
Blurred Boundaries and Muddled Motives

A World of Shifting Social Responsibilities

*A Report from the
W.K. Kellogg Foundation*

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Foreword

This paper explores a growing trend: the blurring of traditional boundaries between the nonprofit and private business sectors.

Nonprofit organizations are developing earned-income ventures. Businesses are increasingly engaging in philanthropy and taking on social missions. Some government functions, like the management of public schools, are being contracted to private for-profit enterprises. And multisector partnerships are emerging with greater frequency. This overlapping of traditional sector roles is an important trend because it is the blurred area this overlap creates that is a space for social innovation today.

While this trend is undeniably altering the way our society promotes social change, it is also bringing with it a wave of new questions and fresh ideas that are challenging nonprofit sector leaders. What is the role of philanthropy in shaping and sustaining the change that is occurring? What are we learning from these frontline experiments? What kinds of organizational structures produce the greatest social value? What policy and regulatory changes are needed to nourish this movement and help lead it in the right direction?

To address these questions, and as part of our strategy for unleashing new resources to advance the common good, the W.K. Kellogg Foundation asked a group of consultants to do some scanning and reporting. In its draft form, this report has already become a valuable reference for our staff as we strive to keep pace and effectively support a rapidly evolving arena of public problem solving. We have been urged to share the report more broadly, so we are making it available for general distribution in the hope that other funders, leaders and innovators thinking about social enterprise will also find value in it.

The bulk of the report features descriptions of some of the organizations that are pioneering within the blurred boundaries of shifting social responsibility and the issues they are finding there. We have sought to describe some of the motivations and challenges of each and to bring into clearer focus the blurred area all institutions are learning to inhabit.

The report, however, is not intended to be definitive. We have merely attempted to synthesize the changes that are occurring among the sectors and illustrate the diversity of current innovations, ideas, and models. These have been expressed here as a series of five “flashpoints” of change. These flashpoints are exemplified by the activities of organizations that are pioneering in the blurred space between traditional sector boundaries. It is possible to mention only a few, and they are included here as examples only. In providing this information it is our hope that funders and business and social entrepreneurs will gain a broader perspective on the intricate web of issues at work today and that they will be able to find allies in their quest for social change.

This paper is based on a field study, literature review and 30 interviews conducted for the W.K. Kellogg Foundation and the Aspen Institute during 2001 and 2002 as part of applied research in social enterprise by the two organizations. The interviews were conducted by Sound Point Ventures, while the field study and literature review was done by Clohesy Consulting. The report was written and prepared by Stephanie Clohesy and the W.K. Kellogg Foundation communication team.

The ideas presented here — as provocative and attractive as they may be — are only a suggestion of future possibilities. Finally, it is important to understand that this report describes the activities of only a few key players. The blurred boundaries are heavily populated with many innovators, and their work is altering the shape of social service as we know it.

We welcome your thoughts and we invite other organizations to join us in supporting further inquiry and innovation. Please send your comments and questions to:

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Introduction: An overview of blurring boundaries and shifting responsibilities

Would it make a difference if...

- eBay were a nonprofit?
- Enron, a public utility?
- Arthur Anderson, a branch of the IRS?
- American Red Cross, a part of FEMA?

What if...

- The Museum of Natural History were owned by Six Flags?
- Hospice were owned by Marriott?
- Merck Pharmaceuticals ran Medicare?

As unlikely as these scenarios might seem, they call attention to important trends that are today blurring traditional boundaries between the public, private, and nonprofit sectors of our economy.

Until recently, who could have imagined that private companies would play a role in the operation of our community schools? Yet today some seven percent of all public schools have converted to private ownership or have been started as new private enterprises. Nonprofit insurance companies like Blue Cross Blue Shield have also converted, as have community hospitals in numerous states. The 1980s saw the privatization of prison systems, nursing homes, and childcare and juvenile residential centers. In the 1990s, public- and nonprofit-funded job-training initiatives were absorbed into the private sector. And tutoring in reading, math, and study skills has become a lucrative business.

In the last two decades, nonprofits have come under pressure from traditional donors to diversify and strengthen their financial bases. Some have experimented with income-producing ventures. BoardSource, a national resource center dedicated to improving the performance of nonprofit boards, was created in the late 1980s with grants from traditional foundations. Today, income from publication sales and consulting fees make it nearly 50 percent self-sustaining.

Share Our Strength, a nonprofit group that develops and funds its programs with the help of corporate partners, has spun off a fee-based consulting firm called Community Wealth Ventures, Inc. Its purpose is to provide strategic counsel to organizations that are interested in creating community wealth.

According to “Enterprising Nonprofits: Revenue Generation in the Nonprofit Sector,” a 2002 study¹ that surveyed 519 nonprofit organizations, 217 (42 percent) are currently operating earned income ventures. Most reported successful financial returns along with positive impacts on their missions.

It is becoming more common for nonprofit organizations to be asked by their philanthropic donors to submit business plans along with their grant-seeking proposals. Donors expect that the plans will include reasonably achievable scenarios showing that these organizations can contribute to their own financial support and sustainability. Online or technology programs proposed by nonprofits are being particularly scrutinized for their income-producing potential, and many nonprofits and their donors have retained professional consultants to analyze their business models and provide advice on market size, competitive advantage, pricing, branding, and other business considerations. VolunteerMatch, BoardnetUSA, NPower, and GuideStar are all recent examples of organizations or projects that are being held to business model standards in addition to the effectiveness standards traditionally applied to grantees.

However, the fact remains that most nonprofits do not have the expertise to apply business protocols to their income-earning ventures. In the study mentioned above², only half of the organizations operating for-profit ventures had written business plans. In response to questions about what would help make a business venture successful, 56 percent of the organizations operating business ventures ranked business planning and assistance as their top choice of resources. PipeVine, a business hybrid that provided donation collection and disbursement services to United Ways and other organizations, provides an example of the extent of need that exists.

In June 2003, PipeVine declared bankruptcy and is now under investigation for accounting irregularities and misuse of restricted funds. Hundreds of news stories followed the PipeVine implosion, most of them outlining the inadequate fee structure of PipeVine’s core business, poor accounting procedures, staff-board relations, and management practices that resulted in inappropriate internal “borrowing.” PipeVine’s management has denied criminal wrongdoing but has conceded that it used client funds to pay operating costs. This example of poor management and a confused sense of mission and responsibility stands out as only one recent example of flawed organizational behavior and decision making. The PipeVine debacle is certainly not typical. Organizations like the Tides Center, Groundspring, One World, and many others are thriving under stricter and more professional practices. What is typical is the struggle many nonprofits face in trying to sustain a consistent stream of income.

