Convergence

Demographic Shifts Redefine Participation

Technological Advances Abound

Networks Enable Work to be Organized in new Ways

Interest in Civic Engagement and Volunteerism is Rising

Sector Boundaries are Blurring

Five Trends that are reshaping the social sector

LaPiana Consulting
November, 2009. The James Irvine Foundation.
http://www.irvine.org/images/stories/pdf/eval/convergencereport.pdf

Change is hard

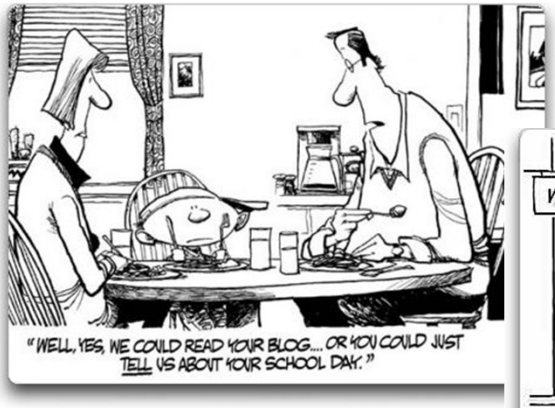
From
Jean Block Consulting
www.jblockinc.com

Don't miss the boat

Change is not optional

"In this changing environment, transformation is not optional."

Demographic shifts redefine participation



Demographic adaptation is imperative

Driving questions:

- How will our organizational *strategy* leverage diverse ideas, approaches and talents in support of our mission?
- How will our *structure* change – board and staff?

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Technological advances abound

"The important questions aren't about whether these tools will spread, or re-shape society, but rather how they will do so."

Clay Shirky

Here Comes Everybody: The Power of Organizing Without Organizations

Not "if" but "how"

Driving questions:

- How do we use technology for advancing our "Return on Insights?"
- How do we adapt our <u>strategy and structure</u> in response to new technology?

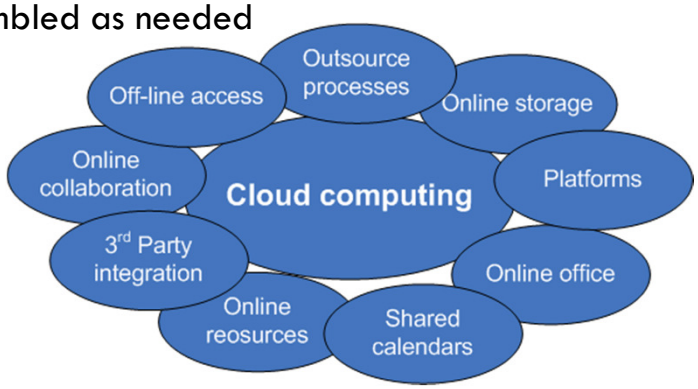
Tips from Beth's Blog:

- Are you actively listening to your customers in the places they frequent online?
- Are you enabling a "culture of rapid response?"
- Are you empowering all members of your teams to think and act like "digital anthropologists?"
- Are you evolving the tools and methods to measure success (i.e. going beyond clicks and impressions)?

--Beth's Blog: http://beth.typepad.com/beths_blog/2009/01/the-new-roi-listen-learn-adapt-return-on-insights-from-david-armano.html

Networks enable new ways to organize work

- Formal organizations are no longer the only way to get things done
- Networks can be formed, restructured and disassembled as needed



Shifts toward cloud organizations

Driving Questions:

- Do we think strategically about network analysis and networked action?
- --or are we still locked into complete internal control?
- Are we comfortable with decentralization?
- Are we ready to become a cloud organization?

Rising interest in civic engagement & volunteerism

"Understanding the opportunities and challenges inherent in the shifting service landscape is a task of the futurist nonprofit."

Matching motivations is a must!

Driving Questions:

- How do we design and manage mission-advancing volunteer opportunities?
- Do we respond to diverse individuals, interests, and time investments?

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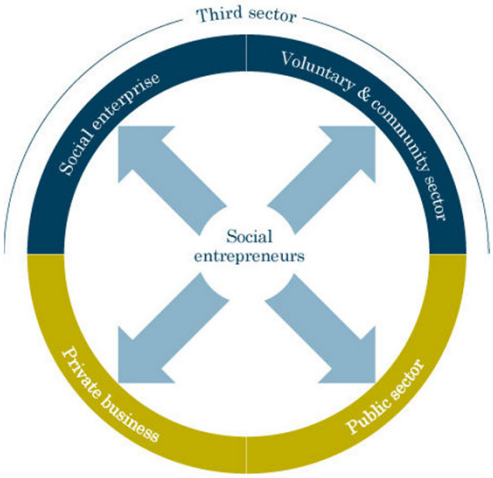
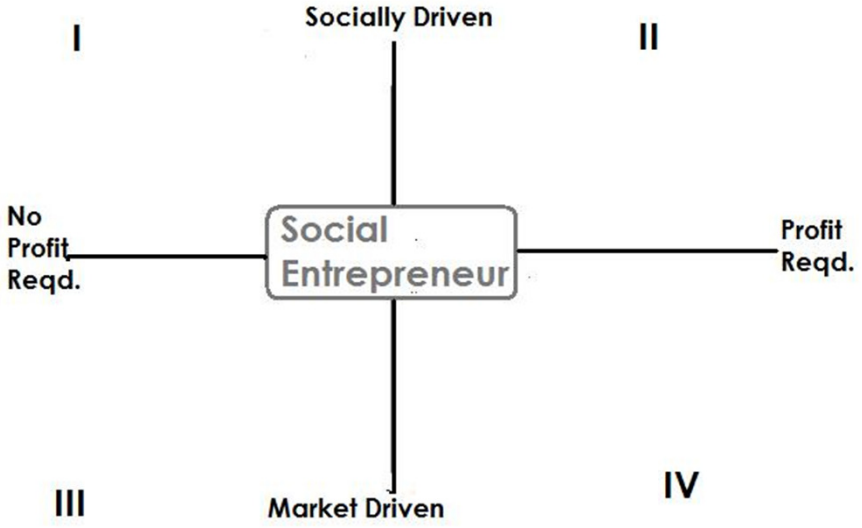
Sector boundaries are blurring

- Driving question: What do we want to accomplish?
- What *structural form* is best suited to our *strategic focus* and goals?



Social Entrepreneurism Matrix



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Rules of the Game

Small Group Exercise – 30 minutes

- In your packet there are five worksheets / 1 per trend
- Work in your assigned small group for 30 minutes in dialogue; exploring this trend's implications
- Use time well so many, but at minimum 1 idea is explored in each of the 3 columns
- Write your ideas on the large wall poster for others to review
- ***Write LARGE, and LEGIBLY for others to easily read from a distance.***

Gallery Walk – 40 minutes

- You will now be given 10 minutes to review and add your own concepts to each of the 4 other trends.
- Rotate to your right to the next trend sheet.
- Rapidly read and add your thoughts to the written conversation.
- At 10 minutes the bell will sound and you will again move to the right to the next trend sheet.
- When done, return to your seat and we'll debrief the exercise.

Demographic shifts redefining participation

"Generational and demographic shifts have profound implications for the future of leadership, organizational culture and structure—demanding innovation and new thinking." Working across generations and in a multi-cultural society is already changing that way we must work. New leadership is *shared* leadership.

What can ***I personally*** do to better respond to this trend? … and what is my next step?	What can ***our organization*** do to better respond to this trend? … and what is our next step?	What could our ***local and regional arts and culture sector*** do to better respond to this trend? … and what is our next step?

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Technological advances abound

"The important questions aren't about whether these tools [social media] will spread, or re-shape society, but rather how they will do so." [Clay Shirky, *Here Comes Everybody*] Social media move people away from authorized spokespersons and focus on personal connections. Communications and messages are no longer controlled by the few.

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Networks organize work in new ways

"The organization as an entity has become much less central and important… We need to be looking at entrepreneurs, programs, organizations and networks of organizations, and thinking about how we organize our work and organize our impact across all four of dimensions, rather than the organization as a central unit of how we get our work done."

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Growing in civic engagement and volunteerism

"for the nonprofit sector to build and sustain the volunteer workforce of the future, it must make a commitment to evaluating cultural assumptions, systems and thoughts inherent in volunteer management and practices." How will you become adept at seeking out, maximizing and leveraging contributions from an ever-wider range of individuals whose commitment to the cause might span from minutes to years?

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Sector boundaries are blurring.

"….a growing emphasis on corporate social responsibility means that social virtue is no longer perceived as exclusive to the nonprofit brand." This blurring, or blending, of the sectors presents rich opportunities for nonprofits willing to adopt the role of futurist on their own behalf and critically examine structural options for getting their work done.

