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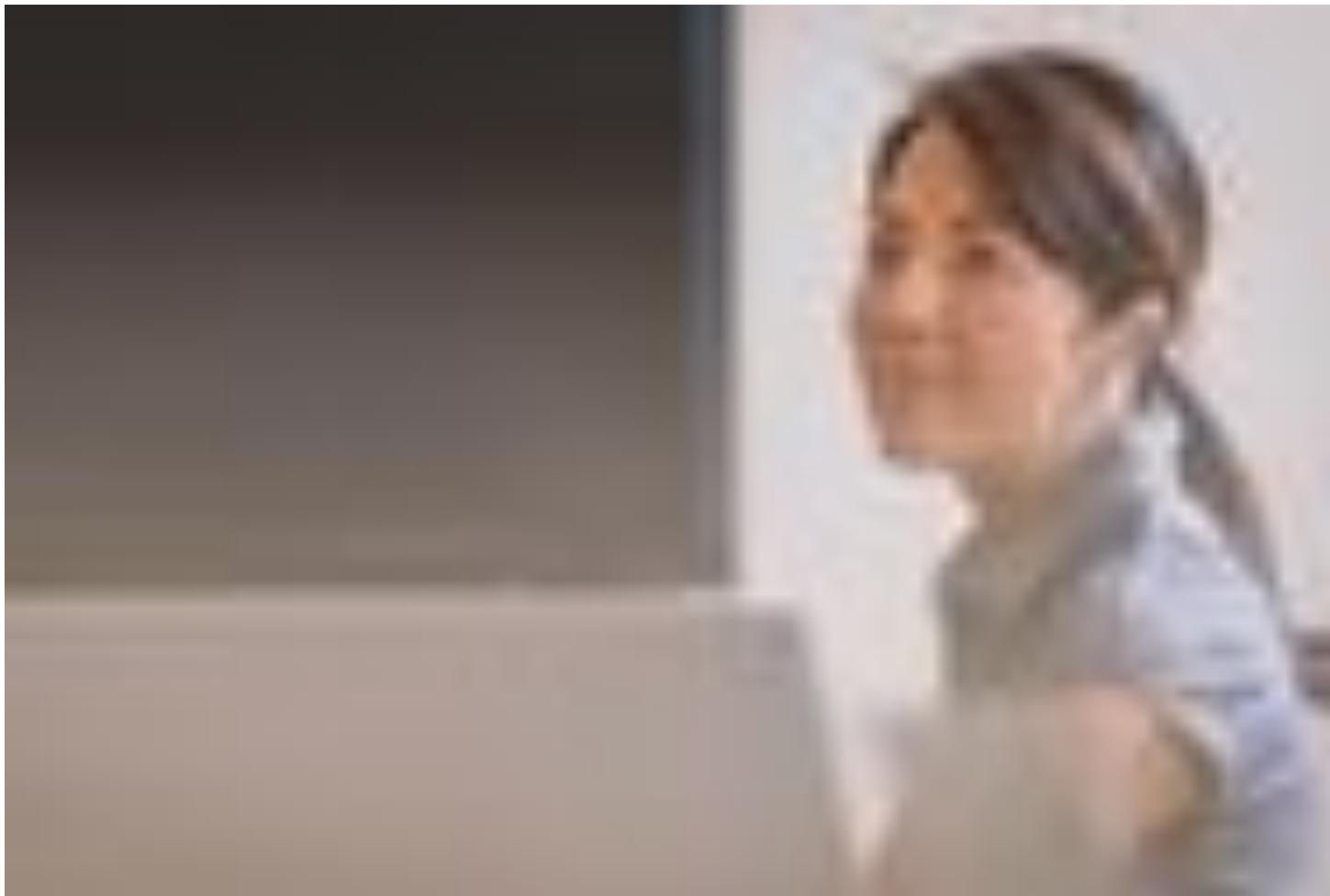
# Why Nonprofit Organizations Should Take Risks More Often -- Even If It Means Failure



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Under 30

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In the for-profit sector, there's a common phrase: fail early, fail often

To corporations, it is known that failure and innovation go hand in hand – you’ll never grow or learn if you can’t [try and fail](#). But for nonprofit organizations, this philosophy is not often exercised.

With limited resources and stringent donor support in a sea of thousands of organizations and often too-strict parameters for nonprofits, many don’t have the capacity to try new programs, services or models in the same urgency and speed as the for-profit sector.

This thought can be tied back to the words spoken by Dan Palotta in his [popular TED talk](#), “The way we think about charity is dead wrong.” In his talk, Palotta discusses the rate of nonprofits growing in comparison to for-profit companies, as well as the talent disparity in the nonprofit sector. And it isn’t good – retention and attraction of top-level talent is waning, and due to negative views toward nonprofit overhead and the lack of competitive pay, [few nonprofits are growing](#) and many nonprofits fail. Perhaps the attitude towards risk and failure could also be to blame – stated by Palotta,

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*“When you prohibit failure, you kill innovation. If you kill innovation in fundraising, you can't raise more revenue; 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.”*

Though purposeful failure is never advised, nonprofits need less *complete* failure and more risk that could introduce *occasional* failure. Often, the ability to take risks and fail is essential for innovation that can lead to growth and impact. Here are three reasons nonprofits need to value risk and failure more in order to make an impact:

- 1. There is no one-size-fits-all in social innovation.**

Every area of social impact or innovation is unique. There are individual people being helped, niche markets being aided and in many cases, regulatory, governmental and compliance considerations to adhere to. For these reasons, it's useless to assume that a blanket approach toward making social impact would succeed, even within the same industry. When you remove one-size-fits-all, you introduce one size *doesn't* fit all, and you make room for testing and experimentation to solve problems. And if getting it tremendously right for the benefit of humanity means multiple times of getting it wrong first, it may be a risk worth taking.

- 2. Failure can create good character and healthy teams.**

Within the nonprofit sector, cultivating healthy teams and employees with good leadership skills is just as important as it is in the for-profit sector. Failure puts character and team dynamics to the test. If the only failure nonprofit teams ever

experience means closing the doors to an organization, fearful risk-adverse attitudes will be developed. For the sake of the organization, the team and the individual, failure and risk can cultivate courage and bravery, essential traits required to have a team that speaks up, brainstorms ideas and is willing to try.

### **3. Every failure brings lessons that may not have been learned otherwise.**

Just as it is in the for-profit sector, some of the most necessary lessons are nested in failure. Nonprofits working on pushing important social agendas must learn these lessons in order to comprehensively serve their audiences, whether they be tackling a human services market, providing shelter to those in need or providing necessary resources like water, food or disaster relief. The work many nonprofits are doing on a daily basis, in both the pressures of the nonprofit sector and the subject matter of their industry, is difficult, and they need the lessons that sometimes only risk and failure provide.

Like the for-profit sector, nonprofit organizations must be granted the ability and flexibility to *try*. In trying new things, perhaps nonprofits will be able to achieve more and spread their impact further and faster than limiting nonprofits in ways such as resources financial capacity, etc.

Fail early, fail often, and if you're a nonprofit organization, start

taking risks more. For many nonprofits, within a failure, or directly after a failure, may exist an answer to solve a critical social problem that may not have been uncovered otherwise.

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