While many of these boundary-blurring practices are not new, they are happening with greater frequency and are raising important issues about sector responsibility. An October 2001 article in *The Chronicle of Philanthropy*³ cited an IRS study that showed

¹ Cynthia W. Massarsky and Samantha L. Beinhacker, “Enterprising Nonprofits: Revenue Generation in the Nonprofit Sector,” <www.rockpa.org/CDROM/SE_Content/Docs/SE_Revenue_Generation.pdf>. Study published by Yale School of Management – The Goldman Sachs Foundation Partnership on Nonprofit Ventures and The Pew Charitable Trusts (2002).

² Massarsky and Beinhacker.

³ Hary Lipman and Elizabeth Schwinn, “The Business of Charity,” *The Chronicle of Philanthropy*, October 18, 2001.

that in 1997 — even after subtracting all exempted income — charities received \$4.2 billion from outside business ventures. This is more than double the amount reported in 1990.

It also is not new for the private, governmental, and nonprofit sectors to overlap and to use or benefit from one another in carrying out their missions. Government has always relied on universities and nonprofits to do research that often leads to innovations that become the profitable products of the private sector. Government agencies partner with nonprofits to provide services. Nonprofits use their voice and advocacy power to persuade government to increase services or change its own practices and those of private industry. Private industry has funded nonprofits. And nonprofits have often partnered with private businesses to address socioeconomic issues.

With many nonprofits, especially those working contractually to provide health, welfare, and community development services, the majority of funding comes from government pass-through rather than the traditional mix of voluntary contributions from foundations and individual donors. According to the Johns Hopkins Comparative Nonprofit Sector Project, 40 percent of nonprofit organizations in 22 countries — including the United States — receive their funding from the public sector.

Examples of all these “crossover” activities have occurred throughout the 20th century, particularly since the beginning of modern philanthropy with the founding of The Rockefeller Foundation, The Carnegie Foundation, Ford Foundation, and others. However, it has only been in the past two decades that we have moved toward greater experimentation in blended sector responsibility. We believe much of it is being driven by two powerful trends:

- **Increased pressure to demonstrate sustainability**

Government devolvement of social services has placed a greater burden on nonprofits and has increased their need to have long-term and sophisticated sustainability plans. At the same time, philanthropic funders — aware of their limited resources — are asking potential grantees to disclose their plans for long-term financial sustainability. These queries come with the strong implication that grantees consider funding diversification that includes business venture development.

- **New kinds of leaders**

A new generation, whose worldview is marked by faith in entrepreneurial and market models, is striving to do good while also doing business. These individuals are creating companies with “double” and even “triple” bottom lines: profit, social good, and environmental sustainability. Often these businesses overlap the work of nonprofit organizations invented by social entrepreneurs.

What are some of the major flashpoints for change that are blurring sector boundaries?

1. New hybrid organizations

Social entrepreneurs are inventing new concepts for social change, and they need to build hybrid organizations to match. A few examples of these emerging hybrids that are part nonprofit and part income-producing include:

- Innovation Network (Innonet)
- Benetech
- Children's Home and Aid Society of Illinois (CHASI)/ASK4 Staffing
- Share Our Strength/Community Wealth Ventures
- The Welfare to Work Partnership/Aptus Consulting
- The Compass School/Compass Consulting Enterprises

2. New forms of resource development, funding, and investment

Concern about capitalization and sustainability is driving nonprofits to create new mechanisms to find and match resources to projects and to seek new forms of investment capital for social ventures.

Examples of new matching mechanisms include:

- GlobalGiving
- Acumen Fund
- GuideStar
- Nonprofit Finance Fund

Examples of new forms of both philanthropic and nonprofit capital investment models include:

- ProVenEx (The Rockefeller Foundation)
- Jessie Smith Noyes Foundation
- Investors' Circle
- Calvert Group/Calvert Special Equities

Examples of new forms of investment for social outcomes include charitable funds that are being used to fund private enterprise — to spark job creation, to boost business development, and to increase entrepreneurial capacity in communities.

Examples include:

- Baltimore Venture Capital Fund
- The Abell Foundation
- Community Development Venture Capital Alliance
- Morino Institute

3. New social missions by for-profit organizations

Private companies are creating missions and services that are nearly interchangeable with those of nonprofits.

Examples of for-profit organizations include:

- Origo
- Dow Jones Sustainability Group Indexes
- CreateHope
- KindMark

4. New, multisector partnerships

Multisector partnerships are being formed to address issues that affect and can be impacted by all three sectors.

Examples of these partnerships include:

- The Global Fund to Fight AIDS, Tuberculosis and Malaria
- Sustainable Jobs Fund
- Development Gateway Foundation
- The Three Sector Initiative

5. New support systems

Educational and support systems are springing up to serve and improve the effectiveness of social entrepreneurs and business ventures that seek to benefit the common good. An excellent example is the Yale School of Management – The Goldman Sachs Foundation Partnership on Nonprofit Ventures.

All of these examples — many of them new or relatively new — are indications that the nonprofit sector and its funding base are headed toward a makeover... in perception as well as reality. But these flashpoints of change beg a number of important questions:

What is philanthropy's role?

How can philanthropists and donors contribute to this reformation of sector boundaries, and how can their giving and investing strategies help bring about high potential and sustainable impact?

What can we learn?

How can current experimentation best inform us as to which organizational or sector structure works best? What are the factors that lead to the best social change outcomes and produce the greatest social good?

Will public policy change and, if so, how?

What policy and/or regulatory changes are likely to happen, and which ones are likely to be useful for the future?

Will sector differentiation still be valid?

Will sector differentiation still be a useful model in the future? If not, what will replace it?

Flashpoints of Change:

1. New hybrid organizations

Social entrepreneurs are inventing new concepts for social change, and they need to build organizations to match.

The greatest impetus for most nonprofit organizations to experiment with profit-making ventures is financial sustainability, which is often driven by pressure from philanthropic donors to have those organizations become more self-sufficient. But that is not always the case. Some organization leaders see market models as creative possibilities for delivering social services in new ways.

Nonprofits usually choose to generate revenue in one of three ways:

- Delivering fee-based services to government or corporations wanting to “outsource” to a nonprofit organization.
- Providing mission-related services: the sale of publications; fee-based consulting work; or providing mission-specific services, such as athletic services to YMCAs and YWCAs.
- Creating internal or affiliated for-profit subsidiaries or revenue-generating projects. The Children’s Home and Aid Society of Illinois/ASK4 Staffing is a good example.

We have already learned that a significant number of nonprofits (42 percent) said they are operating some type of business venture. But it is also significant to note that an additional 23 percent have expressed interest in doing so.⁴ Most of the organizations reported that their earned income ventures are service-related and congruent with their missions, and the array of ventures was as diverse as the nonprofits themselves. Commercial ventures ranging from baking and catering, to publishing, to software development and other technology services were reported. On average, survey respondents reported that their enterprises are generating 12 percent of their annual revenues.