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the James Irvine foundation
Expanding Opportunity for the People of California

FOCUS

Convergence

How Five Trends Will Reshape the Social Sector

Heather Gowdy
Alex Hildebrand
David La Piana
Melissa Mendes Campos

La Piana
CONSULTING

NOVEMBER 2009

Contents

Foreword 3

What's Next? Moving at the Speed of Change 4

Emerging Trends Converge 5
Demographic Shifts Redefine Participation
Technological Advances Abound
Networks Enable Work to Be Organized in New Ways
Interest in Civic Engagement and Volunteerism Is Rising
Sector Boundaries Are Blurring

Key Competencies for Nonprofits of the Future 19
Leadership, Management and Workforce Development
Tools and Technologies
Partnerships and Organizational Structures
A Role for Funders

Charting the Journey Ahead 25
What Will Define Nonprofits?
How Can Technology Help?

Endnotes 27

About NonprofitNext

In December of 2008, La Piana Consulting launched NonprofitNext, a research initiative intended to identify and explore ways in which five key trends will converge to shape the nonprofit sector of the future. Research into these key trends focused on generational and other demographic shifts, the rise and impact of social media and other technological advances, the growing importance of networks as a means for effecting change, the role of volunteerism and civic engagement in society, and the blurring of sector boundaries. Efforts included an extensive literature review, in-depth interviews with thought leaders in the nonprofit sector and related disciplines and conversations with numerous nonprofit leaders and activists representing all levels of nonprofit experience. This exploration of the five key trends yielded important learnings: While each dynamic has profound implications for how nonprofits will do business in the future, it is their interplay that will transform the sector. Key findings are summarized in this monograph and will be supplemented with podcasts, shorter written pieces, resource lists and a blog on the NonprofitNext Web site at www.lapiana.org/nonprofitnext.

NonprofitNext was launched with an initial grant from Fieldstone Alliance. The James Irvine Foundation provided additional grant support for the development and dissemination of this monograph, intended to spur further conversation about these issues.

Foreword

As we witnessed the effects of the economic downturn upon the nonprofit sector, our foundation gave careful consideration to how best to respond in support of the issues and partners we engage with. In addition to developing a range of grant-related approaches to assist our grantees in particular, we commissioned La Piana Consulting to develop this monograph, which seeks to illuminate several key trends — and their interrelationship — which will be especially relevant to nonprofits as they look to the future. Our intention in funding the development and publication of this thought piece is to spark discussion across the nonprofit sector and to have these ideas inform ongoing planning and strategy development, given a new economic reality.

In identifying the key trends discussed in this document, La Piana Consulting drew upon months of conversations with clients and partners in the field, extensive literature reviews and in-depth interviews with thought leaders. In addition to describing key trends, the monograph identifies core competencies for those nonprofits that will be best equipped for the future. While the ideas presented here are the result of careful analysis and synthesis, they are by no means comprehensive. As a result, we are eager for readers of this document to build upon these ideas by sharing their own experiences through the NonprofitNext Web site that La Piana Consulting has developed.

Private foundations occupy a privileged role in the nonprofit ecosystem and, among the contributions they are positioned to make, can help to frame and deepen understanding of key issues facing the sector. In doing so, they inform dialogue and debate, encourage new ways of thinking and doing, and, at their best, advance and accelerate the capacity of nonprofits to achieve their mission. We hope this monograph contributes in a modest way toward these ends, and we look forward to your ideas, which will no doubt expand our understanding as we look to the future.

James E. Canales

President and Chief Executive Officer
The James Irvine Foundation
November 2009

What's Next? Moving at the Speed of Change

The nonprofit sector, like the rest of the nation, has been riveted by the first great economic crisis of the new century. This response is only natural, as the crisis threatens large numbers of organizations with, at the least, hard times, and at the worst, extinction. But this story is not about that crisis. The nonprofit sector is at an inflection point[1] that will fundamentally reshape it long after the recession, when surviving nonprofits find themselves in a new reality — not just economically, but demographically, technologically and socially. We call this shift NonprofitNext.

Already, national and global trends are changing the environment for nonprofits. Thoughtful observers recognize that five years from now the sector will not simply have returned to its previous, pre-crisis state. They know that a fundamental change in Americans' attitudes toward credit, debt, risk, work and philanthropy,[2] coupled with the loss of 100,000 or more nonprofits,[3] will permanently change the landscape. Business futurists see the emergence of near-instantaneous communications compressing time, technology-enabled connectivity shrinking space, and the growth of the knowledge economy valuing intangibles (services) over physical mass (products). They describe how these forces are blurring boundaries and transforming the economy and our role in it.[4] Others observe this sea change from a public sector perspective, noting the challenge to our education system: preparing today's students for careers that do not yet exist.[5] Still others predict that America, over the next generation, will no longer be the world's greatest economic power.

The nonprofit sector, too, is being tested as generational and other demographic shifts change the face of its client base and workforce, technology affords and demands greater responsiveness and transparency, and the blending of the public, private and nonprofit sectors creates new competitive and collaborative opportunities while simultaneously calling into question just what it means to be a nonprofit organization. And this is just the beginning — the most radical changes are likely not even on our radar yet. Although change is nothing new, the highly accelerated pace at which social, technological and economic shifts are now occurring and affecting one another, presents radical challenges and demands increasingly adaptive responses. The traditional approaches of nonprofits, funders and capacity builders will fall short, and the old rules will no longer apply.

For the nonprofit sector to survive and thrive, everyone — nonprofits, funders and capacity builders alike — must become futurists. This does not mean predicting the future (an impossible task if ever there was one) but instead means being attuned to rapid and continual shifts in the environment; continually evaluating and interpreting how organizations can best adapt; and experimenting with new responses and approaches. Being a futurist requires both individual and institutional curiosity, and a willingness to take risks. No one of us can afford to rest on our laurels, assuming that the old ways of doing business will continue to serve us in this dramatically new and ever-changing environment. Nor can we rely on external experts, scholars or think tanks to map the road ahead for us — it is our responsibility to envision and shape the future for ourselves, our organizations and our society.

Emerging Trends Converge

Research identified five key trends converging to reshape the social sector. While each dynamic has profound implications for how nonprofits will do business in the future, it is their convergence that will transform the sector. These trends include:

- Demographic Shifts Redefine Participation
- Technological Advances Abound
- Networks Enable Work to Be Organized in New Ways
- Interest in Civic Engagement and Volunteerism Is Rising
- Sector Boundaries Are Blurring

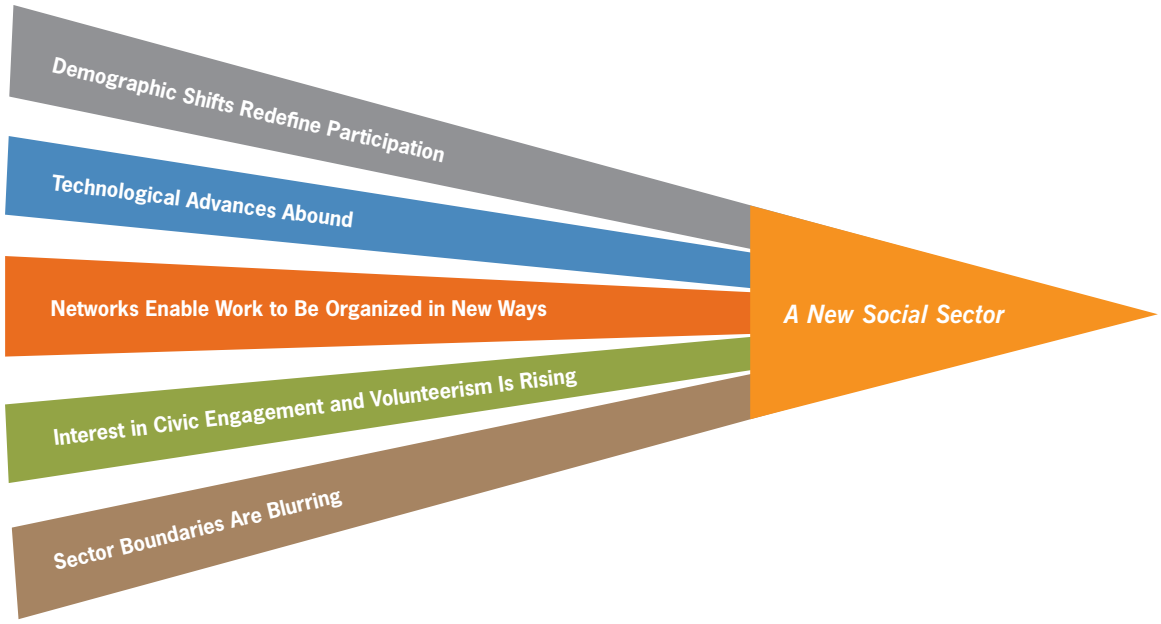
Each of the five major trends is changing the way the nonprofit sector operates. For example, as nonprofits increasingly develop profit-generating enterprises, corporations are becoming increasingly active in the social sphere — and out of this mutual crossing-over, new organizational forms are emerging. In the past, those seeking to create social impact were primarily driven toward a single model — the nonprofit. The future will bring a wider array of structural options and a greater willingness to experiment, as well as a heightened demand for accountability and compelling measures of social value. The driving question will be, "What do we want to accomplish?" Successful organizations will quickly move beyond traditional assumptions about how those goals are attempted and think creatively about structural forms, recognizing that different goals demand new solutions.

