



“Doing Good” *in the 21st Century*

Seismic shifts in the environment in which organizations, individuals, and networks interested in “doing good” advance their objectives have left many struggling to find a new path to success. Many factors are driving the need for change in the social sector. Economic scarcity and business model failure, policy change and sector blur, generational and other demographic shifts, changing concepts of leadership, and rapid technological advances are all putting pressure on “traditional” nonprofits and philanthropies to think differently and work differently. ***What are the practical approaches, tools, and resources the social sector will need to adapt to these changes and to succeed in meeting 21st Century challenges and opportunities?***

We set out to explore this question in partnership with Emerging Leaders in Philanthropy (EPIP), an organization dedicated to empowering new voices and advancing innovation in the sector. On April 4–6, we launched our joint exploration at the EPIP National Conference, hosting a workshop session to look more closely at some of the emerging trends the sector faces and to surface examples of individuals and groups that are proving their ability to succeed in the new reality. We also asked conference participants to share their views with us on video. Highlights from these activities are now being packaged to share with the sector as a “conversation starter.” Response to this material will inform a developing research agenda around exploring these questions of how the new realities of today’s social sector environment will shape the successes of tomorrow.

New Realities

Business Model Failure – The public sector fiscal crisis and the fraying of the social contract herald a need for a more diversified and robust business model for nonprofit service providers.

Brand Erosion and Reputational Risk – Individual nonprofits and the sector as a whole need to reassert their missions and strengthen their brands.

Leader Shift – New leadership models are being developed and tested, but we have yet to see the future fully emerge as the highly diverse next generation of nonprofit leaders will themselves shape and define it.

Evolving Technological Landscape – Technology can be a game changer, but not all nonprofits have equal access to, or efficacy with, these tools.

Policy – Implementation of health care reform, changes in Social Security benefits, immigration reform, and any number of other major policy shifts will profoundly impact the social sector and those it serves.

Following are just a few of the emergent themes and observations from our April launch. We look forward to building on, refining, and adding to these over the coming months, so stay tuned!

Break Down the Barriers

The nonprofit sector is no longer *the* home for mission-related activity. The business sector is playing a larger role, with the rise of social enterprise and new corporate structures aiming for a triple bottom line. This has in turn drawn the attention of the public sector, which is attracted by new ways of thinking about responsible social investment. Individuals can now choose to work for change through any one of these sectors. Moreover, there is increasing recognition that significant change cannot be achieved by any one sector alone, but only through the efforts of all three working in concert.

Many EPIP session participants and interviewees spoke to us about the need to break down the barriers between the sectors. One called this: “collaboration across sectors in which *every* sector sees itself as part of the ‘social sector’.” Some participants voiced a desire to work with government in a way that leverages complementary strengths and capacities, such as government’s ability to effect policy or to scale solutions through public investment. Several others expressed eagerness to learn from corporate partners and to adopt more “business-like” approaches to marketing, human resources management, and sustainable business models.



Although the dialogue about cross-sector collaboration is hardly new, there are still biases and structural barriers that must be overcome for the sectors to work together effectively. Here, leadership can play a key role. EPIP members, who were spending much of the three-day conference sharing their ideas and experiences about leadership in the sector, spoke readily about the need for “translational” or “boundary-spanning” leadership to build bridges across sectors, noting the increasing propensity of young leaders to “zigzag” from sector to sector over the course of their careers, and in so doing, developing flexible language, lenses, and skills they can use to traverse and break down sector boundaries in service of common goals.

Internal Barriers

Alongside the call for more communication and partnering across sectors, we also heard an earnest interest in redefining the funder/grantee relationship that too often puts foundations and nonprofits on either side of a barrier within the social sector. EPIP has recently partnered with the Young Nonprofit Professionals Network (YNPN) to surface this inherent power dynamic and explore how it can be addressed in direct, healthy, and innovative ways. As a result, EPIP’s membership has a heightened awareness of the power differential between philanthropies and nonprofits, and many workshop participants and interviewees spoke about this need to address unequal power in foundation/grantee relationships, calling for greater transparency, more flexible funding, and creative approaches to gauging effectiveness.

This theme of transcending barriers and bridging worlds is also central to what session participants directly experience as the most diverse generation in our nation’s history: the need to embrace and promote diversity in social sector leadership and governance.

Nonprofit is a Tax Status, Not a Business Model

The Great Recession of 2008–2010 and its lingering aftermath has been a wake-up call across the social sector. With public funding uncertain, and in many places decreasing dramatically, nonprofits must rethink their balance sheets. What five or ten years ago had been a familiar admonition to nonprofits to “diversify your funding sources” has become an imperative to create new funding sources by seeking out revenue-generating opportunities. Many EPIP session attendees and interviewees expressed eagerness to see nonprofits explore and embrace social enterprise models, but also noted that public attitudes, and even attitudes and structures within the sector, make it difficult to accept (let alone support) nonprofits seeking to earn revenue. Listening in to one workshop table discussing this topic, we heard: “Building a business model around revenue is the last thing nonprofits think about. And foundations perpetuate that; we want organizations to be sustainable, but not make a profit. We need to continue to shine the light on this.”

A related thread we heard woven through these conversations was the need to address the varying perceptions of the sector, to more effectively use marketing and PR tools to tell a new story about nonprofits and help the public understand its unique strengths and contributions. We also heard a call for more concerted advocacy by and on behalf of the social sector, one participant noting: “If you aren’t *at* the table, you are *on* it; and right now we are on it.”

Embrace Fast Failure

One of the most prevalent self-criticisms among this audience of emerging leaders in philanthropy was that the philanthropic sector is not nimble enough, nor is it very tolerant of risk-taking among nonprofit grantees. Overcoming risk aversion is important for the sector as it seeks to develop and test new approaches to persistent problems, as well as for individual organizations looking (and needing) to change. Increasingly, we hear entrepreneurs heralding the merit of “failing fast” and “failing forward” as a necessary part of innovation, but philanthropy is still limited by structural and cultural barriers. Session participants and interviewees acknowledged current efforts to foster more boldness in the social sector, including the Case Foundation’s “Be Fearless” campaign and others who have championed the idea of “fail fairs” and other constructive ways of learning from what doesn’t work.

Developing a new and more constructive approach to risk and failure may also involve a reinvention of how the sector develops metrics to measure impact. We need to become more adept at measuring both short- and long-term change, while at the same time being more open to the idea that not all change is easy to measure. This will require creativity, true partnership within and between sectors, and a willingness to “share credit” for both success and failure.

What’s Next

The above is just a sampling of the themes that rose to the surface as we spoke to some of philanthropy’s current and emerging leaders about how the sector might reinvent itself in the new reality moving forward. Although it is tempting to think about navigating this change as “weathering a storm,” we were also reminded that there *is* no going back, no return to the comfortable reality of the “known.” We’re all facing the uncertain future together, and the next chapter of the social sector is the one we will write.

In the coming months, EPIP and La Piana Consulting will create a more comprehensive report on our initial findings, and the implications of these conversations. We’ll share a publication and video clips to help inspire further dialogue as we seek to draw diverse perspectives and the best thinking from around the sector to inform the development of practical tools and resources to support success in the 21st Century. We look forward to continuing the conversation!