Interestingly, 39 percent of the nonprofits in this study also reported that — beyond operating a business venture — they serve constituents by providing employment, training, and therapeutic opportunities. Thirty-four percent believe that their ventures generate positive community relations, and 23 percent said their ventures have helped to revitalize their neighborhoods and communities. Seventy-three percent said they saw better delivery of services and programs and a sharpening of their nonprofit missions. And 63 percent saw their for-profit activities as a way of helping themselves build an entrepreneurial culture. Here are a few examples of these new hybrid organizations:

⁴Massarsky and Beinhacker.

- **Innovation Network (Innonet)**

This online technical assistance organization generates its income directly through its core services as a nonprofit. Innovation Network founder Allison Fine expresses the benefit in terms of sustainability: “The ability to rely on consulting for revenue makes us grounded... A self-generated revenue stream for a nonprofit is a great model. It gives us flexibility. We won’t be too shaken if one funder walks away.”

- **Benetech**

Benetech describes itself as “a nonprofit venture that combines the impact of technological solutions with the social entrepreneurship business model to help disadvantaged communities in our society and across the world.” Jim Fruchterman, Benetech’s founder, explains that the organization “provides social benefits by harnessing the power of technology. Benetech delivers these benefits using the new model of social entrepreneurship, which combines market forces with philanthropic capital and entrepreneurial drive.” Benetech’s goal is to break even with its products that include services for people with disabilities.

Among the frequently asked questions Benetech lists on its website are several that illustrate the positioning of creating a nonprofit that operates on a market model:

- How does Benetech differ from a typical nonprofit organization?
- How does Benetech differ from a foundation?
- How does Benetech differ from Social Venture Partners?
- How does Benetech differ from most high-tech companies/ grantmaking programs?

These are operative questions that speak directly to blurred boundary issues. Clearly, Benetech understands the pioneering role it is playing.

- **Children’s Home and Aid Society of Illinois (CHASI)/ASK4 Staffing**

The Children’s Home and Aid Society’s ASK4 Staffing venture is an example of a for-profit subsidiary that is part of a nonprofit organization. Former CEO Marianne Woodward explains the relationship this way: “Our central mission is to be a source of funding for CHASI, while making human services more efficient. Our main activity is to provide employees in temporary and direct placements for human service providers. We have no program goals other than our mission to support the human services providers. We operate 100 percent like a business.”

- **Share Our Strength/Community Wealth Ventures**

Community Wealth Ventures, a for-profit consulting subsidiary of the nonprofit group Share Our Strength, helps nonprofit organizations plan and carry out business ventures and corporate partnerships. According to Community Wealth Ventures’ director Evan Hochberg, in an article written for *The Chronicle of Philanthropy*: “The benefits of nonprofit business ventures are substantial and varied. Cost-benefit analyses of nonprofit ventures should include all potential benefits such as value of publicity and help in retaining good employees.”⁵ Hochberg is only one of many

⁵Evan Hochberg, “Business Ventures Go Beyond the Bottom Line,” *The Chronicle of Philanthropy*, August 8, 2002.

directors who believe in the “halo effect” of for-profit ventures: that they help to better the reputations of their parent organizations.

- **Welfare to Work Partnership/Aptus Consulting**

Welfare to Work is dedicated to encouraging the hiring and promotion of welfare recipients and other unemployed and low-income workers. The nonprofit Partnership includes hundreds of for-profit member partners. Recently, Welfare to Work created Aptus Consulting to work directly with corporations to help them build strong welfare-to-work programs.

- **Compass School/Compass Consulting**

Located in Westminster, Vermont, the Compass School works with troubled children, as well as those with mental and physical disabilities. Its for-profit subsidiary, Compass Consulting, assists other school districts around the country that also work with such youngsters. Compass Consulting generates profits for the school and also offers a way for staff to earn supplemental income.

The “Enterprising Nonprofits” study also documented that the “trend to venture” is not easy and that many nonprofits do not have adequate preparation and support to be fully successful in revenue-generating activities. According to the authors: “Our survey results indicate that sound business planning has a significant impact on the success of a venture, yet we learned that only half of those operating ventures actually wrote business plans before launching their businesses. Business planning assistance, in the form of targeted business analysis, market research, and strategic planning, could be a valuable resource and critical ingredient to help ensure success.” According to the study, five percent of respondents said they ran, then abandoned, for-profit business ventures.

Marianne Woodward, formerly of ASK4 Staffing, said: “Ninety-nine businesses out of 100 fail; a new business is a risky thing. Nonprofits are good at knowing what people need or want. They are not as good at figuring out what they will buy!”

At the same time, Buzz Schmidt, the chairman of GuideStar, believes that the differences between nonprofit and for-profit organizations are actually small. “I have difficulty,” says Schmidt, “not thinking of any nonprofit as a business. The issues — operational, personnel, stresses to perform — are all like a business. We (GuideStar) find ourselves in a space that is suddenly more attractive to businesses. We’re feeling the same competitive pressures they feel. We have to be more responsive, more technically proficient, and more savvy in our positioning.”

Allen Grossman of the Harvard Business School summed up the conflicting perspectives encountered by new hybrid organizations: “When there is tension between the forces, a for-profit will be biased to make return higher. A nonprofit will be biased to choose the mission. The ends of the spectrum aren’t the problem; it’s the middle that’s hard.”

Flashpoints of Change:

2. New forms of resource development, funding, and investment

Concern about capitalization and sustainability is driving nonprofits to create new mechanisms to find and match resources to projects and to seek new forms of investment capital for social ventures. At the same time, philanthropic sources of capital (foundations, individual donors, nonprofits) are using their funds to create commercial development and jobs. These variations in the flow of capital include three major categories:

1. A new mix and match marketplace

In the past five years, social entrepreneurs have attempted to create “marketplace” innovations through which potential donors and social entrepreneurs can find one another. The Social Enterprise Alliance is currently one of the key organizations leading this effort.

Ashoka and its related programs, such as Changemakers, coined the terminology for social entrepreneurs and have implemented an intensive human resource system to span the globe to find and fund social entrepreneurs. Ashoka’s success is due, at least in part, to its hands-on knowledge of and outreach to the social entrepreneurs it supports.

There are many new social entrepreneurs entering the blurred area between for-profit and nonprofit worlds. They are trying new ventures — mostly structured as nonprofits — to more quickly and efficiently accomplish an effective “buy/sell” or “find/fund” marketplace for social innovators:

- **GlobalGiving**

GlobalGiving, the brainchild of two former World Bank analysts, is a service project of the for-profit corporation Many Futures, Inc. Its mission is to “unleash the enormous untapped potential of ideas, talent, money, and passion to fight poverty among the four billion people in the developing world.” GlobalGiving is dedicated to “revolutionizing the global development industry by creating a real marketplace where resources flow to the initiatives and people that make the biggest impact.” Not long after going online in early 2002, *Red Herring* magazine called GlobalGiving (then called DevelopmentSpace) “an ideal web application — an eBay for development. It creates an efficient marketplace for ideas to find money. And it enables those at the forefront of development... to find people and organizations that are willing to be innovative.”⁶

- **Acumen Fund**

Acumen raises philanthropic capital and then invests in selected organizations grouped around a specific need. It is a “mutual fund” for high net worth donors and provides due diligence around focused groupings of nonprofits (e.g., health

⁶Peter Schwartz, “An eBay for Development,” *Red Herring*, July 9, 2002.

technologies, microenterprise in the Mideast, etc.). It may fund nonprofit and for-profit entities and both startup and mature organizations. The Fund was created in April 2001 with \$8.5 million in seed funding from The Rockefeller Foundation, the Cisco Systems Foundation, and several individual investors. These foundations and individuals share Acumen's belief that "there is a great opportunity to link serious philanthropists with some of the world's best social innovators."

