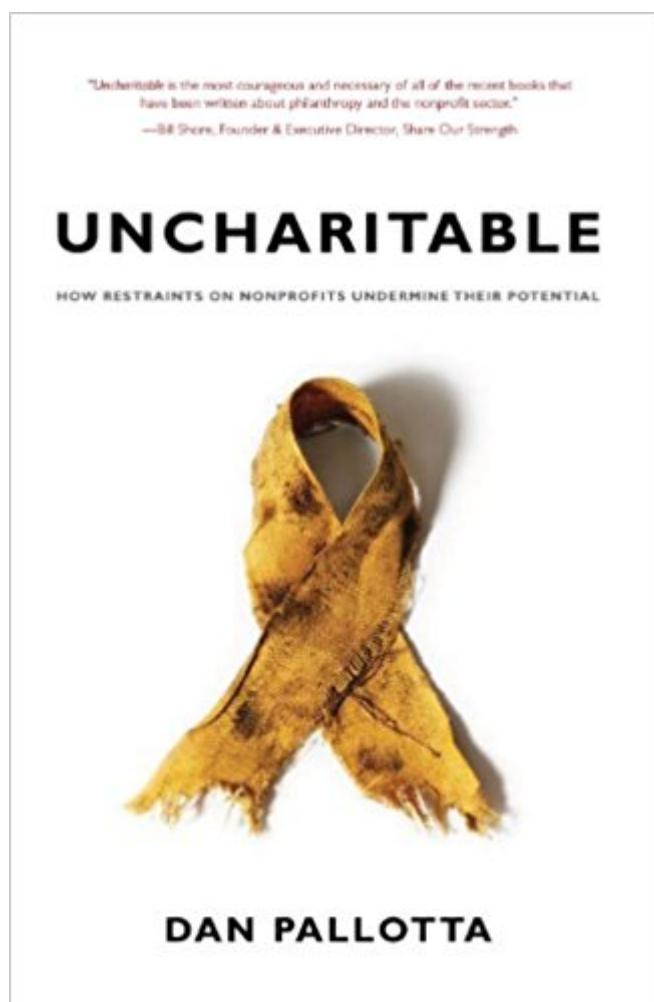


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# Uncharitable: How Restraints On Nonprofits Undermine Their Potential (Civil Society: Historical And Contemporary Perspectives)



## Synopsis

Uncharitable goes where no other book on the nonprofit sector has dared to tread. Where other texts suggest ways to optimize performance inside the existing paradigm, Uncharitable suggests that the paradigm itself is the problem and calls into question our fundamental canons about charity. Author Dan Pallotta argues that society's nonprofit ethic acts as a strict regulatory mechanism on the natural economic law. It creates an economic apartheid that denies the nonprofit sector critical tools and permissions that the for-profit sector is allowed to use without restraint (e.g., no risk-reward incentives, no profit, counterproductive limits on compensation, and moral objections to the use of donated dollars for anything other than program expenditures). These double-standards place the nonprofit sector at extreme disadvantage to the for profit sector on every level. While the for profit sector is permitted to use all the tools of capitalism to advance the sale of consumer goods, the nonprofit sector is prohibited from using any of them to fight hunger or disease. Capitalism is blamed for creating the inequities in our society, but charity is prohibited from using the tools of capitalism to rectify them. Ironically, this is all done in the name of charity, but it is a charity whose principal benefit flows to the for-profit sector and one that denies the nonprofit sector the tools and incentives that have built virtually everything of value in society. The very ethic we have cherished as the hallmark of our compassion is in fact what undermines it. This irrational system, Pallotta explains, has its roots in 400-year-old Puritan ethics that banished self-interest from the realm of charity. The ideology is policed today by watchdog agencies and the use of "efficiency" measures, which Pallotta argues are flawed, unjust, and should be abandoned. By declaring our independence from these obsolete ideas, Pallotta theorizes, we can dramatically accelerate progress on the most urgent social issues of our time. Pallotta has written an important, provocative, timely, and accessible book—a manifesto about equal economic rights for charity. Its greatest contribution may be to awaken society to the fact that they were so unequal in the first place.

## Book Information

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## Customer Reviews

Pallotta TeamWorks was the for-profit brainchild behind several campaigns to raise funds for breast cancer and AIDS research and awareness, creating several nationwide, marathonlike events that raised millions. But its founder came under attack for violating the sacred premises of charitable organizations: low profile, low budget, and little or no profit. Pallotta turns on its head the assumption that charity and capitalism should be forever divided. Don't charitable causes deserve the same kind of competitive forces that work to get results in the for-profit sector?

Wouldn't social causes be better served if charitable organizations were headed by the kind of bright, aggressive executives that work in the for-profit sector? Pallotta traces the history of nonprofit organizations to Puritan notions of charity and self-denial. He also offers a detailed case study of TeamWorks and other trends in the nonprofit sector that only tweak around the edges of a system that is sorely in need of change if it is to deliver on its mission to improve social inequities or cure diseases. A passionate, thought-provoking look at the nonprofit sector. --Vanessa Bush

--This text refers to an out of print or unavailable edition of this title.