At the same time that nonprofit and for-profit social benefit efforts are becoming less distinct, it is of decreasing importance to younger social activists that their activism is identified with a particular type of organization, or with any organization at all. What they do to benefit society, and how they spend their time, are more important considerations than the corporate home for that work. Efforts to engage the younger generations in social impact work will be successful to the extent that they adopt a sector-agnostic orientation that focuses on the end results and is flexible about the means.

Not only are younger generations less tied to any particular organizational form and more open to creating their own structures and networks to advance their social values, they are also entering the workforce with the expectation that technology can be leveraged to solve any problem, or at least to make the effort more efficient. For example, tomorrow's nonprofit leaders are as likely to understand open source technology platforms as the intricacies of fundraising, and they will not hesitate to use one to advance the other. When that works for them, they will share their success instantly with colleagues around the world, perhaps enticing others to devote some of their own creative energy to the cause. As online or mobile activism and networked organizing create new ways for individuals to fulfill their service goals and interests, notions of membership, volunteering and social engagement will be transformed and continually redefined.

Such examples merely scratch the surface. The interconnectedness of each moving part only hastens the pace of change. For example, new groups of people — including baby boomers, next-generation leaders and an emerging minority-majority — are coming together. These players adopt new tools and technologies, such as social media and other capabilities. In their speed of use, ability to network people and facilitate decentralized action, these technologies influence people's values, including work-life balance, desire to participate in real-time, demand for measurable results and expectations of openness and transparency. The interplay between these human- and technology-driven forces creates new norms and structures — and opportunities to solve problems in ways that blur traditional boundaries.

The convergence of key trends is hastening the emergence of a new social sector.



In this changing environment, transformation is not optional. The future will demand a collective rethinking of what it means to be an organization, how individuals define their work and how best to both compete and partner across many permeable boundaries.

The following pages briefly define each of these trends and the impact of their convergence on the sector, highlight some innovative responses already underway and call out unanswered questions for further dialogue among nonprofits, funders and capacity builders.

Demographic Shifts Redefine Participation

Younger generations comprise an increasing percentage of the workforce, and they bring with them new values and expectations around work, activism and the use of technology. This dynamic may challenge the ability of nonprofit organizations to attract and provide a place for this new generation to find meaningful participation.

In addition to the management challenges presented by a new set of workforce values and expectations, the current leadership of the sector is faced with the inevitable task of succession planning. Although much has been made of a possible leadership deficit as baby boomers approach traditional retirement age,[6] the realities of the economic downturn and changing attitudes about work and retirement have redefined the terms of this discussion. The challenge is not so much the wholesale changing of the guard that was feared, but the need to figure out how the generations can work together effectively now and in the future.

The nonprofit sector has always featured an intergenerational workplace, with older workers in leadership positions and younger colleagues in front line or support positions. However, the future will require nonprofits to understand how to share leadership across generations. This shift will be fraught with stereotypes and assumptions on all sides, and complicated by very real differences in the world view of those who experienced the socially transformative Civil Rights Era and those who now follow — less ideologically perhaps, but no less earnestly. There are also significant distinctions in how younger generations value, approach and leverage engagement, transparency, technology, professional development and work-life balance.[7] These differences will have to be negotiated.

Working across generations is but one of the challenges presented by changing demographics — working across cultures will be equally important. Census figures show that by 2042, the United States will be a minority-majority society, and ongoing and shifting immigration patterns are changing the face of countless communities around the country, with profound implications for nonprofits. Additionally, the millennial generation — comprising those born between 1981 and 1999, and also known as Generation Y — is proving more diverse than any preceding generation, with many more young people of color, first- and second-generation immigrants and mixed-race individuals. This diversity highlights how the intersection of generational and other demographic shifts will continue to impact the nonprofit workforce. To succeed, nonprofits must rethink how they serve as well as how they manage. History tells us that this will not be easy. While discussions of the importance of diversity and inclusion are not new to the sector, true progress has been slow. Few nonprofits have progressed beyond engaging diverse populations as clients to reflect the same diversity among management-level staff or in the board room.[8] Fewer still have fully incorporated a racial justice framework into their work, or truly articulated mission- and strategy-driven arguments for inclusion, as opposed to making moral arguments (e.g., "It's the right thing to do") and offering tactical responses.[9]

Could things continue as they are: with slow progress being made by some, while others limit their focus to achieving representational diversity or do nothing to adapt? Perhaps, but future success will require something far different. The corporate sector has already largely accepted that diversity is good for business, feeding innovation and enhancing competitiveness. The business case for diversity in nonprofits is equally important. Just as futurist nonprofits will need to learn to share leadership across generations and to find new approaches to sharing leadership in general, so too will they need to be inclusive of a wider variety of cultural perspectives and the diversity of leadership styles — some unfamiliar — that those bring.

Many organizations and initiatives are working to make the most of what different generations and cultures uniquely bring to the table. These include:

- ***Teach for America*** Since 1990, when 21-year-old Wendy Kopp launched Teach for America, the organization has brought more than 24,000 new teachers into low-income communities across the nation, impacting approximately three million students. Beyond offering a robust system of training, mentoring and providing ongoing support for program participants and alumni, Teach for America extends its commitment to professional growth with its staff Leadership Development System. This internal talent management system taps into the needs and values of younger generation workers and helps develop new leaders by offering stretch assignments — opportunities designed to build their skills and stretch themselves — allowing latitude in their execution and assessing performance based on tangible results.
- ***Generations United (GU)*** Formed in 1986, Generations United is a national membership organization focused solely on promoting intergenerational strategies, programs and public policies. In addition to offering internship and volunteer opportunities for students, retirees and adults transitioning careers, the group provides resources to help its member organizations and others convert from a multigenerational to an intergenerational workforce. In 2009, in partnership with the MetLife Mature Market Institute, Generations United created *Generations in the Workplace: Engaging the Best Talent of All Ages*, a workbook and assessment tool to help organizations identify how they can leverage the talents of each generation to stay competitive and be successful in achieving organizational goals.
- ***The Environmental Support Center*** With nearly 20 years of providing development support to local, state and regional organizations working on environmental issues, the Environmental Support Center has become a champion for diversity efforts in the sector. The center recognizes and promotes the importance of those efforts in the context of the environmental justice movement. In 2008, it completed a four-year effort aimed at dismantling racism that engaged people at all levels of the organization in an intensive process of assessment, discovery and shared learning. Through this facilitated process, the board and staff challenged their assumptions about themselves and their organization, ultimately resulting in a collective commitment to create a new organizational culture. The center shares its experience in a brief report available on its website,[10] and presented its learnings at the 2009 Alliance for Nonprofit Management Annual Conference.

What do you think?

Many next generation social sector leaders are interested in achieving a greater work-life balance — currently not a defining feature of working in the nonprofit sector. They are also less driven by ideology and more interested in solving problems. As corporations offer more opportunities for engagement in solving social problems (e.g., as Google did in allowing a team of engineers to help create All For Good, a Web resource for finding and sharing volunteer opportunities, see p. 18), the nonprofit sector, as a destination, may be less appealing. If this young talent can work for a corporation, make a good living and still do socially meaningful work, why would they choose to work for a nonprofit? Weigh in at www.lapiana.org/nonprofitnext.

Generational and demographic shifts have profound implications for the future of leadership, organizational culture and structure — demanding innovation and new thinking. As Frances Kunreuther, author and Director of the Building Movement Project, which helps nonprofits adopt social change practices, said about working across generations:

> It starts with dialogue and learning how to appreciate each other… but it is more than talking. It is not just appreciation; it is about changing how the jobs are done. How is having a more intergenerational workplace going to change how you work? How will it change the structure of organizations, including boards?[11]

Nonprofits face imperatives to recognize these shifts, to identify the impact they will have on the organization's ability to achieve its mission and to implement workable responses.

Successful nonprofits will:

- Acknowledge and discuss generational differences, diversity, inclusion and cultural competency — and clarify their relevance to organizational effectiveness and the ability to effect social change
- Develop new structures and ways of managing both staff and volunteers to meet generational needs; and adapt to changing workplace values and expectations
- Go beyond generational and representational diversity and focus on developing organizational strategy and leveraging diverse ideas, approaches and talents in support of the mission

Technological Advances Abound

The rise of social media has challenged nonprofits to embrace new ways of connecting and communicating, demanding greater openness and transparency. With the plethora of new technology tools comes the need to improve organizational ability to effectively choose among and use them. For example, there is a tendency for the eager nonprofit jumping into social media to create a single organization-wide Web identity — such as focusing on its CEO starting a blog or Twitter account to enhance online exposure for the organization — rather than featuring individual perspectives. But nonprofits that are effective in adopting new technology understand that in today's social media culture, people want authenticity, not overly marketed messages.[12] They want to hear real stories, from actual participants in a nonprofit's activities, and they also want the opportunity to be more than passive audience members whose social activism is limited to writing a check. They want to be on the inside, co-creating the dialogue. Communication must be continuous, it must be personalized and it must come from multiple sources. This can pose a cultural challenge for many nonprofit leaders, who have long been taught that an organization must speak with one voice and that it should seek to control the message. In this new era, more than ever, such control is an illusion.