- **GuideStar**

Founded by the nonprofit organization Philanthropic Research in 1994, GuideStar's mission is to revolutionize philanthropy and nonprofit practice through the proliferation of information. It develops and collects information about nonprofits, and markets it to both nonprofits and to donors who seek to compare charities, monitor their performance, and give with greater confidence. GuideStar lists 25 partners, including nonprofits, corporations, and corporate philanthropy services. A few of these partners include the Fidelity Charitable Gift Fund, The T. Rowe Price Program for Charitable Giving, and Schwab Fund for Charitable Giving. Though operating as a nonprofit, GuideStar and its parent have diversified their financial base to include significant earned income.

- **Nonprofit Finance Fund**

The Fund provides financial products and advisory services to help funders craft innovative approaches to underlying financial challenges in the nonprofit sector. Some of their "products" include regranteeing, loans, and technical assistance services to beneficiaries. For example, the Fund is providing support services to the New Directions/New Donors for the Arts Program, the Ford Foundation, and the Boys and Girls Clubs Initiative of the Charles Hayden Foundation.

These service entities are not merely self-matching or shopping-style "marketplaces." They offer review, due diligence, and some technical assistance. Their objective is to ensure that donors are satisfied with their investments and that the organizations they support get "more than money."

2. New forms of capital investment

Profit-making organizations are expected to obtain financing through capital market resources. But for nonprofits, this is a new and limited option. Investors who expect a competitive financial return will invest in a double bottom line business only if they believe the business itself is viable enough to deliver profit. If an investor chooses to invest in the income stream of a nonprofit, that investor is — in effect — providing philanthropic investment, not capital investment. Nonprofits may be more successful when they spin off a for-profit enterprise, which can then be financed through the traditional capital markets.

Despite these distinctions, both philanthropists and venture capitalists are “trading spaces” and trying out each other’s wares. Philanthropists are experimenting with “mission-related” investing through which they diversify their endowment investments into socially driven enterprises that will both make a profit and deliver “social good.” Some venture capitalists are also looking for those unique business ideas that provide a product that delivers “social change.”

Two examples of mission-related investment efforts are:

- **The Program Venture Experiment** (ProVenEx), a mission-related investment program of The Rockefeller Foundation that seeks to catalyze private investment in areas that will benefit poor and excluded people.
- **The Jessie Smith Noyes Foundation**, a true pioneer, has been using mission-related investment strategies since the early 1990s. One of its better-known success stories is Stonyfield Farms, a yogurt company that utilizes sustainable agricultural and environmental practices... which are a part of the Foundation’s program criteria.

Private foundations are permitted to make program-related investments (PRIs). They can use program resources to make low-cost loans available to nonprofits for capital improvements, income stream, startup, and related purposes. These investments are not expected to make the loan fund “richer,” but to help cover costs and to replenish the fund. The Ford Foundation and The John D. and Catherine T. MacArthur Foundation have taken a lead in program-related investments, and have supported ventures including those business entrepreneurs who are creating social good and/or sustainability through their enterprises.

Venture capital investors looking for socially responsible companies are extending the definition of “social entrepreneur” to include those business entrepreneurs who are creating social good and/or sustainability through their enterprises. These investors are looking for both profit and social outcomes, and are sometimes willing to reduce or delay profit expectations in favor of social outcome potential. There are several notable examples:

- **Investors’ Circle**

This national network of early-stage private equity investors seeks triple bottom line results: financial, social, and environmental returns on their investments. Businesses that are reviewed by Investors’ Circle members fall into one or more of five specific interest areas: community development, education, environment and energy, health, and women or minority-led businesses.

- **Calvert Group**

Calvert Group is a Maryland-based firm that specializes in providing early-stage capital and assistance to emerging growth companies. According to John May, a venture capitalist who has been affiliated with Calvert, the firm is “committed to making investments that fully expect a financial return in mission-related businesses.”

Calvert has looked for socially responsible ideas, and it has used its philanthropic resources to partner with nonprofits and social entrepreneurs. One example is the early seed funding for MEE Productions. This communications-research and media company, founded by Ivan J. Juzang, is located in blighted North Philadelphia. Juzang’s mission is to put low-income African American urban youth to work in marketing research for corporate customers.

According to a 2002 article in *Inc.* magazine titled “Emotional Branding,” “Juzang’s story may sound like one in a million, but it isn’t even one in a hundred.” The article goes on to describe ventures that have attracted venture capital for “inner city” commerce that appear to be profitable while also solving problems within the inner city. For example, Glynn Lloyd founded City Fresh Foods with \$190,000 in equity in 1995. The idea: to get contracts from city health agencies to provide ethnic food to the homebound elderly. Today City Fresh Foods is a \$1.3 million business.⁷

3. New uses of philanthropic investment for commercial development and social outcomes

Charitable funds are being used to fund private enterprise: to spark job creation, to boost business development, and to increase entrepreneurial capacity in communities.

Most people understand that “excess” profit generated by a company or an individual can and should flow into philanthropic investments for the common good. But income flow in the opposite direction is more difficult to understand. Why are precious philanthropic resources flowing into for-profit ventures rather than being reserved for undercapitalized nonprofits, to create social change or to support charitable activities?

When individuals or foundations make the decision to fund profit-making ventures, it is usually for the purpose of stimulating economic development in places or in ways that normal market forces reach. Examples include:

- **Baltimore Venture Capital Fund**

In July 2002 the Baltimore office of the Open Society Institute, the Annie E. Casey Foundation, and a group of Baltimore-area foundations and financial institutions raised \$15 million to create more than 1,000 jobs for low-income Baltimore residents. This was done with the expectation that these funders will receive financial returns on their investment.

⁷ Mike Hofman, “Emotional Branding,” *Inc.*, 1 May 2002.

- **The Abell Foundation**

The Abell Foundation, through its Venture Fund, has been investing directly in Baltimore area business startups for a number of years. The Foundation's focus is on creating jobs, and these startups do not have an explicit "social good" focus. Examples of these businesses include Digimo, an information technology outsourcing provider; and Yafo Networks, a provider of optical network subsystems.

