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Nonprofit Founders Syndrome - Transcript

[Speaker 1]

Welcome to Charity Therapy, a podcast from Birken Law about building better nonprofits. I'm your host, Jess Birken. Hello and welcome to this episode of Charity Therapy.

Today, I am joined by my most amazing guest, Reid Zimmerman, who actually was my professor back in the day when I was getting my master's in nonprofit management at business school. Reid, what are you? You're an organizational development, fundraising, evaluation, and strategic planning consultant.

Reid's got like 30 years in the biz. I think you keep trying to retire and the sector just won't let you go, Reid. I don't ever want to let you go either.

So thanks for being here.

[Speaker 2]

Pretty much. My students keep calling me back in for some question one or another. So it keeps me a little bit alive.

[Speaker 1]

That's good. That's good. Are you ready to jump in today?

Because I wanted to have you on the podcast because I saw a couple of questions come across that have to do with Founders Syndrome, and I thought you would be sort of the perfect guest to chat about those with me. So do you think you could kind of just give our listeners like a one-minute overview of what is Founderitis or Founders Syndrome?

[Speaker 2]

Sure, Jess. I'd be happy to. I've had some experience with a few organizations where that little bug or gremlin was extant in the organization itself.

Founders Syndrome is the difficulty faced by organizations, and in particular young companies such as startups, where one or more founders maintain disproportionate power and influence following the effective initial establishment of the organization, leading to a wide range of problems. Wikipedia.

[Speaker 1]

Okay. And now translate that for us into eighth grade English.

[Speaker 2]

Translation is that the founder or founders have hung on well past their skill set, and the organization is no longer being effectively led, governed, challenged, or legally maintained because the founders had a mission and a drive to get something up and going, and the organization has grown or gotten older and now needs different kind of leadership that they're not able to provide.

[Speaker 1]

All right. That's a great definition. With that in mind, let's jump in.

Are you ready for our first question?

[Speaker 2]

Certainly. Let's go.

[Speaker 1]

All right. Here we go. I'm the president of a small nonprofit that sends care packages to people with terminal illness.

My wife and I started the nonprofit after losing a family member five years ago, and it's been a wonderful way to channel our grief into making a real difference for other folks like us. Since the beginning, my extended family has been running everything day in and day out. We have a small board, just my wife, her brother, and me.

After five years, we are getting burned out. The mission is so important, but we just don't have the same drive we had when we first started the nonprofit. I just found out the other day that our CPA, a friend of the family who was helping us out, has not been filing the 990s like we thought.

Our tax exemption was revoked, and we're all just so tired. I'm not sure we can keep this thing running properly. What do we do?

[Speaker 2]

What do we do? Yes, this is a dilemma. They're stuck with a legal issue, and they're stuck with a volunteer capacity issue, both of which can sink them or are sinking them as we speak.

The first question I would ask is, if the message and the mission is so very important, why are there only three people involved in its execution at this point? Good question. The point of a nonprofit is volunteer involvement and getting a community of people together to support that mission.

Five years is a long time for three people to keep going, and I expect that they would really be tired. I would challenge the president and family to get some people involved. Share why they feel that mission is so important and what it has done.

Tell the stories of their success and their endeavors to help people with terminal illness and ask them to get involved with that. Getting a volunteer base will also help support the board and will allow the board to grow. As people begin putting packages together for the terminally ill, they're going to see what is happening, and they're going to want to be more involved.

And more involved in this case might be becoming a member of the board of directors, so that now you can get six, seven, eight, nine people on that board and spread out the responsibility for governance a bit.

[Speaker 1]

Yeah, I love that.

[Speaker 2]

Obviously, you're going to have to deal with the legal issue. That's where somebody like you might come in and help them straighten out the mess with the IRS. But in my experience, the IRS has been pretty forgiving, and they can probably go back and make those filings without too much trouble.

Bigger question is, do they want to keep going or not?

[Speaker 1]

Yes, exactly. I can help you. Somebody can help you.

You can do another 1023 retroactive reinstatement. You can get that done. Exactly.

Do you actually have the bandwidth to keep this thing going, and are you running it yourselves because this is just a pet project? Is this actually something that other people want to get involved in and you've just sort of missed? You've kind of had tunnel vision on what you were doing and haven't let people in, or is it not something that people are excited about?

Because I think you're right. If you can't get more than three or four people excited about this thing, it's not going to take off. And you shouldn't waste your time and money trying to get the IRS revocation undone, and instead you should be thinking about dissolving.

