail; the pit was too deep.

Finally, after all options had been exhausted, I sat with the Board and told them unequivocally: We need to cease operations immediately, declare bankruptcy and try to find another nonprofit to take over operating the facility... In this manner, we hoped to save as many staff jobs as possible and work on an arrangement where the nonprofit who takes over would repay the debt to suppliers.

I know there are too many nonprofits, too many institutions in Israel. Some are in debt, are behind in paying staff and suppliers and yet they refuse to shut down. I also know that upper management would never “fire themselves.” But something has to be done because, when a recession hits, the whole sector suffers enough. The problem is compounded when, in reality, a little forethought would have made the sector stronger, not weaker.

Gopin's perspective and unique experience is a welcome addition to the conversation, and a welcome reminder that waste and redundancy truly are present and problematic.

It's worth noting that the nonprofit sectors in Israel and the United States are quite different. The American combination of unprecedented commitment to private charity along with a comparatively meager government social safety net makes the US nonprofit sector rather a different beast from its counterparts not only in Israel, but really everywhere else, at least in many ways.

For the Jewish nonprofit sector in particular, it is also of great import that in America, voluntary associations, congregations and nonprofit organizations constitute the entirety of Jewish communal expression, whereas in Israel the very State itself is a Jewish organization.

These two differences -- in the relationship of nonprofits to the State, and in the relationship of Jewishness to the State -- are bound to affect the ways in which each country's Jewish nonprofit sector conceives of itself, and is likely to affect questions of efficiency, redundancy, ideological diversity, and more.

For more reading on charitable sector leaders intentionally putting themselves out of a job, I suggest reading up on the **AVI CHAI Foundation's decision** to **spend down** and **sunset itself**.