- **Community Development Venture Capital Alliance**

The Alliance is a network of community development and venture capital funding resources. It represents a new but rapidly growing group of organizations that use the tools of venture capital to create good jobs, produce wealth, and increase entrepreneurial capacity to benefit disadvantaged people and economically-distressed communities. The Alliance makes equity and equity-like investments in highly competitive small businesses that hold the promise of rapid growth but also produce a "double bottom line" of good jobs and healthier communities. Today, there are more than 40 of these funds operating in the U.S. and Canada. Most are new and do not have proven or documented results. They are hybrids of traditional community economic development and venture capital resources.

- **Morino Institute**

The Morino Institute is another hybrid example. This nonprofit describes itself as a provider of venture philanthropy investment expertise. The Institute offers traditional nonprofit services in education and technology information, but it also seeks to stimulate Internet-based "New Economy" entrepreneurship and advance more effective philanthropy. The Morino Institute "strives to build long-term relationships with grantees, offers the expertise of its staff and advisors, and works collaboratively with organizations it supports."

Jed Emerson adds to the discussion about innovative uses of resources for the common good in his new report called, "Blended Value Map: Tracking the Intersects and Opportunities of Economic, Social and Environmental Value Creation" (www.blendedvalue.org).

Emerson's premise is that every organization (for-profit or nonprofit) creates value that includes economic, social, and environmental value components, and that every investor simultaneously generates all three forms of value by investing in these organizations. These blended values occur in key areas in which investors and organizations are working to maximize their return on investments: Corporate Social Responsibility, Social Enterprise, Social Investing, Strategic/Effective Philanthropy, and Sustainable Development. Emerson describes the challenges and issues inherent to these areas and highlights areas of common interest that positively advance the sectors.

Flashpoints of Change:

3. New social missions by for-profit organizations

Private companies are creating missions and services that are nearly interchangeable with those of nonprofits. The choice of a nonprofit or for-profit structure is a fluid one.

In the U.S. and globally there is an active dialogue among citizens, their governments, and private enterprise about the social responsibilities of private businesses. In recent years, companies have been created by individuals or groups of entrepreneurs that are profit-minded and yet offer services aimed at creating social change, and they are doing it in ways that resemble nonprofit service values.

A decade ago many of these ideas would have resulted in nonprofit structures, but today's entrepreneurs see fewer lines between the sectors. Many believe that raising investment capital is more efficient than raising philanthropic capital. Several have said they “don't have time to deal with private foundations.”

Larry Ellison, founder and CEO of Oracle Corporation, went on record in a *Time* magazine article⁸ by saying that he believes “the profit motive could be the best tool for solving the world's problems — more effective than government or private philanthropy.” His own strategy is to invest in biotech startups because he is committed to finding a cure for cancer.

There are many examples of double and triple bottom line companies — those that seek profit, social good, and/or environmental sustainability — entering the “social good/social change” space traditionally occupied by nonprofits. A few examples include:

- **Origo**

This for-profit “information services and solutions provider” states that its mission is “to enable the effective exchange of resource knowledge and best practices across the nonprofit sector.” Origo's goal is to create a global exchange for social investment and to act as a social investment bank by addressing three critical areas:

1. Liquidity of funds and information (accelerating access to resources).
2. Access to capacity (empowering organizations to accelerate their impact).
3. Efficiency of the core processes that underpin philanthropy (rethinking core business processes).

Origo also has a consulting arm focused on making “social investment more efficient and more transparent.”

⁸Larry Ellison, “He gives best by investing,” *Time*, 24 July 2000.

The emergence of online services for nonprofits has stimulated the information flow of many companies that have the financial backing to create technical systems and online support. Although one of the largest startups (Charitableway.com) recently failed, others continue to come online.

- **Dow Jones Sustainability Group Indexes**

Dow Jones, in partnership with Zurich-based Sustainability Asset Management, has launched the world's first global equity indexes for socially aware and environmentally friendly companies. The indexes underscore the high demand for socially responsible investment and lend credibility to the assertion that social responsibility is related to long-term performance.

- **CreateHope**

Founded in 1999 by Adam Goozh, CreateHope provides online workplace giving systems for corporations.

- **KindMark**

KindMark was founded in 2000, with \$6 million in venture capital. Like CreateHope, it also specializes in online workplace giving systems.

Both CreateHope and KindMark are seen by United Way as for-profit competition that is invading nonprofit space. Several e-initiatives are underway among United Way organizations. The largest is United-eWay.org founded by Valley of the Sun United Way in Phoenix, along with 65 other local United Way partners. Officials of the Phoenix United Way claim that the competition from the commercial world spurred them to start United-eWay.

Can self-interest coexist with public interest?

C.K. Prahalad and Allen Hammond believe it can. In a recent *Harvard Business Review* article titled "Serving the World's Poor, Profitably,"⁹ Prahalad and Hammond describe two scenarios: one bleak, and the other a hopeful view in which developing regions grow vigorously through private investment and widespread entrepreneurial activity. According to the authors, both scenarios are possible: "which one comes to pass will be determined primarily by one factor: the willingness of big, multinational companies to enter and invest in the world's poorest markets." They believe that multinational companies could radically improve the lives of "billions of people and help bring into being a more stable, less dangerous world. Achieving this goal does not require multinationals to spearhead global social development initiatives for charitable purposes. They need only act in their own self-interest, for there are enormous business benefits to be gained by entering developing markets."

This, and the value proposition it proposes for both companies and poor people, will be controversial. But it is evidence of the growing belief that business can be more creatively accountable to positive social outcomes and still be profitable.

⁹C.K. Prahalad and Allen Hammond, "Serving the World's Poor, Profitably," *Harvard Business Review*, September 2002
<www.markle.org/news/What_works_Servingthepoorprofitably.pdf>.

Flashpoints of Change:
4. New, multisector partnerships

Multisector partnerships are being formed to address issues that affect society at large, such as globalization.

Globalization has brought with it a growing recognition that government, business, and the social sector need to work in partnership and in targeted ways in order to achieve visible and meaningful impact. As a result, multisector partnerships that knit large networks together are beginning to emerge. Unlike well-established multilateral institutions such as the World Bank, these new alliances are organized to have specific impact on highly targeted goals and issues. Some examples of these new social sector alliances include:

- **The Global Fund to Fight AIDS, Tuberculosis and Malaria**

The Fund is a financial instrument that is intended to attract, manage, and disburse resources through a public/private partnership that “will make a sustainable and significant contribution to the reduction of infections, illness, and death.” The Global Fund was created by the The Bill & Melinda Gates Foundation and The Rockefeller Foundations at the urging of United Nations’ Secretary General Kofi Annan, along with African leaders and other world leaders and their governments. The Fund’s voting members include health diplomats from governments in every global region, Gates and Rockefeller Foundation representatives, the United Nations, the World Bank, and the World Health Organization. It supports programs that:

- Address these three diseases in ways that will contribute to strengthening global health systems
- Stimulate, and are integral to, international partnerships involving government and civil society

- **Development Gateway Foundation**

This nonprofit foundation, initially based in Washington, D.C., includes the founding member nations of Australia, Germany, India, Italy, Japan, Republic of Korea, Mali, and Pakistan, as well as the World Bank. Its sponsors are Bloomberg, Softbank, and Transnational Computer Technology Inc. The Foundation pursues four major initiatives:

1. Research and training through a network of centers with hubs in the developing world. The purpose of this initiative is to exchange ideas and test information and communication technology applications that will benefit the poor.
2. An information and communication technology forum that shares knowledge on key information and communication technology issues and promotes partnerships between the public sector, civil society, and the private sector.
3. Grants and investments that support information and communication technology projects and programs that are helping address the digital divide at local, national, regional, and global levels.