Because there's plenty of nonprofits and there's plenty of people working on semi-related missions. If you're just burned out and done and nobody else wants to get involved, it's okay to wrap it up too.

[Speaker 2]

Exactly right. There's nothing wrong in saying we tried, and it didn't quite take. There's perfect understanding of that happening quite frequently.

Make your donations to another organization that is doing a similar task, similar project, and admit that you don't any longer have the energy. But otherwise, I suspect that over the five years, you've talked to other people about what you're doing. You've discussed it at family gatherings.

You've talked about it over the water cooler at work, maybe at church or somewhere else. You've discussed it or shared what you're doing. And you've got an indication of other people's interest.

Have they asked questions? Have they wanted to express their support for you in some way? Anybody offered you some money to help buy those supplies?

If so, you've got a few people who you can go to and say, come on, get more involved with us. Help us out.

[Speaker 1]

Yeah. And they don't say that they're out of money unless they're self-funded, which I guess we don't know. That could be the case.

But there's definitely something here. I'm speculating. I'm reading between the lines.

But they could just be holding on really tight because somehow this is related to the loss of their own family member. And they feel like they can't let it go. And that's really an internal, that's a between-the-ears problem.

So it could be that lots of people would like to be involved, but they're just holding on too tight because of guilt or other sort of internal scripts that are running that keep them from really letting this thing take off. This is an interesting one.

[Speaker 2]

We can't get into the psychological issues, Jess, or we'll be here all day.

[Speaker 1]

Right? And speaking of holding on too tight, that reminds me of our second question. So let's dig into that one.

Questioner says, I'm a new board member at a folk school where we teach folk arts in our area. This is like weaving and traditional crafts. I've worked with a few folk schools.

We're a well-respected folk school with a lot of years in this mission. I went from student to board member recently. Now that I'm getting an inside look at how things are run, I'm freaking out.

The founders of the school still attend every board meeting, even though they have no position on the board or even a role on staff. They participate in every vote, and they clearly influence all of the other directors to side with them on every single issue. It's like the board is a puppet for the founders to run the whole show behind the scenes.

I think this is a horrible way to run a nonprofit, but I'm not sure how to go about making changes. Help. You're right.

Help. Reid's just like silent.

[Speaker 2]

I've been here before, and this is not uncommon in the nonprofit world. People that have been around an organization, founded it, and been there for a long, long time, in many cases have a death grip on the edge of that organization and just really, it is so tied to their soul that they have difficulty letting go and then are consequential in their attachment to it such that the board may not be making good decisions. It may be making decisions that the elder statesmen wish, which are not in tune with the way modern society and modern culture is going.

So I'd ask a couple of questions to start off with. One, are the founders also major funders of the organization? If so, that's going to dictate how you can approach them, and it might be different than if they are not directly supporting with large financial gifts.

Two, I'd ask how significant is the board in terms of their position in the community, in their position and respect from the rest of the teachers, other staff members? Is the board solid and well thought of and able to make decisions that they should be making and they're just being nice? Or are they really under the control of the founder and not able to make decisions?

That would be another question. Then I would want to know is, does the board have some mechanic in place to help the founders move on? Is there or could there be, for example, an advisory group, an ad hoc board, so to speak, that would not have legal or governance authority, but might meet twice a year to offer programming suggestions and help?

Could those people be moved into a leadership position on that board and direct their energy away from governance? So there are a lot of questions that still need to be asked, and I think what it's probably going to take is for the board of directors to pull up their pants like big little girls and boys and go and say to the couple, it's time that you move on. We've got to run this organization more efficiently and effectively.

And while we appreciate your contributions, they're not being helpful. And that conversation could be had with the board chair if he or she has the intestinal fortitude to be able to handle that kind of a discussion, perhaps along with one of the donors, if that is a possibility at all. That might have the power and influence to get their attention.

[Speaker 1]

I like that angle because your answer sounds very logical and doable. And then I also know just having from work on situations like this with clients that a lot of times what should be a simple conversation and maybe a little bit of hurt feelings and then putting people in a more responsible role just doesn't happen. There's often like a lot of toxic, bad juju going on and like the founders end up, it turns into like an episode of Survivor where there's like factions and people who side with the founders.

And it's all about like, can you get the votes? Because there are a few board members who want to do the right thing. And then there are a few board members who are completely under the spell of the charismatic original people.