As Clay Shirky writes in *Here Comes Everybody: The Power of Organizing Without Organizations*, "The important questions aren't about whether these tools will spread, or re-shape society, but rather how they will do so."[13] Nonprofits shaping their own future must answer this question for themselves. One way in which social media tools are already changing communication is in the disintermediation of information, moving people away from authorized spokespersons and focusing instead on personal connections, or the social graph, a visual representation of how people everywhere are related.

To have a credible voice in this environment, nonprofits need to empower everyone in their organization to be a spokesperson. Michael Hoffman, entrepreneur and CEO of online media and marketing consulting firm See3 Communications, said of this challenge: "You can't speak to large groups at one time… to be present in this social graph means you have to be all over the place. That's a lot of work. If you stick that on one person, you'll never be able to have the real relationships that are the hallmark of this age."[14]

Despite these challenges, the nation's largest nonprofit organizations have actually outpaced corporations and academic institutions in their adoption of social media.[15] It is the rare large nonprofit that hasn't started a blog, created a podcast, hosted a message board, set up a social networking site, or employed a wiki, a collaboratively produced Web site. At the same time, it is social media's very accessibility that makes it especially appealing to small and grassroots organizations, many of which have been at the vanguard of its use. And yet many nonprofits are still struggling to know when and how to use these new tools in ways that truly contribute toward advancing their mission.

Organizations are leveraging social media in different ways. One such example is:

- ***Epic Change*** The organization was founded in 2007 to raise funds to make interest-free loans for community improvement projects in the developing world, and to help those partners share their stories to generate additional financial resources to sustain their efforts. Social media helped bring the storytelling component of the Epic Change model to life in a way that would not otherwise have been possible and has been critical in raising both real and social capital to support the organization's work. For a start-up that has only just hired its third staff person, the low cost of entry to the social media marketplace of ideas was a big draw, as was the opportunity to build its reputation in a highly transparent and open way. Last

Thanksgiving, the organization launched a Tweetsgiving campaign to illustrate how this friend- and fundraising approach leverages all types of benefits. Twitter users were invited to tweet about something they were grateful for in their lives and given the option to make a donation to help Epic Change build a classroom in Tanzania. As a result, the organization generated over 3,500 tweets, met its $10,000 goal and connected with numerous like-minded volunteers.[16]

What do you think?

Using social media and other new technologies strategically and effectively will require a significant cultural shift for many organizations. What distinguishes nonprofits that do this well from nonprofits that don't, and how can those on the front lines change the dynamic in more traditional and hierarchical environments? Weigh in at www.lapiana.org/nonprofitnext.

Other examples of nonprofits that have used Web 2.0 tools — those that facilitate information sharing and collaboration — strategically can be found, along with relevant resources, on a growing number of sites that aggregate tools and tips for using social media in the nonprofit sector, such as:

- ***WeAreMedia.org*** A wiki featuring vetted resources about social media strategies and tools for nonprofits and/or people who work for nonprofits
- ***Nonprofit Technology Network*** A membership organization of nonprofit technology professionals offering research, advocacy and education to support technology use by nonprofits
- ***Beth's Blog: How Nonprofits Can Use Social Media*** A Web site with ideas and information on how nonprofits can leverage social media to achieve their missions

Ben Rattray, founder and CEO of Change.org, a social entrepreneurship venture, observed that the use of new technologies to raise social capital is the wave of the future:

> The biggest trend we see right now is trying to leverage the supporter base organizations have for [more than] just donations: it may be connections, it may be resources outside of monetary donations, it may be knowledge base overall. Instead of [employing] a one-way communication mechanism, finding a way for organizations to tap into the many diverse ways in which their supporters can actually advance the mission. That's happening on Facebook, on Twitter, on Change.org. I think over time you're going to see the organizations that win are organizations that mobilize those resources to get deeper buy-in to the organization — and ironically, not only will they benefit from those non-monetary resources, but also get more donations in the process.[17]

Successful nonprofits will:

- Use technology strategically[18] as part of an overall communication plan, not just because it's novel; and remember that it is a tool for advancing the mission, not an end in itself
- Be clear on goals and expectations, and consider a new kind of ROI: not Return on Investment, but Return on Insights[19]
- Begin by listening… then participate authentically

Networks Enable Work to Be Organized in New Ways

Working with and through networks is not new — the traditional concept of networks includes coalitions, alliances, partnerships, learning communities and various other collections of individuals and organizations working toward a common goal. However, with the advent of new technologies and new norms for working collaboratively, the potential impact of networks is increasing exponentially. The Monitor Institute refers to these new ways of applying network theory and technology to traditional work as "working wikily,"[20] and observes that it allows for far deeper and more meaningful collaboration than was previously possible. It is now just as easy for an organization to learn from and collaborate with an individual located across the globe as with the nonprofit across town. This also means that formal organizations are no longer the only way to get things done; networks can be formed, restructured and disassembled as needed, drawing on dispersed resources that may themselves bring access to new and different networks.

This flexibility poses a threat to the organizational coherence and sense of permanency of large but static nonprofits, particularly those that rely on a socially committed membership for support. Just as the day has largely passed when nonprofits were viewed as charities, so too will the current conceptualization of many nonprofits as institutions — and perhaps even as organizations — give way. Tara Mohr, of Mohr Coaching, a life and leadership coaching firm in San Francisco, said:

> The organization as an entity is becoming much less central and important… We need to be looking at entrepreneurs, programs, organizations and networks of organizations, and thinking about how we organize our work and organize our impact across all four of those things, and less focused on the organization as a central unit of how we get our work done.[21]

This trend presents an array of possibilities for the organization that is willing to adopt the role of a futurist to test its assumptions, and to experiment with new structures and ways of working.

Many organizations and programs are tapping into networked ways of working to achieve their goals. These include:

- ***The Tech Museum of Innovation*** "The Tech" is a museum in San Jose, Calif., that has leveraged both new technologies and the concept of working wikily to crowdsource[22] — a new concept for outsourcing tasks to a group of people or community through open calls or invitations — designs for new exhibits. The Tech Virtual Test Zone, launched in December 2007, invites designers from around the world to use 3-D virtual world Second Life's collaborative design platform to build and test their exhibit ideas, with the winning virtual exhibits being physically installed in the actual museum. Peter Friess, President of The Tech, described one of the many benefits of this approach: "I don't have to have people [designers, engineers] inside my building anymore; the world does it for us. It's a good way to get in touch with people around the world."[23]

- ***The Peer Water Exchange (PWX)*** Founded by the California-based Blue Planet Run Foundation, PWX is a participatory system to select, fund, manage, monitor and share grassroots water and sanitation projects worldwide. Members of PWX's online community submit proposals, comment on others' proposals, approve funding and share impact data. Using this networked approach, PWX is able to manage thousands of individual projects and scale local solutions to the size of the global water problem.

Many grantmaking institutions have also begun experimenting with decentralization and networked decision making on the distribution of grant funds. Some, like **Ashoka**,[24] an association of social entrepreneurs, are experimenting with contests to generate innovative solutions to persistent social problems. There are also many Web sites, such as **GlobalGiving.org** and **DonorsChoose.org**, that allow users to direct their donations to specific projects, which are only funded once the public has committed sufficient resources.

What do you think?

As organizations think more strategically about network analysis and networked action, they will find themselves working with a combination of long-term partners and short-term contributors, some of whom might be considered competitors as well as collaborators. To what extent is trust likely to be an issue, and how can networks effectively overcome the resistance likely to arise from those concerns? Weigh in at www.lapiana.org/nonprofitnext.

Successful nonprofits will:

- Expand their reach and deepen their impact through networks and coalitions of both organizations and individuals, including those enabled by online activism and a mobile workforce
- Use network mapping tools[25] to understand, strengthen and grow those networks on a continuous basis
- Think more systemically about the challenges they seek to address, and about possible approaches and partners
- Organize their work as a collaborative, evolving process, rather than as something they can completely control internally

Interest in Civic Engagement and Volunteerism Is Rising

The election of a former community organizer to the highest office in the nation serves as a vindication of the nonprofit sector and an inspiration for increased civic engagement. Yet much of this energy has been captured by the public sector, led by the Obama Administration, rather than by nonprofits. Together with the rise of opportunities for direct engagement through online activism and virtual volunteering, this puts nonprofits in a precarious position, demanding that they meet rising expectations and prove their added value. In coming years, an unprecedented number of active retirees and a new generation of young professionals raised with community service as part of their everyday life will create a broad pool of potential volunteers — a tremendous opportunity for the sector, but only if it learns to successfully engage them.[26]

Options for volunteering are increasing along with the development of new technologies and online platforms for connecting interested individuals with causes, actions and communities of like-minded activists. Virtual volunteering, where tasks are undertaken at least partly online, is increasing in popularity,[27] allowing individuals to find opportunities that are personally meaningful and a good fit for their skills, regardless of geography. The even newer concept of micro-volunteering — where volunteers help out in small, convenient ways that do not require a long-term commitment to an organization or cause — is also growing. The economic downturn is likely to bolster this trend, as online engagement offers an opportunity to give back in one's spare time, while reducing transportation costs and travel time.