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4. Development Gateway Portal, an online resource that facilitates access to information on sustainable development and the reduction of poverty. The portal promotes knowledge exchange and shares opportunities for investment in specific development projects and business opportunities.

- **Sustainable Jobs Fund**

The Sustainable Jobs Fund is a U.S.-based multisector effort to promote investment in enterprises whose rapid growth creates quality entry-level employment. The Fund enters into a “community development covenant” with each portfolio company that targets jobs to be created during the course of the investment, and it establishes health insurance coverage and other employee benefit guidelines. The Sustainable Jobs Fund has been certified as a community development financial institution (CDFI) by the U.S. Treasury. Partners and funders include the Bank of America, Citibank, The Dakota Foundation, Deutsche Bank, First Union Corporation, MacArthur Foundation, MBNA America Bank, Metropolitan Life Insurance Company, First Union Regional Foundation, Turner Foundation, Z. Smith Reynolds Foundation, and the U.S. Treasury.

- **Three Sector Initiative**

The Three Sector Initiative is a collaborative project of The Conference Board, the Council on Foundations, Independent Sector, the National Academy of Public Administration, the National Alliance of Business, the National Civic League, and the National Governors Association. It seeks to better understand the value of multi-sector partnerships and educate all sectors about cross-sector collaboration.

The Initiative’s 2002 report, “Working Better Together: How Government, Business, and Nonprofit Organizations Can Achieve Public Purposes Through Cross-Sector Collaboration, Alliances, and Partnerships,” is available online at www.IndependentSector.org. The report, written by R. Scott Fosler and Roger C. Lipitz, describes key changes in each of the sectors. According to the authors, changes in the business sector have revolved around “redefining performance.” Government has been rethinking the means and ends of governance. And nonprofits have been “redoubling effort” to meet a rising demand for service and nongovernmental social action. The report calls on all sectors to aspire to stronger roles as partners (rather than just contractors or recipients) to serve each other’s needs. It offers recommendations about cross-sector work and emphasizes that several kinds of capacity are required to successfully initiate and execute cross-sector collaboration. Those capacity requirements include:

- Leadership
- Citizenship
- Knowledge and understanding
- Communication and network management
- Industry and service system structures
- Performance and accountability
- Ethics

Flashpoints of Change:

5. New support systems

Educational and support systems are springing up to serve and improve the effectiveness of social entrepreneurs and business ventures that seek to benefit the common good.

Academic programs

It has been estimated that there are 80 or more nonprofit leadership and management education programs based within colleges and universities. Program groupings by content are beginning to emerge. For example, Indiana University and Grand Valley State University have developed centers targeting organized philanthropy. Harvard, Yale, and Stanford offer special programs on social enterprise and nonprofit ventures. The Harvard program, called the Initiative on Social Enterprise, is associated with the Harvard Business School. The Stanford program, Center for Social Innovation, is part of Stanford's MBA program. The Yale School of Management and Goldman Sachs Foundation sponsor a program called Partnership on Nonprofit Ventures. This latter example includes academic and research programs, a resource center, and sponsorship of the National Business Plan Competition for Nonprofit Organizations.

The Partnership's purpose is "to respond to a growing interest in income generation among nonprofit organizations." Many of these organizations seek to supplement their philanthropic activity with business income but need assistance to do so. With major funding from The Pew Charitable Trusts and The Goldman Sachs Foundation, the Partnership educates nonprofits about nonprofit enterprise, serves as a mechanism for capitalizing promising profit-making ventures, and provides intellectual capital to build the practice of social entrepreneurship in the nonprofit sector at large.

Organizations

In addition to academically-based programs, there are organizations that offer special seminars. Some of these organizations include: the Northland Institute, the Institute for Social Entrepreneurs, the National Center on Nonprofit Enterprise, and the Social Enterprise Alliance.

Publications and resources

There are also numerous publications, websites, and technical assistance services available. One of the most recent and most comprehensive books available for nonprofit social entrepreneurs is John Wiley and Sons' *Enterprising Nonprofits: A Toolkit for Social Entrepreneurs*.¹⁰

The Ewing Marion Kauffman Foundation hosts a website, www.entreworld.org, that includes hundreds of references for business and social entrepreneurs.

¹⁰ J. Gregory Dees, Peter Economy, Jed Emerson, Rob Johnston, *Enterprising Nonprofits: A Toolkit for Social Entrepreneurs*, John Wiley & Sons (2001).

Consultants

There are numerous specialized consultants and technical assistance providers that offer expertise to social entrepreneurs and businesses that seek to contribute to the common good. Examples include The Bridgespan Group (business capability expertise); Brody, Weiser, and Burns (business planning for social ventures); and Community Wealth Ventures (assistance in creating ideas and planning for revenue generation).

Challenges and Next Steps

While many people acknowledge that the lines between nonprofits and for-profits are blurring, there is little agreement on whether this is a promising trend or a reason for alarm. Most agree that philanthropy in the future will, in some way, need to be different. Nonprofits will need to continue to build their income-producing potential. And businesses that are willing to hold themselves accountable for double and triple bottom lines will open up the potential for new and different partnerships throughout all sectors.

Following are some important issues that have emerged as we have thought about and wrestled with this:

1. How can philanthropists and donors help lead the restructuring of sector boundaries and strategize their own giving and investing to help common-interest solutions get started, go to scale, and become sustainable? This is an enormous challenge and calls for new thinking and new resources across the board.

- **Skills and Human Resources**

If it is a “good thing” for nonprofits to engage in revenue-generating ventures, then the field of technical assistance for nonprofits has to shift accordingly. The development of leaders and fundraising professionals who can handle the complexities of blended organizations will become a bigger need. At the same time, if it is a good thing for private sector industry to engage in social good, then business and management education will need to include more social science, social change history, public policy, and ethics in the areas of both business and service.

- **Financial Capital Instruments**

What sort of financial capital (beyond grants and donations) should be more readily available to nonprofits? Program-related investments (PRIs) now can take years to negotiate, and very few foundations will bother with them. Could funders create collaborative PRI funds in which a skilled intermediary cuts through “red tape” and makes risk-appropriate deals on a fast track? Can private foundations help to change the roles of community and other public foundations (e.g., women’s funds) to be more available for administering PRI and other social investment funds? What other forms of community capital could philanthropic institutions help create in order to spread access and speed? How can foundations help minimize capital market investor risk with seed funds?

