

RUNNING ON EMPTY

By Al Etmanski

This article was published in the Vancouver Sun, Monday, October 20, 2003

Imagine being offered an assignment to escort the cure for AIDS from Vancouver to Halifax. Your mission, if you chose to accept it, has four conditions.

One, you must travel by car -- you are not allowed to find a cheaper or faster mode of transportation. Two, you will only be given enough money to purchase one tank of gas at a time. Three, you cannot save any money resulting from travel efficiencies. Four, no funds are available for preventive maintenance.

This is an impossible mission few of us would accept. Yet, regrettably, this is precisely the situation most Canadian nonprofits are in today.

While under enormous pressure to deal with tough social, health and environmental challenges, the sector operates under conditions that are actually much worse than those described in the imaginary journey above.

Nonprofits were created as an agent for society's caring during the horse-and-buggy era. They are our conscience; our window into the world of those made vulnerable by rapid societal changes; and our incubator of creativity. This responsibility has increased in recent years as more and more government-run services are "transitioned" out of government.

However, if we are to seriously reduce poverty, homelessness, exclusion and environmental degradation within our communities they need better travel conditions. Fortunately, British Columbia is fertile territory for one very successful model -- social enterprise. Social enterprise represents a new way of thinking and acting that mixes the ingenuity and creativity of entrepreneurs with the discipline of business to pursue a social mission. United We Can, a recycling company, earning revenue and employing "dumpster divers" in the Downtown Eastside, is one successful example.

Social enterprise enables nonprofits to innovate and respond in a less dependent fashion. However, funders have created an overly regulated environment in which conformity to the funders' agenda is rewarded and the sector's natural creativity is often stifled.

Consider the context non-profits operate in today:

- Funding for nonprofits is designed on a pay-as-you-go basis. Nonprofits and voluntary organizations in Canada must contend with the increasing tendency of governments and many other funders to only provide short-term project money. They must then try to patch diverse and time-limited project deliverables into a comprehensive strategy.
- Core funding of many voluntary organizations has been dramatically cut in the last 10 years. Core funding sustains organizations and provides continuity. In its absence, they must spend a disproportionate amount of time on fundraising in a highly competitive arena and which diverts them from their primary mission.
- Innovation is discouraged as few funders allocate more than a small percentage of resources to new responses. Nonprofits must, by necessity, focus on funder priorities, frustrating their own discoveries and understanding of what really needs to be done. As a result the creative mindset slips to the backburner and new approaches remain dormant.

An overhaul is needed. Today's nonprofits are running on empty. To get back on track we must recognize and support their entrepreneurial potential. Here are some preliminary suggestions to nurture social enterprise in British Columbia:

- Nonprofits must be able to create and own wealth to achieve permanent social impact. They should be able to use all legal means to earn income, provided it is directed to their social mission.
- Different approaches to governance and accountability should be explored. Models that blend business, nonprofit and co-op structures must be encouraged. Italy, Belgium and the Netherlands offer simpler de-regulated structures and hybrid organizations combined with more stringent rules of disclosure. These are worth investigating.
- Nonprofits need to become more than the sum of their parts. They must become skilled at managing a wide network of private and public partnerships bringing new ideas, resources, people and opportunities to their mission.
- The Income Tax Act should be modernized to encourage charities to contribute to public policy debate as long as it does not become their dominant activity.

Our nonprofits are full of creative problem solvers and social inventors. However, there is only a certain amount they can do on their own. Think how many missions would be possible, if we gave them the right vehicles?

Al Etmanski is executive director of the award-winning social enterprise, Planned Lifetime Advocacy Network, and is one of the first two Canadian recipients of the Ashoka International Fellowship of Social Entrepreneur