Understanding the opportunities and challenges inherent in the shifting service landscape is a task of the futurist nonprofit. It will not be an easy one. In all the enthusiasm building around volunteerism, nonprofits must take care not to assume that the motivations and benefits are the same for everyone. As Mai Moua, consultant and principal of Leadership Paradigms Inc. in Saint Paul, Minn., observed in a Summer 2009 Letter to the Editor of the *Stanford Social Innovation Review*,[28] volunteerism is perceived and experienced differently among people of different cultural backgrounds. In her work with immigrant communities, Dr. Moua has seen how a culture's orientation toward individualism or collectivism influences individuals' relationship to volunteerism. She notes that "for the nonprofit sector to build and sustain the volunteer workforce of the future, it must make a commitment to evaluating cultural assumptions, systems and thoughts inherent in volunteer management and practices." Here, too, an understanding of generational differences is important. Younger generations, for example, have different expectations around when, where and how work gets done; what constitutes a meaningful contribution; and the nature and longevity of any given relationship with a cause or organization. Nonprofits must design opportunities that both respect and appeal to the needs of an increasingly diverse volunteer pool — or risk seeing that pool turn its attention elsewhere.

What do you think?

Designing and managing meaningful and mission-advancing volunteer opportunities for a diverse array of individuals and interests takes time and investment. How might networks of social benefit organizations work together to make that more feasible for each one individually? Weigh in at www.lapiana.org/nonprofitnext.

Some of the organizations and programs that are taking that diversity into account are:

- ***The Extraordinaries*** This fledgling organization is currently piloting virtual on-demand volunteering opportunities via mobile phone. It is starting with an iPhone application and is in the process of raising funds to develop a version for the Blackberry.
- An increasing number of hybrid work-volunteer programs like **Experience Corps** and **ReServe**[29] offer opportunities for retired professionals to contribute their lifetime skills to improving their communities. Both have been enthusiastically embraced as models for replication.
- ***Serviceleader.org*** This Web site project is a robust resource for information about virtual volunteering and how nonprofits can implement such a program for their own organizations.

Successful nonprofits will:

- Expand their vision of volunteering and create opportunities that take advantage of the tools and options available for cost-effective labor and strategic assistance
- Match their volunteer recruitment, management and recognition efforts to the motivations of an increasingly diverse volunteer pool
- Engage volunteers in meaningful work for the organization that leverages their skills and interests, treating them as partners rather than just another set of hands
- Become adept at seeking out, maximizing and leveraging contributions from an ever-wider range of individuals — including volunteers or staff, full time or part time — whose commitment to the cause might span from minutes to years

Sector Boundaries Are Blurring

A sector-blind competitive environment is emerging where Wall Street investment houses compete with local United Ways and community foundations for donor directed funds and a growing emphasis on corporate social responsibility means that social virtue is no longer perceived as exclusive to the nonprofit brand. Meanwhile, as donor demands for accountability and evidence of impact intensify, regulations that once preserved the unique role of nonprofits are coming under fire.[30] These trends will seriously challenge nonprofits to maintain their tenuous hold on identity as a sector and not just become under-capitalized competitors in an increasingly blended economy. This blurring of sector boundaries creates opportunities for a growing number of public-private and corporate-nonprofit collaborations to share learning and innovation. Some organizations are taking things a step further and becoming hybrid organizations, operating simultaneously in multiple sectors.

Cross-sector collaboration is not a new phenomenon, although its prevalence is still relatively low. What is new is the range of structural options available to individuals and organizations looking to "do well by doing good." One of the newest is the L3C, or low-profit limited liability company. A variant of the Limited Liability Company (LLC), an L3C is run like a business and is profitable, but its primary aim is to provide a social benefit. An L3C can attract various types of investors, as well as accept foundation funds in the form of program-related investments, mission-related investments, loans and guarantees. The L3C is now legal in four states and two Native American tribal communities. While not wholly uncontroversial, its use is likely to become more widespread in the future.[31]

At the same time, 501(c)(3) organizations are straying further outside the bounds of traditional service delivery in order to advance their missions. For-profit business ventures are becoming more common as vehicles for generating ongoing revenue, providing new avenues for social impact, generating positive publicity and even helping to attract and retain staff. When planned well and managed skillfully, they can have a significant effect on long-term sustainability. While some organizations pursue these ventures within their 501(c)(3) structures, others choose to set them up as for-profit subsidiaries.

More traditional businesses are also looking to recognize social and environmental outcomes as legitimate pursuits for private enterprise, and an increasing number are seeking B Corporation status as a means to do so. This refers not to an actual legal structure, but to a designation that for-profit corporations can seek to signal that they use the power of business to create public benefit.[32] While B Corporations are unlikely to become direct competitors for nonprofits' traditional funding sources, they do appeal to both impact investors — those looking to combine financial returns with social or environmental benefits — and individuals looking for a socially meaningful career path. Like other forms of social enterprise, they cannot be ignored by nonprofits hoping to thrive in the new, blended economy.

What do you think?

One of the criticisms of the L3C structure is the potential (as yet unrealized) that these organizations would become eligible for some level of tax exemption, as 501(c)(3) organizations do now. At the same time, challenges to the tax-exempt status of traditional 501(c)(3)s continue. In the future, where do we draw the line? Should tax-related benefits be limited to 501(c)(3)s, or is there merit in extending these — even if at a lesser level — to other organizational forms? Among 501(c)(3)s, are all equally deserving of the full exemption, for example the symphony and the soup kitchen? Weigh in at www.lapiana.org/nonprofitnext.

Norms around how nonprofits do (and do not) engage politically are also shifting. Nonprofits are becoming increasingly active in the political sphere, taking advantage of the Internet and the ubiquity of social networks to participate in — or even initiate — public debates.[33] There has been an explosion among nonprofits creating 501(c)(4) advocacy groups and even political action committees to raise and funnel money into political action, an area of activity traditionally ignored by nonprofits.

This blurring, or blending, of the sectors presents rich opportunities for nonprofits willing to adopt the role of futurist on their own behalf and critically examine structural options for getting their work done.

Some organizations that are blurring the sector boundaries and testing new organizational forms include:

- ***World of Good Development Organization*** Founded in 2004 in Emeryville, Calif., World of Good aims to increase the economic livelihoods of women living in poverty in developing countries. It does so through what it calls a hybrid enterprise structure, operating a for-profit business and a nonprofit organization. Each is independent, and each takes a different approach to advancing the overarching goal of alleviating poverty. By employing both, World of Good is able to make a greater impact — the business entity engages in the marketplace to build supply and create demand, while the nonprofit works to strengthen international wage standards and economic development in worker communities.
- ***Fractured Atlas*** Founded in 1998, the organization began as a performing arts producer in New York City. The aftereffects of the terrorist attacks of September 11, 2001, threatened to close Fractured Atlas' doors permanently, but instead, it reinvented itself as an arts service organization in 2002. Since then, it has launched a broad range of programs and services for arts groups and individual artists around the country, including a fiscal sponsorship program, the Artists Affordable Healthcare Initiative, liability insurance, professional development and advocacy. Much of Fractured Atlas' success comes from its innovative use of technology to increase efficiency and decrease costs. Its proficiency in this area prompted it to launch a for-profit subsidiary, Gemini SFB, which provides information technology consulting and custom software development to nonprofit organizations and government agencies and generates profits to support Fractured Atlas.

Successful nonprofits will:

- Remain centered in mission-driven activity, articulating a clear purpose and compelling theory of change
- Be creative in considering and pursuing cross-sector partnership opportunities, alternative sources of revenue and structural alternatives to the traditional 501(c)(3) organizational structure
- Be proactive and adept in leveraging both collaborative and competitive strategies to fulfill their mission

While the L3C form is still fairly new, several dozen have already been incorporated in Vermont alone. Examples include CoolPass, which offsets carbon to reduce greenhouse gas emissions. It uses a significant portion of its sales to fund its Assisted Home reduction program and assist low-income homeowners with EnergyStar appliances and home upgrades. Radiant Hen Publishing partners with nonprofits and companies to publish books that teach social and environmental values, while also incubating new authors and artists and giving back to the community.

Innovation Challenge: California Nonprofits Respond

While these dynamics will reach every corner of the sector, it is not surprising that California, at once a hub of social innovation and a center of economic volatility, is grappling with many of the effects of these trends first. California's tradition of generating new ideas and testing new social arrangements makes the state's nonprofit response to these challenges worth watching.