- **Legislation and Policy**

Any substantial increase in earned income by nonprofits, or the interlocking of corporate and board structures of for-profits and nonprofits, will stimulate legislative scrutiny. Should the philanthropic community invest in the thinking needed to “get ahead” of this issue? Future legislation driven by the first scandal resulting from a for-profit/nonprofit hybrid could chill or possibly destroy this emerging marketplace of innovation.

2. How can we learn, from current experimentation, which organization of sector structures and practices produces the best social good and social change outcomes?

Foundations, nonprofits, and venture capitalists all express puzzlement over the challenge of trying to satisfy performance measures and assessment of long-term change in ways that enable learning and the development of more effective investments.

According to Allen Grossman of the Harvard Business School: “For performance measurement we need a common set of metrics within areas of the sector... for example Youth Development for ages 12 to 15... The government has done a good job of surfacing performance-based contracting outcomes but people question the content. It was a top-down process. I would like to see a process that involves stakeholders. The measures for any area will take a decade to develop!”

Jed Emerson, the author of numerous articles, books, and papers on the issues of social impact metrics, sees it this way: “In order for sustainable social value to be created in the social sector, capital market actors must move from transactive philanthropy to investment philanthropy. Within ‘investment philanthropy’ one measures success not as a function of asset size but social return; one understands movement toward a social mission not relative to the number of grants secured but according to the true social value generated as a result of one’s efforts, the application of resources in support of those efforts, and actual added value generated as a consequence of these activities.”¹¹

According to Massarsky and Beinhacker, nonprofits are aware of the multiple benefits and “halo effect” of income stream ventures for their organizations. But, despite their ability to “name” the benefits, they did not have ways to measure their value as part of a “bottom line” analysis. They reported that “social impact is a critical component of the value proposition for nonprofit ventures.”¹²

Seventy-six percent of the surveyed organizations that operate a business venture indicated that they include the social benefit when determining the profitability of their venture. However, only eight percent reported that they formally calculate the social return on investment that their venture generates.

3. Are sectors a useful mental model for the future? If not, what replaces them?

One of the issues inherent to the blurred boundary discussion is the core purpose of nonprofit organizations. At the heart of our understanding of sector structure is the concept that nonprofits are recognized and privileged through tax law as a means for citizens to act independently and positively — outside the formal structures of government and business — to be engaged as active problem solvers within our society. While it is legitimate to worry about the appropriate scale, sophistication, and

¹¹ Jed Emerson, (Working paper, Harvard Business School) <www.redf.org/index2.htm>.

¹² Massarsky and Beinhacker.

efficiency of nonprofits — and while it is intriguing to stretch market concepts in the search for new ways to finance new ideas — it is essential for philanthropy and the nonprofits themselves to carry on and protect their traditional civic action role.

In a recent publication titled, “The Industry of Philanthropy: Highlights from Key Industry Analyses,” Blueprint Research & Design, Inc. adds insight about identity of the sectors: Philanthropy and nonprofits “are attempting to differentiate themselves even as the lines between public, private, and independent sector blur. The MTV and subsequent generations are quite used to commercial operators of public schools and nonprofit health maintenance organizations transforming themselves into private companies. These generations will soon be unfazed by federal agents and national guardsmen screening at airports. In these contexts of shifting roles and expectations for government and business, the unique role of nonprofit entities will become harder to articulate. Distinguishing the value proposition of nonprofits and philanthropy will only get more difficult as the sectors blur — more difficult and more critical.”¹³

4. As a society, how do we educate each other about the value of engagement for both service and social change?

The emphasis on sustainability, efficiency, and market share has the potential to endanger the most basic value of the nonprofit sector — the availability of “free space” within the society for people to freely invent solutions to social problems and to serve the public good. Transferring market language and market concepts to the nonprofit sector without adapting those concepts to include the value of participation and engagement endangers the core transformational purpose of the sector and reduces it to a transactional marketplace. Maintaining and intensifying the transformational aspects of the nonprofit sector are not an excuse for dishonest behavior, poor services, or lack of accountability. At the same time, the desire for an efficient sector should not ignore or compromise the social change and personal transformation values that are at the heart of the U.S. structure for a nonprofit sector.

In a 2002 report for the Pew Research Center for the People and the Press, the authors (Scott Keeter, Cliff Zukin, Molly Andolina, and Krista Jenkins) wrote: “Engaged citizens do not create themselves. We should no more expect spontaneous engagement than we do spontaneous combustion.”

The issues of how we choose to serve others, give philanthropically, and engage politically are all part of the environment for choosing how we structure and fund our work for the common good. The Pew report notes: “We are in a time when doubts have been raised about the civic and political health of the country. The problem is evident in figures documenting a decline in youth political participation over the last three decades. Voter turnout among Americans 25 years and older has been relatively stable, while turnout among those younger has declined nearly 15 percentage points since 1972.”

¹³ Available online at www.blueprintrd.com

Meeting the challenge of educating a population about service, giving, and structuring organizations for social change, transformation, and accountability requires efforts from youth toward:

- More service-learning opportunities at school for young people
- More opportunities at school and after school for civic, political, and social engagement
- More higher education about civic engagement and the structure of the nonprofit sector
- More social change education in business schools
- More informal adult education for social entrepreneurs

Conclusion

There is no right or wrong conclusion about the value of blurring sectoral lines. It is a fact of the times. However, the blurring should be happening in the midst of a richer dialogue about the meaning and benefits of individual engagement for the common good. What is the appropriate balance between efficiency and participation? When does a business model outrank a social-change model? How can double and triple bottom lines for efficiency and social good be defined and met? As a society, how will we capitalize social service and social change on a large scale yet hold it within the nonprofit sector rather than in the public sector? How can motives for choosing a sectoral structure be codified into best practice?

Describing the present reveals more clearly the questions for the future. This paper's description of the currently blurred boundaries provides more depth to the present picture... but raises yet more questions.

To answer the questions and challenges there are some actions that could be started by or enlarged upon by foundations and their corporate, government, and nonprofit partners. These include:

- Invest in practical human-resources evaluation to understand the qualities and skills required for leading and managing hybrid organizations — especially large and growing ventures.
- Invest in leadership and management development for new models of nonprofits.
- Support the development of social-change measurement tools and innovations. Efficiency without social change and individual transformation diminishes the role of a social sector or social sector function.
- Educate nonprofit leaders (boards and staffs) about the options for capitalizing social change work, and improve their ability to capitalize and sustain their organizations.
- Invest in policy dialogues and prepare multisector leaders to debate and advocate for legislation on nonprofit/social sector capitalization, sustainability, structure, tax status, and accountability, as changes are coming in all these areas.

