



F U L C R U M
NONPROFIT LEADERSHIP

THE FULCRUM POINT

AN OPINION ARTICLE

Overhead Is Fuel

Stop Talking About It as a Negative



The Fulcrum Point – An Opinion Series

OVERHEAD IS FUEL – Stop Talking About Overhead as a Negative

For decades, the nonprofit sector has allowed one of its most damaging misconceptions to persist: **overhead is bad.**

We apologize for it. Minimize it. Celebrate low overhead ratios as evidence of efficiency. We have conditioned donors, board members, and even nonprofit leaders to believe that money spent on the organization itself is somehow money diverted from the mission.

It is time to change the conversation.

Overhead is not the enemy of impact. Overhead is the fuel that makes impact possible.

People are fuel. Technology is fuel. Fundraising is fuel. Leadership development is fuel. Communications, financial systems, cybersecurity, training, evaluation, facilities, and organizational infrastructure are all fuel.

Without them, mission does not happen.

Imagine praising a hospital because it spends less on technology, training, financial controls, and talented employees. Imagine telling a successful business that investments in its people, systems, marketing, and infrastructure represent money diverted from its "real work."

We would recognize the absurdity immediately.

Yet nonprofits hear versions of this argument every day.

"How much of my gift actually goes to the mission?"

"What percentage do you spend on administration?"

"How low is your overhead?"



Accountability matters. Stewardship matters. Efficiency matters. But **low overhead and good stewardship are not the same thing.**

A nonprofit can have remarkably low overhead while underpaying employees, using outdated technology, neglecting leadership development, inadequately measuring outcomes, and burning out its best people.

That is not efficiency.

That is starvation.

And nonprofit leaders must acknowledge that we helped create this problem. Every time we proudly announce that "90 cents of every dollar goes directly to programs," we unintentionally suggest that the other ten cents matters less.

We need to stop defending overhead and start championing the investments required to produce extraordinary results.

That means teaching our stakeholders a new vocabulary.

Boards, employees, volunteers, donors, and funders should understand that capacity and impact are not competing priorities. **Capacity creates impact.**

Better technology helps serve more people. Stronger fundraising generates more resources for programs. Leadership development helps retain talented employees. Better financial systems protect resources. Strong communications attract donors, volunteers, and partners.

These investments are not separate from the mission.

They make the mission possible.

Starving nonprofits may produce attractive overhead ratios for a while. Eventually, the bill arrives through burnout, turnover, outdated systems, weak fundraising, missed opportunities, declining program quality, and organizational fragility.

And when nonprofits become fragile, communities become fragile.

Nonprofits feed people, educate children, house families, support veterans, care for older adults, advance medical research, protect vulnerable populations, and strengthen communities.



Starving nonprofits ultimately means starving society.

So nonprofit leaders need to become champions for the fuel.

Teach your board. Educate your donors. Equip your employees to challenge outdated assumptions. Explain what investments in people, technology, leadership, fundraising, and infrastructure actually make possible.

The goal is not to build the nonprofit with the lowest overhead.

The goal is to build the nonprofit capable of creating the greatest sustainable impact.

Overhead is fuel.

Stop apologizing for it.

Start championing it.

For more information about Fulcrum Nonprofit Leadership, please visit our website at www.fulcrumleader.com or reach out to us directly via email at hello@fulcrumleader.com.