Cornerstone Theater Company Cornerstone is a multi-ethnic, ensemble-based theater company based in Los Angeles that works with typically marginalized communities to put stories on stage that don't typically reach the stage. Its desire to build bridges between and within diverse communities has led it to turn its attention to issues facing neighborhoods, communities of faith, groups that share culture and language and issues of justice, focusing on how laws shape and disrupt communities.

In 2007, Cornerstone found a new way to leverage its commitment to social issues and marginalized communities — through a one-of-a-kind cross-sector partnership with California-based pharmaceutical giant Gilead Sciences, Inc. The unlikely collaboration was born out of a common concern about the disproportionate impact of HIV/AIDS on the African American community. Gilead, a major supplier of HIV medications, knew that despite advances making these drugs more effective than ever before, their efficacy is dependent on patients' health literacy, or knowledge of how to access and use them. It had been struggling to bring this message about advocating for one's own health to patients in a way that would be heard and embraced. When Cornerstone proposed creating a series of short plays to increase exposure to these issues among African American communities, both sensed the promise in such a collaboration.

Cornerstone's approach to theater, in which the community is a participant, not just an audience, served as an ideal vehicle for creating deeply personal pieces highlighting the importance of treatment and patient empowerment. Gilead has been a valuable partner, ensuring that the material is about the issues, not about its products, and helping to promote the productions in cities across the country. The partnership has gained the attention of other arts organizations, and discussions are underway to expand the series into Spanish-language productions, and to develop a toolkit for other nonprofits and businesses that might use this collaboration as a model.[34]

All for Good The recent partnership between California's own Google (a major corporation) and Craigslist Foundation (a nonprofit) to create the national volunteering website www.allforgood.org is a prime example of cross-sector collaboration and innovative uses of technology to open doors to greater civic engagement. Inspired by President Obama's national call to service, All for Good is an open-source tool that provides a seamless search interface for volunteering activities across numerous nonprofits. It also makes it easy for users to share and access volunteer opportunities with friends through Facebook, MySpace, Twitter, and other popular social networking platforms.

Not only is the resource a prime example of a nonprofit/for-profit collaboration, its creation was enabled by Google's corporate philosophy valuing innovation and civic engagement among its employees. The company encourages engineers to spend one day a week working on projects that aren't necessarily part of their job descriptions. It was this 20 percent time allocation that enabled a group of engineers, designers and program managers to begin to develop All for Good. In this way, Google was able to advance its mission of helping people find the information they need while promoting and facilitating community service and the work of social sector organizations, and increasing its workforce's job satisfaction through engagement in a meaningful enterprise.

Both of these examples illustrate the role of cross-sector partnerships in finding new approaches to creating social value. Cornerstone adds value as a partner with its cultural competency and expertise in delivering accessible community theater experiences. All for Good leverages an array of new technologies and social media to reach an increasingly diverse volunteer pool interested in social engagement. Yet these are only two of many ways in which forward-thinking organizations have experimented, building on existing strengths to respond to emerging trends and create something new.

What organizations or groups in your communities have made similar strides in recognizing and responding to key trends? Add your ideas to our blog at www.lapiana.org/nonprofitnext.

Key Competencies for Nonprofits of the Future

So what does all this mean? The convergence of the trends outlined on the preceding pages is changing the landscape for mission-driven organizations and individuals, increasing both the complexity and the urgency of their work. The challenges are many. To meet them, nonprofits must first recognize them and uncover the opportunities they bring, while managing the accompanying uncertainty and risk. They must also cultivate a willingness to experiment with creative responses. In other words, they must be futurists. Doing so will require that they reevaluate and even reinvent the roles, structures, systems and norms that define their organizations today. They must embrace the new ways of working that are both demanded and enabled by a changing workforce, emerging technologies and an evolving marketplace. As they strive to effectively adapt to the new environment in order to achieve greater social impact, nonprofits will need to build their capacity in three key areas: 1) how they lead and manage people; 2) their facility with new tools and technologies; and 3) their strategic use of partnerships and new organizational structures.

Leadership, Management and Workforce Development

Skilled leadership will be essential to the sector's ability to successfully navigate the trends described in this monograph and the changes these trends bring about will call for a rethinking of the concept of nonprofit leadership, writ large. More than a response to generational shifts — and who is doing the leading — this will require that nonprofits look at how their organizations will be led in the future. As Shiree Teng, an independent consultant, noted:

> It's interesting to look at recent studies on nonprofit leadership deficits. That's very conventional thinking — "replacement thinking." I think generational shift, along with trends related to diversity and technological advances, will change how we look at the leadership pipeline. Less replacement theory, more demand to revamp the executive director job so [it is] more doable. [We need to] increasingly look at the single leader model... and challenge that assumption of "leader." We need to move to more shared leadership for organizations.[35]

As the sector grapples with how to bring more young people and people of color into positions of leadership, it must also recognize that old leadership models may no longer apply. Juana Bordas, in *Salsa, Soul, and Spirit: Leadership for a Multicultural Age*[36] argues that traditional modes of leadership based on a Western or Euro-centric sensibility may be less well suited to an increasingly diverse workplace than the collaborative and adaptive leadership practices she sees rooted in other cultural traditions.

Nonprofits need this adaptive leadership capacity now more than ever.[37] Navigating the convergence of all these evolving trends and their many permutations will require intense curiosity and willingness to learn, the ability to work as part of a diverse group and lead as part of a team, and openness to testing new ideas and challenging the status quo. It will also require the futurist's frank acknowledgement that the world is changing daily, and the tools, strategies, and approaches that work now may be irrelevant in five years, five months, or even five weeks.

Nonprofits of the future will also need to abandon overtly hierarchical management structures and adopt more collaborative cultures, both to meet the needs of a new workforce and to effectively adapt to new technologies and network models. For example, Generation Y workers are considered the experts in social media; they understand how it works and adapt it to their own purposes. To use these technologies strategically and fully integrate them into how they do business, nonprofits will need to give their youngest workers a place at the table in high-level organizational planning and decision making. This may be challenging for nonprofit leaders reluctant to grant such access to young and relatively inexperienced workers. Likewise, new ways of communicating demand a more personal, authentic, and immediate approach to messaging, where everyone is a potential spokesperson. This, too, represents a shift that may be difficult for nonprofits that rely more on carefully crafted and controlled messages from official voices.

Talent development is key to engaging the next generation of nonprofit professionals as well as increasing engagement among communities of color. Nonprofits will be challenged to recruit and retain diverse, high quality staff — particularly in an environment of increasing competition from corporate and public sector employers offering nonprofit-like, mission-driven work experiences, often with better pay. Stephen Bauer, Director of the Initiative for Nonprofit Sector Careers at American Humanics, warned of the consequences of ignoring this human resources imperative:

> Our sector has a poor record in supporting the HR function. Nonprofits and funders alike need to prioritize the HR function in our organizations and its role in developing our workforce. We are used to having just a few dollars for overhead that more often goes to things like rent and computers. In our drive to put mission first, sometimes the staff are sacrificed. There are some funders out there that have taken the initiative in supporting effective HR functions and staff development, but if we don't do more to take care of our own folk, we are going to lose them to other sectors.[38]

The sector is only as strong as its workforce. To attract and develop the leadership, ingenuity, and commitment needed to do this important work, nonprofits will need resources and information about recruitment, retention, mobilizing non-traditional workers, succession planning, and new models of shared leadership and management.

Emerging and accelerating trends will demand that nonprofits also examine their organizational culture on a deeper level, challenging the sector to look at how it lives out its core values. If nonprofits care about economic and social justice, what does it mean that many nonprofit workers do not make a living wage, or that organizational leadership is still predominantly white? If the mission of so many organizations is about improving health and quality of life, what does it mean that it is the rare executive director who maintains a sustainable work-life balance? The arrival of Generation Y, the most diverse generation the nation has yet seen, brings a new set of values and expectations that will prompt the sector to reexamine how well it is walking its talk in many of these areas.

Tools and Technologies

At any given time, dozens of new and emerging tools — as well as many more that are not so new, but are not yet widely adopted — are available for volunteer engagement, fundraising and friendraising, working wikily, engaging and managing a dispersed and mobile workforce, and just about everything else an organization might want or need to do to advance its mission. It is tempting to jump on the technology bandwagon and forge ahead. But the sheer number of new technologies entering the marketplace from one month to the next presents a major strategic challenge to nonprofit leaders. Understanding the options, recognizing those tools and technologies with the greatest potential for positive impact within a given context, and deploying them in a thoughtful and strategic way are all critical and take time. Having a Facebook page might be the norm now, but if the culture doesn't support it and the business case isn't there, it may just end up expending energy without yielding any significant return.