Appendix A — Websites: Groups and organizations mentioned in this report

The Abell Foundation	www.abell.org
Acumen Fund	www.acumenfund.org
Ashoka	www.ashoka.org
The Aspen Institute	www.aspeninstitute.org
Bain and Company	www.bain.com
Baltimore Venture Capital Fund	www.soros.org
Benetech	www.benetech.org
Bloomberg	www.bloomberg.com
Blue Cross Blue Shield	www.bcbs.com
BoardnetUSA	www.boardnetusa.org
BoardSource	www.boardsource.org
Booz Allen Hamilton	www.bah.com
The Bridgespan Group	www.bridgespangroup.org
Brody, Weiser, and Burns	www.brodyweiser.com
Calvert Group/Calvert Special Equities	www.calvertgroup.com
The Carnegie Foundation	www.carnegiefoundation.org
Annie E. Casey Foundation	www.aecf.org
Changemakers (Ashoka)	www.changemakers.net
Children’s Home and Aid Society of Illinois (CHASI)/ ASK4 Staffing	www.chasi.org
Cisco Systems Foundation	www.cisco.com
City Fresh Foods	www.cityfreshfoods.com
Community Development Venture Capital Alliance	www.cdvca.org
Community Wealth Ventures, Inc.	www.communitywealth.org
Compass Consulting Enterprises, Inc.	www.compass-consulting.com
Compass School	www.compass-school.org
The Conference Board	www.conference-board.org
Council on Foundations	www.cof.org
CreateHope	www.createhope.org
Deutsche Bank	www.db.com
Development Gateway Foundation	www.dgfoundation.org
Digimo, Inc.	www.digimo.com
ECOLOGIA (ECologists Linked for Organizing Grassroots Initiatives and Action)	www.ecologia.org
EntreWorld	www.entreworld.org
Fidelity Charitable Gift Fund	www.charitablegift.org
Ford Foundation	www.fordfound.org
Foursome Investments	www.foursome.net
Bill & Melinda Gates Foundation	www.gatesfoundation.org
The Global Fund to Fight AIDS, Tuberculosis and Malaria	www.theglobalfund.org
GlobalGiving	www.globalgiving.com

The Goldman Sachs Foundation	www.gs.com
GuideStar	www.guidestar.org
Charles Hayden Foundation	www.fdncenter.org/grantmaker/hayden
Independent Sector/The Three Sector Initiative	www.IndependentSector.org
Initiative on Social Enterprise	www.hbs.edu/dept/socialenterprise
Innovation Network	www.innonet.org
The Institute for Social Entrepreneurs	www.socialent.org
Investors' Circle	www.investorscircle.net
KindMark	www.kindmark.com
The John D. and Catherine T. MacArthur Foundation	www.macfound.org
McKinsey and Company	www.mckinsey.com
MEE Productions	www.meeproductions.com
Morino Institute	www.morino.org
National Academy of Public Administration	www.napawash.org
National Alliance of Business	www.nab.com
National Civic League	www.ncl.org
National Governors Association	www.nga.org
New Donors for the Arts Programs	www.nonprofitfinancefund.org
Nonprofit Finance Fund	www.nonprofitfinancefund.org
Northland Institute	www.northlandinst.org
Jessie Smith Noyes Foundation	www.noyes.org
NPower	www.npower.org
Open Society Institute	www.soros.org
Origo	www.origoinc.com
The Partnership on Nonprofit Ventures	www.ventures.yale.edu
The Pew Research Center for the People and the Press	www.people-press.org
The T. Rowe Price Program for Charitable Giving	www.programforgiving.org
PricewaterhouseCoopers	www.pwcglobal.com
ProVenEx (The Rockefeller Foundation)	www.rockfound.org
The Rockefeller Foundation	www.rockfound.org
Schwab Foundation for Social Entrepreneurship	www.schwabfound.org
Schwab Fund for Charitable Giving	www.schwabcharitable.org
Share Our Strength/Creating Community Wealth	www.strength.org
Social Enterprise Alliance	www.se-alliance.org
Softbank	www.softbank.com
Sustainable Jobs Fund Ventures	www.sjfund.com
Transnational Computer Technology Inc.	www.1stclasscomputers.com/computertechnology
United-eWay.org	www.united-eway.org

United Nations	www.un.org
United Way	www.unitedway.org
VolunteerMatch	www.volunteermatch.org
The Welfare to Work Partnership	www.welfaretowork.org
W.K. Kellogg Foundation	www.wkcf.org
World Bank	www.worldbank.org
World Health Organization	www.who.int
Yafo Networks	www.yafonet.com

Appendix B: Individuals quoted in this report

Kofi Annan	Secretary General of the United Nations
Samantha L. Beinhacker	Yale School of Management – The Goldman Sachs Foundation Partnership on Nonprofit Ventures and Consultant, Langbaum Associates, which assists nonprofit organizations and private sector corporations in designing and implementing tools to measure operating effectiveness
J. Gregory Dees	Adjunct Professor of Social Entrepreneurship and Nonprofit Management at The Fuqua School of Business, Duke University
Peter Economy	Associate editor for <i>Leader to Leader</i> magazine
Larry Ellison	Founder and CEO of Oracle Corporation
Jed Emerson	Senior Fellow with the Hewlett Foundation, and a lecturer at the Graduate School of Business, Stanford University
Allison Fine	Founder of Innovation Network, and a member of the Technology Affinity Group for the Council on Foundations
R. Scott Fosler	Visiting professor and the first Roger C. Lipitz Senior Fellow at the Center for Public Policy and Private Enterprise, University of Maryland
Jim Fruchterman	Founder of Benetech, and former CEO of Arkenstone
Adam Goozh	Founder and CEO of CreateHope, Inc., and a member of the Board of Directors for Fund for the Future of Our Children
Allen Grossman	Harvard Business School Professor of Management Practice, Visiting Scholar at the Harvard Graduate School of Education and co-chair of new executive education program
Allen Hammond	Vice President, Special Projects and Innovation, World Resources Institute, a nonprofit, nonpartisan policy research institute
Evan Hochberg	Director of Community Wealth Ventures, Inc., and a former associate at Booz Allen Hamilton
Roger C. Lipitz	Co-founder of Meridian Healthcare and chairman of the Baltimore Development Corporation
Harvy Lipman	Director of Special Projects for <i>The Chronicle of Philanthropy</i>
Glynn Lloyd	Founder of City Fresh Foods, Inc.

Cynthia W. Massarsky	Yale School of Management – The Goldman Sachs Foundation Partnership on Nonprofit Ventures and CWM Marketing Group, a management consulting firm specializing in marketing and new business development in the nonprofit sector
John May	Venture capitalist who has been affiliated with Calvert Group
Tracy Pettengill	Founder of 4Charity
C.K. Prahalad	The Harvey C. Fruehauf Professor of Business Administration and Professor of Corporate Strategy and International Business, University of Michigan
Buzz Schmidt	Founder of GuideStar
Elizabeth Schwinn	Writer for <i>The Chronicle of Philanthropy</i>
Jason Scott	Consultant
Marianne Woodward	Former CEO of ASK4 Staffing