“Philanthropists and charity execs should read [Uncharitable] to ponder, if judiciously, its lessons.”  
•Boston Globe “Pallotta turns on its head the assumption that charity and capitalism should be forever divided. Don’t charitable causes deserve the same kind of competitive forces that work to get results in the for-profit sector? Wouldn’t social causes be better served if charitable organizations were headed by the kind of bright, aggressive executives that work in the for-profit sector? Pallotta traces the history of nonprofit organizations to Puritan notions of charity and self-denial. He also offers a detailed case study of TeamWorks and other trends in the nonprofit sector that only tweak around the edges of a system that is sorely in need of change if it is to deliver on its mission to improve social inequities or cure diseases. A passionate,

thought-provoking look at the nonprofit sector.  "This tome is big-time out-of-the-box thinking that will cause ripples. Yet if you care about charity, it is a must read. While I don't want to lose the volunteer passion and compassion in charitable work, it's high time we confront the fact that, for the most part, this is no longer a bake sale.  Mr Pallotta produces quite a lot of both data and logic. If you do not first analyse a fund-raiser's results, how is it possible to judge whether what it spent was justified? He also makes a convincing case for charities to spend far more on advertising, perhaps even selling shares to pay for it. If this makes you queasy, read Mr Pallotta's book. As he says, "To mount a campaign to convert 6 billion people to love--which is essentially the role of charity--takes a lot of money...Raise the capital to promote the idea by offering a return on investment, hire the best people to manage the effort, and run the advertising to spread the word. You beat capitalism at its own game." 

The earth is round and our current treatment and ideas of charities are about as useful as a flat earth understanding of the world. I began this book with an interest in starting a non-profit...I finished it with the goal of actually solving a human need problem. Neither of which can happen if we dont fix our outdated and dangerous ideas about how charity should work.

I love the idea being argued by this book, but it is an extremely dull read. The TED talk version is more than enough.

Very thought provoking. I enjoyed discussing and arguing these ideas and their feasibility. I was disappointed by the massive scope in the conclusion. I was hoping Pallotta would offer some tips and tricks of handling the status quo. SPOILER ALERT: Instead, he concluded that our whole society needs to change for nonprofits to be successful. That was an discouraging conclusion.

Pallotta turns upside down the way nonprofits have operated for 400 years and has compelling reasons as to why the way they have been run is wrong and evaluations of charities based on percentage of overhead versus AMOUNTS going to the cause makes little sense.

The true value in this book lays not so much in the answers it provides, but in the questions it asks. Why are we disturbed by the pay charity CEOs receive, but not disturbed by the pay that for-profit CEOs receive? Why do we insist that charities "rough it" rather than spend a little more on

infrastructure and investments on increased efficiency? That being said, the book's argument is weakened by two poorly-made points early in the book that affect the strength of his later arguments. Perhaps the number one shortcoming in this book is the order in which his arguments are presented. By starting off with the argument that nonprofit CEOs do not make enough money (only up to a measly \$400,000 or so a year!), the author loses some credibility from the very beginning. At one point, the author argues that CEOs have diminished abilities from their pay being so much lower than CEOs of for-profit firms, due to the fact that they cannot afford to join the same country clubs, yachting clubs, attend the same \$50,000 a seat galas, etc., as their for-profit competitors. By not being able to run in the same obscenely wealthy social circles, they're not able to lobby for the same kinds of funds they could if they were accepted into that crowd. That's a tough sell. The author repeatedly mentions his Ivy League education and the fact that he could have made dozens of millions of dollars a year in the private sector instead of martyring himself to the nonprofit cause for only about half a million dollars a year. It makes the argument sound a little whiny with an edge of bitterness, and may seem very distasteful to anyone who identifies as lower or middle class. Interspersed throughout this argument are claims that the capitalist system is faultless and should be unrestrained for maximum benefit. In the wake of the Great Recession, it makes the argument sound weak. The several Ayn Rand quotes peppered throughout ensure that he has irritated everyone left of center by the first few pages of chapter two. The second weak point is his oversimplification of the history of nonprofits and charity in the United States. He overemphasizes the stern values of the Puritans and completely disregards the enormous impact of Catholicism, Judaism, and other non-Puritan forms of Protestantism - not to mention the history of non-religious charity and nonprofit work revolving around different immigrant groups or people with shared values. He also completely disregards the often scandalous nature of nonprofits in pre-WWII America, and how they were at one point generally believed to be a hiding place for wealth. In doing so, he completely ignores the reasons why nonprofits were ever regulated. His omission of other, less self-punishing religious traditions also ignores the "love thy neighbor" theme that led to the lower pay and lower resource use common in charity. These two rather large mistakes are regrettable, as the rest of his argument is rather sound. Nonprofits should be able to allot more money to advertising, if they feel it would bring in much-needed resources. Nonprofits should be able to take risks and invest in their infrastructure, considering they are competing for the same disposable consumer income as big brands like Apple or Sony. Perhaps most importantly, skewed watchdog group standards deemphasize the effectiveness of charities in favor of an oversimplified "overhead" percentage that false, underregulated reporting could wildly distort. He provides good evidence for

this incorrect data reporting, citing the wildly varying "overhead" reports from similar charities over the same years. His argument could be furthered (ironically, considering his disdain for regulation and oversight) by advocating for the implementation of some sort of federal oversight for compiling reliable data on the work of charity agencies and streamlining what kinds of figures they report. However, as useful as these suggestions by the author are, many readers may have given up on the book after his first two mangled points.

The Book gives interesting insight and makes some good points however the author seems to be making the same point over and over - just different illustrations of it.

This book makes a very compelling argument, that the very design of non-profits (limited admin/marketing, poor exec compensation) hurts their ability to actually solve the problems they were chartered to solve. Very convincing, well researched and fun to read. I've told a dozen people about it already.

While I'm not sure unfettered capitalism is the panacea that Pallotta claims, but many of the ideas he writes about do seem very prudent for non profit success.

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