Of all of the technologies now available, social media attract perhaps the most attention. Social media are not only a revolutionary collection of tools for communicating, affiliating, and organizing ourselves — they are essentially free. By their very nature they are broadly available to anyone with a computer and Internet access — or increasingly, just a mobile device like a cell phone. The potential to engage so many for such a negligible capital outlay makes social media an ideal tool for nonprofits to master. For example, using an inexpensive digital camcorder, free video editing software, the expertise of a staff member or volunteer with even rudimentary knowledge of video production and accounts on several social media sites, a nonprofit can produce a highly sophisticated and compelling video clip and immediately broadcast its message globally.

These new tools cannot be expected to simply replace the old, however — sending the same tired message through a new medium is not the answer. For an organization to credibly and effectively communicate with its constituents, communication must be two-way. As Michael Hoffman, the online media and marketing consultant, reminded us: "social media is really about conversation," and nonprofits can leverage this by "[treating their] wider constituents the way a lot of organizations treat their Board of Directors," helping them feel vital and connected. This is not a task to be taken lightly. When executed successfully, broad-scale engagement of constituents has the potential to fundamentally change an organization's power structure. The greater the stake that constituents feel they have in your organization, the more they will want to be heard and involved. The nonprofit of the future must understand and be ready to account for this dynamic before attempting to employ technology in this way.

The dynamics created by converging trends offer opportunities for nonprofits in situations like this. The successful nonprofit of the future must consider who is on board and in what positions to help deploy new technologies effectively. One obvious place to look is to the younger generations that, having grown up with it, are well-attuned to both the possibilities and pitfalls of technology. According to author and consultant Peter Brinckerhoff,

> The nonprofit future depends on successfully embracing technology for mission, not just using it. Until we use it to its max to lobby, spread the word, get donations, and the like, we won't survive. The people who understand this are under 30. So I tell boards, "you need to have someone who truly understands technology and its impact on society on your board." [39]

A nonprofit must engage the thinking of staff and volunteers of all ages to generate a common understanding of the technology that is available and how it impacts the way relationships are formed and maintained among people as well as between people and causes.

The true challenge of harnessing technology to advance a social mission goes beyond just using it effectively, however. The speed of technological change is always increasing, and the tools we use today may well be outmoded by the end of the next strategic planning period. When Second Life first launched, few nonprofit leaders sat down to think about how it could be used to leverage or enhance their mission-related work. And yet noted previously, The Tech Museum of Innovation did just that, and has reaped great benefits. Many are already heralding the incipient arrival of Web 3.0, hailed as the "semantic web" for its emphasis on the meaning of data. While it has not yet been fully conceived, its potential to produce a quantum shift in the way people interact with information is undisputed. Once again it comes back to culture — openness, experimentation and even risk-taking — and the capacity of leadership to identify and implement tools wisely. Having a cogent, thoughtful, and flexible technology strategy may be one of the most important requirements of success for the nonprofit of the future.

Partnerships and Organizational Structures

The shifting environment creates numerous opportunities for nonprofits to partner with others in new ways, at the same time that it brings new competitive challenges, often with those very same players. Being able to recognize when to collaborate and when to compete — and having the capacity to move with confidence between the two — will be key to nonprofits' ability to survive and thrive. This will require that nonprofits know what they uniquely bring to the table, that they have a realistic and objective understanding of their own value proposition, and that they remain open to the growing array of possibilities that may have been unavailable or unthinkable not so long ago. David Eisner, former CEO of the Corporation for National and Community Service, sees this capacity as a key to nonprofits' readiness to participate in a faster-paced world:

> Organizations must become more facile around all sorts of dynamics, from "co-opetition," where an organization they are competing with they must also have to cooperate with, to understanding joint ventures, mergers, and acquisitions activities. The geographic world is changing dramatically. In the business landscape, there have been massive changes about how organizations are meeting supply; a lot of big nonprofits have not been able to restructure themselves to meet these new realities.[40]

Just as a willingness to experiment with different configurations of leadership and forms of partnership will be keys to success, so too will an openness to creative structural responses. Frances Kunreuther looks to these hybrid organizations as a future trend:

> Structural change is hard because people don't know what to do. People are thinking, "How do I not mess up?" Nonprofits are not allowed to fail… The structural question is: "Why can't we break out of this?" Maybe the hybrid ones are the ones that are going to break out.[41]

Again, seeing with the futurist's eye may help nonprofits realize the full potential of collaborative, competitive — or "coopetitive" — relationships, regardless of the legal structures of those involved. Although the nonprofit sector has historically had a monopoly on doing good, nonprofits now must consider public agencies, for-profit corporations, networks, and even informal collections of individuals among their potential competitors and partners. What does it mean for the sector when nonprofits are no longer society's preferred way to accomplish social goals? Some already argue that the best way to address important social causes is with a for-profit, market-based solution. This thinking directly challenges nonprofits to develop a strong case for their uniqueness, a keen awareness of their core competencies, and an honest appreciation of what they can accomplish better than anyone else, or any other approach. They will need to decide where they are the strongest competitor, where they should partner with others, where they will strategically choose to cede ground, and whether their current nonprofit structure is the most effective approach for achieving their goals. The capacity to identify, create, adopt, and revise an array of creative structural alternatives will become a defining feature of the successful nonprofit of the future.

A Role for Funders

The challenge of the future is not for nonprofits alone. Much of what will be required of nonprofits in the future involves breaking down institutional walls, and seeking and leveraging resources and expertise from a diverse array of partners, both within and outside the sector. In many cases, funders must be willing to depart from traditional funding models in order to enable these kinds of innovations. If not, they will stymie the sector's attempts to transform itself.

For example, nonprofits are hampered in their ability to proactively assess and respond to the five key trends by a funding model that emphasizes program support, allowing little investment in organizational infrastructure. Not having the same access to capital — and license to spend it — as their for-profit counterparts, nonprofits are at a disadvantage in competing for talent, being at the cutting-edge of innovation, and ultimately maximizing their impact in the community. Brinckerhoff observed:

> The ability not to make a profit means the ability not to have capital to invest in innovation, best practices, or [deal with] the fact that "the environment has changed and I need to go back to school to learn how to lead more" or "I need to have someone on our staff spend half their time worrying about our tech policy." As nonprofits, we can't set money aside in a fund; you have to spend all the money according to the norms, which are "If we are not poor we are not holy." This gives us no cushion to thinking strategically. If nonprofits always budget just to break even, they can never grow and help more people.[42]

Both funders and capacity builders can play a critical role in supporting experimentation with new organizational models, innovative decision-making structures, different configurations of leadership, etc. The fear of failure in the eyes of funders is a powerful restraint on innovation that — now, more than ever — inhibits nonprofits from evolving in new and successful ways.

Funders can support experimentation with new structures by making greater use of PRIs (program-related investments) or expenditure responsibility provisions in the IRS code which allow grants to be awarded to non tax-exempt organizations. The funder of the future will think more boldly and creatively about what is possible, without being confined to practices that may merely shore up a broken organizational model.

Funders must not only be willing to encourage nonprofits to innovate so they can succeed in a changing marketplace; they should also model what innovation and partnering can look like. Lucy Bernholz, of Blueprint R&D, which provides consulting services to foundations and grantmakers, noted several examples of innovative models for applying philanthropic resources:

> There are some very significant, financially savvy, philanthropically led collaborative efforts that deeply engage with market incentives to change the issues they care about; whether it is a group of funders who would like to influence the vaccine market, or seven to eight funders trying to stop the building of coal-powered plants in the U.S. through a series of grants for policy changes and market incentives for alternative fuels. It is about trying to change policies or trying to build alternative markets — that is a quantum leap in financial sophistication about how to use those resources.[43]

Charting the Journey Ahead

The preceding pages have described five key trends facing the nonprofit sector, highlighted examples of innovative responses and posed just a few of the many questions raised by each. While each trend is important in and of itself, the convergence of these trends is where transformational action occurs. To meet the challenges and opportunities presented by this convergence, nonprofit leaders, funders, capacity builders and others seeking to create social change or to deliver social benefit need to recognize the shifts taking place and feel the urgency of those challenges. We must engage with partners, colleagues and competitors, collaborating to build a future vision and enhance the nonprofit sector's capacity to adapt, respond and experiment in creative ways. In other words, we must all be futurists.

What Will Define Nonprofits?

To adopt the role of futurist also demands that we ask ourselves and our organizations some difficult questions, such as:

- Are we truly and effectively engaging the right individuals, communities, and networks in our work? What elements of our culture might be holding us back?
- What are we positioned to do uniquely better than anyone else? Is a 501(c)(3) the best structure to accomplish this goal? Do we even need to be an organization to accomplish our work?
- How do we keep on top of ways that our environment is changing? Are we as prepared as we can be for the uncertainty that is the future, and if not, what can we do to change that?

Such questions are useful only insofar as they promote open discourse and exploration, both within and outside of organizational walls. The richness of the discussion will depend heavily on the number and diversity of perspectives included. These are not just discussions for the board or senior management, but for all those who care about the organization's mission.