And maybe those people have been on the board for 30 years and are like buddies with the founders. So much difficulty where it's almost my least favorite type of project because I'll give them the advice just like you did. And then like everything goes to hell.

I feel like these are such tough situations.

[Speaker 2]

They are partly because in organizational theory, there's a phrase that says, culture eats strategy for breakfast. You may have a very toxic culture in this organization, like you said, Jess, that is splitting the organization down the middle. And that culture is going to have to be healed or directed or strengthened first before the logical governance issues can take hold and be effective.

It's not going to happen at a board meeting, but it certainly could happen with some new board members who are willing to speak up. Perhaps people like yourselves who come from being a student or a teacher in the organization and see that there are new possibilities and potentials that are not happening right now. But the board is going to have to have a culture along with the staff that is supportive of moving on and does not find itself getting distracted by infighting.

[Speaker 1]

Yeah, 100 percent.

[Speaker 2]

Yeah, if you can't get to 100 percent, get to 80 and dismiss the last 20. But you've got to cut ties with people that are negative and pulling you down.

[Speaker 1]

Well, I think your point about culture aid strategy for lunch, that's exactly it. Because the whole underlying problem with this question is we wouldn't have this particular set of facts if the culture wasn't toxic. So it's almost like inferred, like you've gotten here because your culture

has promoted the charismatic leader and everyone follows the authoritarian charismatic leader and that's what your culture is, or we wouldn't be here.

I think that's why these are so hard.

[Speaker 2]

Yes, they are. A starting point for this might be in the area of education, so that having someone from the outside come in to help educate the board about its role and how to deal with tough issues, how to grow itself and how to change an internal culture might be the starting point to help figure out the rest of the direction so that the ship can still remain upright without too much problem in the change of culture.

[Speaker 1]

Yeah, and I mean, a lot of times I'm in situations like this with clients, I'm really trying to provide as much education to the board members as I possibly can, because a lot of people don't really understand what their liability is, what their fiduciary duties are, what the potential consequences could be for some of the fallout. And so I think you're right, a lot of times education is the first step to get people to kind of like shake off the reverie that they may be in under this founder's sway, right? So I love that.

I think there's two takeaways here with these questions. And the first one I'm seeing is all I can picture is the Princess Elsa from Frozen and singing, let it go, right? Like these founders need to let it go.

They need to let it go. That is takeaway number one. Like if you, you know, for our first question, if you can't bring in people to work on it, is it worth working on?

And getting more people around you is absolutely a positive thing if you want the mission to continue. So you have to let go. And a lot of it is mindset, right?

And then I think the second takeaway with these is mind your culture. Culture is created whether you pay attention to its formation or not. So you create a culture accidentally, so you might as well cultivate something healthy on purpose.

That's what I'm getting out of this.

[Speaker 2]

And if you're not sure what's healthy, learn, look and learn, learn, listen to the people that have been there before, talk to other people who have had similar experiences. How did they fare? You can't go too far in the nonprofit world without finding similar examples of these two or other types of founders syndrome in the culture, in the sector.

So ask, listen, learn, and then make some direction and make some changes.

[Speaker 1]

I think people get so isolated in their silos that they forget that this happens to other groups, and we become very shame-based and not wanting to admit that we have a problem because God forbid we wouldn't get as many donations or get that grant or whatever. And so it becomes like a skeleton in the closet instead of something that you can deal with. I love that perspective about reaching out and learning from other people.

I love that. That's amazing. Reid, thank you so much for being here.

It was so great. I really think this is important stuff. One of the ways people can get educated is by getting your book.

[Speaker 2]

Yes, The Seven Deadly Sayings of Nonprofit Leaders. You can find it on Amazon. Take a look if you're interested.

[Speaker 1]

Yeah, it's a great book. I have it. It's so on point with what we're talking about here today.

Are you on social media? Where can people find you?

[Speaker 2]

I'm on social media. I'm on LinkedIn. I'm on Facebook.

They can always check me out at reidazimmerman@gmail.com.

[Speaker 1]

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About the Author



Hi, I'm Jess Birken.

I'm the owner of Birken Law Office, I help nonprofits solve problems so they can quit worrying and get back to what matters most – The Mission. I'm not like most attorneys, I actually have an outgoing personality, and – like you – I like to think outside the box. Most of my clients are passionate and have an entrepreneurial spirit. I'm like that too. My goal is to help you crush it. Getting bogged down in the minutia sucks the joy out of the important stuff. My clients want to do the work – not the paperwork.

Let's connect!

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