

'Nonprofits' are businesses

Robert Eggers

DC Central's founder calls for a new era of social innovation

For the past six months, the attention of America's leadership has been rightly focused on our faltering financial systems. In the effort to avoid further economic erosion, the government has invested billions in bank bailouts and trillions more in experimental stimulus plans.

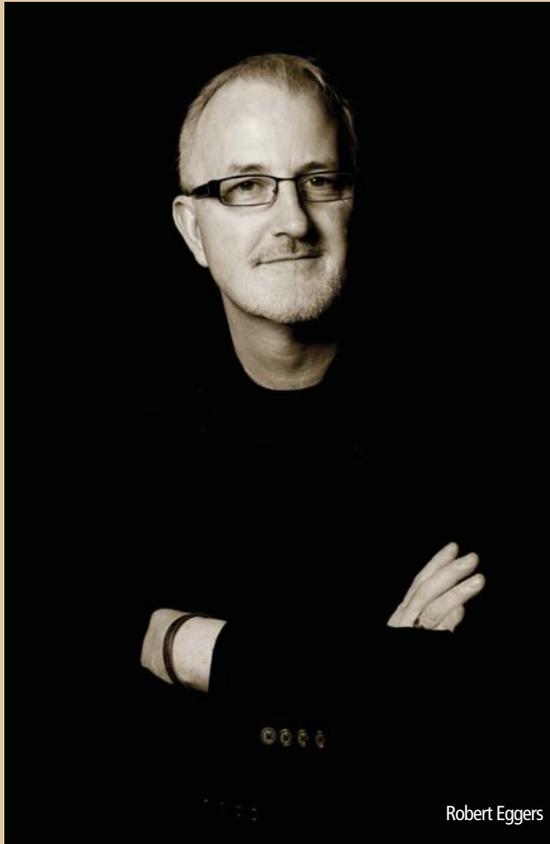
Yet, for all their efforts, legislators seem to be all but blind to an economic engine that exists in every community; a business model with a proven commercial resilience and a demonstrated ability to be an innovative and trustworthy steward of its investments—America's non-profit sector.

Simply put, the ill-named "non-profit" sector in America has proven to be anything but. In fact, a recent economic impact report conducted by the Philanthropic Collaborative conservatively estimates that the \$43 billion that private and community foundations invested in charitable organisations in 2007 (which represents a fraction of the sector's \$1.5 trillion annual revenue) yielded \$500 billion in household income and an additional \$150 billion in government revenue—equalling an almost 9 to 1 return on investment.

Beat that, Wall Street.

Yet, in virtually every national dialogue about our nation's economic recovery efforts, neither the President nor any of our country's elected leaders has expressed an understanding of the current economic contributions of the non-profit sector, or its potential role in righting our country's listing economic ship. In fact, outside of efforts to boost volunteerism, the role and responsibilities of America's vibrant and vast non-profit sector has been virtually absent from any discussions. This must change. The question becomes how?

Learning from the amazing results of the state-by-state grassroots movement that all but delivered the election to President Obama, non-profit groups



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are augmenting the traditional tactic of turning their attention solely towards Washington when seeking to make their needs known or contributions counted. Now, non-profit groups, and particularly those with an interest in the growing international social enterprise and micro-credit movements, are recognising that while top-down legislation has a modest record of success, the real opportunity lies in building city and state-wide partnerships with the goal of electing a new generation of leaders - leaders who come into office fully aware of the promise of the sector and who champion innovative new policies and partnerships to achieve measurable outcomes. And there has never been a more opportune time to employ this tactic.

In 2009, 27 major American cities, including New York, Los Angeles, Miami, Atlanta, Pittsburgh, Minneapolis and Austin will be electing mayors. Two states, Virginia and New Jersey will be electing

governors. And in 2010, in what Nathan Daschle, executive director of the Democratic Governors Association calls "a once in a generation political cycle", 36 states, including California, Michigan, Florida, Illinois and Nevada will elect governors.

This is where a new generation of non-profit leaders sees their opportunity to legally engage in the political process, with a goal of educating both candidates and constituents to the opportunities that lie in channelling the energy, ideals and entrepreneurial skills of the non-profit sector's employees and volunteers.

The process is now beginning to take shape. Following the first ever Non-profit Congress in 2006, non-profit groups throughout the country began to convene local town hall meetings where diverse non-profit leaders came together to determine the issues and ideas that were shared by all organisations. From that vantage point, they have been able to develop questions that they ask all the registered contenders at subsequent candidate forums.

This process has gained more momentum due to the efforts of the Johns Hopkins University's Centre for Civil Societies Studies, which has been steadily calculating the economic impact of nonprofits on a state-by-state basis, adding further credibility to the notion that all candidates must express some level of understanding of the role of the sector, as well as a cogent plan of how they would partner to achieve their vision for their city or state's future.

What do US nonprofits want from this process? The inauguration of a new era of social innovation where we are viewed as equally essential to the economic and social vitality of any community. Once that is realised, then and only then will vibrant new experiments like social enterprise and micro-credit move beyond novelty and into an era in which their true potential is recognised.

But perhaps its most ambitious outcome is to suggest to NGOs throughout the world that the time has come for our sectors' roles, responsibilities and rights to be fully recognised in every election, in every country. The election of Barack Obama inspired the world. In 2010, maybe America's non-profit sector will do the same.