Creating social benefit is both a personal and professional goal for an increasingly diverse set of players who bring evolving needs and expectations, are informed and enabled by emerging tools and technologies, and are increasingly emboldened to create new organizational structures to achieve common goals. The question for the nonprofit sector is what role it will take in this increasingly rich and complex environment. The sector's traditional role as the natural home for social benefit activities can no longer simply be taken for granted. It must reinvent its role, continuously, beginning today, or risk being left behind.

While individual and organizational responses to environmental shifts are of critical importance, the real challenge — and promise — lies in how the sector will respond at a systemic level.

How Can Technology Help?

Technology, which is a significant driver of change, also affords powerful tools for collective thinking and action to position the sector to be proactive — not reactive — regarding these trends. Nonprofits must ask:

- What if the sector launched an open-source process for identifying and aggregating important new challenges and cutting-edge ideas?
- What if the sector employed social media tools to engage both professionals and volunteers in designing new approaches to service delivery or grantmaking?
- What if the sector explored creative competitions to spur collaboration and knowledge sharing?

Faced with life at the speed of change, we have before us a monumental opportunity to co-create a platform for understanding the shifting landscape and to support experiments that innovate the changes we wish to see. We owe it to the causes we all care so deeply about to seize this opportunity both individually and collectively.

Where will you take nonprofits next?

Endnotes

[1] An inflection point, in mathematics, is the point on a graph at which the curve changes from positive to negative – or vice versa.

[2] Eric Beinhocker, Ian Davis, and Lenny Mendonca. "The 10 Trends You Have to Watch." *Harvard Business Review*. July/August 2009, pp. 55-60.

[3] In 2008, NYU Wagner Professor Paul Light forecasted the closure of as many as 100,000 nonprofits in the coming year. (See: Paula Wasley. "100,000 Nonprofit Groups Could Collapse in Next Two Years, Expert Predicts." *Chronicle of Philanthropy* 21 (4); 19.) In May 2009, United Way of the Bay Area reported on survey findings suggesting that one-third of Bay Area nonprofits fear they may cease operations within the next year. (See: "One-third of Bay Area Nonprofits Struggling to Survive, According to United Way Survey." Press Release: 5/28/09. United Way of the Bay Area. Available at: www.uwba.org) And in July of this year, the Urban Institute reported that 57% of Washington-area nonprofits had less than three months of operating reserves (the industry standard) in the bank in 2006, indicating the vulnerability of many organizations even prior to the recent downturn. (See: Amy Blackwood and Thomas H. Pollack. *Washington-Area Nonprofit Operating Reserves*. The Urban Institute. July 2009.)

[4] Stan Davis and Christopher Meyer. *Blur: The Speed of Change in the Connected Economy*. (Grand Central Publishing, 1999).

[5] This, and other "speed of change" food for thought, is featured in Karl Fisch's popular and oft-forwarded "Did You Know?" viral PowerPoint. http://thefischbowl.blogspot.com/2006/08/did-you-know.html

[6] CompassPoint's 2001 Daring to Lead report, and its 2006 follow-up study, first brought this issue to the forefront, predicting an exodus of some 75% of experienced nonprofit leaders. Concerns were heightened with the publication of The Bridgespan Group's 2006 report *The Nonprofit Sector's Leadership Deficit*, suggesting that the sector will be pressed to fill vacancies requiring more than twice the number of current leaders over the next decade.

[7] For a view of the nonprofit leadership deficit from the perspective of current and future nonprofit leaders from Generations X and Y, see NP2020: *Issues and Answers from the Next Generation*. http://np2020.wikispaces.com/file/view/NP2020_Web.pdf

[8] Daring to Lead 2006 reported that nonprofit leadership is overwhelmingly (83%) white.

[9] Soya Jung, with Maggie Potapchuk, Rinku Sen and Lori Villarosa, *Catalytic Change: Lessons Learned from the Racial Justice Grantmaking Assessment*. Applied Research Center. May 2009.

[10] See the Environmental Support Center's summary of its dismantling racism initiative at: http://www.envsc.org/resources/Microsoft%20Word%20-%20ESCs%20story%20final%20_2_.pdf

[11] Telephone interview conducted on May 6, 2009.

[12] For example, during the 2008 presidential campaign, David Plouffe, Barack Obama's campaign director, conducted online campaign strategy briefings for supporters featuring him sitting in a small office, apparently giving the briefing over his laptop's webcam, talking quite openly about the successes and challenges facing his candidate. The feel of this endeavor was one of intimacy, directness and authenticity. Supporters responded enthusiastically.

[13] Clay Shirky, *Here Comes Everybody: The Power of Organizing Without Organizations*. (Penguin Press, 2008)

[14] Telephone interview conducted on April 21, 2009.

[15] Nora Ganim Barnes and Eric Mattson. *Still Setting the Pace in Social Media: The First Longitudinal Study of Usage by the Largest US Charities*. University of Massachusetts Dartmouth. 2008. http://www.umassd.edu/cmr/studiesresearch/socialmediacharity.cfm

[16] Sources: http://www.techipedia.com/2009/epic-change-social-media/ and www.epicchange.org and http://www.ctv.ca/servlet/ArticleNews/story/CTVNews/20090805/Twitter_Tips_090808/20090808?hub=SciTech

[17] Interview conducted at Craigslist Foundation Boot Camp, June 20, 2009.

[18] *Good to Great* author Jim Collins has found in his study of high-performing organizations that technology acts as an "accelerator of greatness already in place, never the principal cause of greatness or decline," putting technology in its proper perspective as a tool, not an end in itself. See: Jim Collins. "How Great Companies Tame Technology." *Newsweek*. August 9, 2002. http://www.jimcollins.com/article_topics/articles/how-great-companies.html

[19] Beth Kanter referencing *BusinessWeek* article by David Arno, "The New Focus Group: The Collective." Forget about return on investment. Companies need to think about getting return on insight. In Viewpoint, January 7, 2009.

[20] Diana Scearce, Gabriel Kasper, and Heather McLeod Grant. *Working Wikily 2.0: Social Change with a Network Mindset*. The Monitor Institute. July 2009.

[21] NonprofitNext video interview conducted at Craigslist Nonprofit Bootcamp, June 2009. www.lapiana.org/nonprofitnext/Join-the-Video-Network.html

[22] Coined by Wired magazine's Jeff Howe in 2006, "crowdsourcing" can be applied to various examples of distributed participatory design, where work is outsourced to a non-organized, usually large group of people. (Wikipedia.org and urbandictionary.com)

[23] Telephone interview conducted on July 16, 2009.

[24] For information about Ashoka's Changemakers program see: http://www.ashoka.org/changemakers

[25] For an introduction to the concept of network mapping, see http://blog.wiserearth.org/resources/web-20-tools/network-mapping/

[26] David Eisner, Robert T. Grimm Jr., Shannon Maynard and Susannah Washburn. "The New Volunteer Workforce." *Stanford Social Innovation Review*, Winter 2009

[27] Julia Vail. "Virtual Volunteering Widens Opportunity," *Philanthropy Journal*, November 12, 2008. http://www.philanthropyjournal.org/resources/special-reports/volunteers-boards/virtual-volunteering-widens-opportunity

[28] Mai Moua. "More Volunteering." (Letter to the Editor) *Stanford Social Innovation Review*, Summer 2009.

[29] Experience Corps, a program of Civic Ventures, is an award-winning national program that engages people over 55 in tutoring and mentoring in elementary school classrooms and leading after-school enrichment activities. ReServe is a program connecting New York City's retired professionals with compensated service opportunities.

[30] Stephanie Strom. "Tax Exemptions of Charities Face New Challenges." *New York Times*. May 26, 2008.

[31] For more on the L3C, see http://americansforcommunitydevelopment.org. A more cautionary perspective can be found at http://www.blueavocado.org/content/l3c-pot-gold-or-space-invader

[32] To learn more about B Corporation status, see http://www.bcorporation.net

[33] http://www.contributemedia.com/trends_details.php?id=99

[34] Sylvia Sukop. "Gilead Sciences and Cornerstone Theater Company: Unlikely corporate-nonprofit partnership harnesses the power of collaborative theater to improve HIV treatment in the African American community." http://ensembletheaters.net/2009/03/double-think-the-coffee-pot/

[35] Telephone interview conducted on July 8, 2009.

[36] Juana Bordas. *Salsa, Soul and Spirit: Leadership for a Multicultural Age*. (Berrett-Koehler Publishers, 2007)

[37] See: Ronald Heifitz, Alexander Grashow, and Marty Linsky. "Leadership in a Permanent Crisis." *Harvard Business Review*. July/August 2009, pp. 62-69.

[38] Telephone interview conducted on July 2, 2009.

[39] Telephone interview conducted on May 5, 2009.

[40] Telephone interview conducted on May 5, 2009.

[41] Telephone interview conducted on May 6, 2009.

[42] Telephone interview conducted on May 5, 2009.

[43] Telephone interview conducted on October 5, 2009.

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