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Changing the Conversation

Revitalizing the Social Sector

Part 4: Not for Profits in the 21st Century

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Participants

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Ann Dale

Welcome everyone to the fourth in our series for revitalizing the social sector. I believe the social sector is vitally important to the health and well-being of all Canadian communities. Today, we are going to be looking at the future--what new models are out there, new funding approaches, and especially new ways of communicating their good work and outcomes more widely to Canadians. Before we begin with our first question, could I please ask you to briefly introduce yourselves.

Deborah Irvine

Hello Ann - Deborah Irvine here, on another beautiful day on Vancouver Island. I'll start by noting that I have a somewhat gadfly existence, having worked in the private, public, non-profit and academic sectors. From 2003 to 2008, I was a vice president at Royal Roads University, and most recently (until mid-2013) COO with the United Way of the Lower Mainland. There, I had experience leading community granting and the annual campaign, as well as a major government partnership, and marketing & communications. Today, I consult on organizational and non-profit strategy, essentially looking at ways to tell the story of social change and connect donors and organizations on causes that matter to them.

Katherine Scott

Hi Ann, thanks so much hosting this important session.

My name is Katherine Scott and I head up research at the [CCSD](#). I have worked as a researcher, writer and advocate over the past 20 years on issues of social and economic inclusion. One of my ongoing passions is research in the non-profit sector. My book *Funding Matters* came out over ten years ago now. It described the emergence and impact of the shift to project based funding for non-profits and charities. While there is much that this model offers, it is led to tremendous financial volatility and the erosion of administrative capacity. And that hasn't changed. Non-profits today still face these challenges. Which is why today's discussion is so important.

Ann Dale

Welcome, Deborah, it is sticky hot here in the East, welcome Katherine.

Ilona Dougherty

Hello all,

My name is Ilona Dougherty, and I have been working in the social sector for the last 20 years as first a young leader, and now a youth advocate. Some highlights include being a Canadian delegate to a United Nations conference at 17 years old to co-founding *Apathy is Boring* (www.apathyisboring.com), a Canadian non-partisan charitable organization that uses art and technology to educate youth about democracy and encourage them to vote.

I am now a regular commentator on CTV News Channel and [ipolitics.ca](#), a writer, and I speak to audiences internationally about redefining intergenerational relationships, changing the way we think about young people, and encouraging active citizenship.

I have been involved in board governance through being on the boards of numerous organizations including [Volunteer Canada](#) (Chair from 2013- 2015), the Founding Board of Directors of the [Michaëlle Jean Foundation](#), [Sierra Club of Canada](#), and emerging artist support organization [Studio 303](#) (President from 2011 - 2015). I am also proud to be an Ashoka Fellow.

Ann Dale

While we are waiting for others to join us, let's move to our first question. Welcome, Ilona. Are there new ways for the not-for-profit sector to operate that would increase their outreach to more diverse audiences?

Ilona Dougherty

Ann,

Thanks for the first question.

First of all, I think the not-for-profit sector must figure out how to reach out to more diverse audiences. It is a failing of the sector that we tend to 'preach to the converted', rather than building a broad and diverse network of support.

I would argue that social media is not the ultimate fix that everyone thinks it is. Rather we are in a world of increasing interconnectedness and complexity. In this new world building relationships that connect the online with offline action are proving to be the most effective tactics. We need to do the hard work of building meaningful offline relationships and networks then use social media to amplify our reach.

Katherine Scott

This is an interesting question. There is a widespread sense that many in the non-profit community are not connecting as effectively anymore outside of their established networks. On the one hand, I think that there is much greater diversity but it is also a question of mandate. We seem to be going through a period of regeneration - with new organizations emerging as older ones fade away.

Ann Dale

Can you give me some examples of new organizations, Katherine? And Ilona, I totally agree with you, with so many organizations competing for scarce dollars and searching for new models, we need far more collaboration than in the past. Networking, networking, networking. Does anyone know about any new partnerships, strategic alliances?

Deborah Irvine

One of the examples of new partnerships we brought in at the United Way was our [Better at Home](#) program. This grew from a pilot to a province-wide program in BC today that supports seniors with non-medical services to stay in their own homes. It is funded by the Ministry of Health, but United Way created a network of non profit agencies to administer and deliver the program through a subsequent network of volunteers. It is complex and controversial, but the government has given it great support because it provides an innovative solution at a fraction of the cost. While not ideal - one could argue these services should be delivered by the government; at one time, they were - it is a step toward a new way of grappling with needs and costs.

Ilona Dougherty

I would add that we don't need more organizations, we need to do more movement building and connecting the work of organizations working on similar issues! That is how we will have real impact.

Katherine Scott

I completely agree with Ilona. Nothing takes the place of building offline relationships - and through this work, connecting the message to action. This isn't a new lesson, but it is worth remembering - particularly as new software and tools roll out every day. Non-profits face a huge challenge connecting to stakeholders - but so do governments and business. In this period of transition, the role and mandate of non-profits are coming under question. And so it is critical for non-profits to clarify their purpose. Everything flows from mandate.

Deborah Irvine

Collaboration has always been part of the landscape of non-profits, but underneath, tight funding creates the reality of competition. What I noticed in dealing with the diversity of social agencies during my time in Vancouver was how sensitive the topic of "mergers & acquisitions" was. Often for good reason - people who commit to social change have a huge passion, vision, and drive. And yet the capacity of some non-profits that was seeking funding was so slight in being able to affect real social change on a sustainable basis. They certainly did good front-line work that was valuable and meaningful to those they serving, but measuring, communication, and seeking out donors was incredibly challenging with less staff and more funding demands.

Kania and Kramer caused a huge stir in 2011 when they published their article on Collective Impact in the Stanford Social Innovation Review. This makes the case for cross-sector coordination rather than isolated intervention, and the need to bring in new players from business, government, academics. The struggle, however, is that the very things needed to create this kind of change can be confusing for individual donors to support. Their idea of philanthropy is not funding social planning, advocacy, research, and the costs that go along with them. They want something real and tangible for their dollars in "purchasing" social change, and that often means programs and individual stories rather than grappling with very complex root causes.

Ann Dale

Deborah, key points. For example with respect to biodiversity, people like to fund saving their favourite species, but we also need to fund habitat protection, not nearly as sexy. Funding for capacity is key, and that is where I wonder if there are strategic partnerships that

could be made with the private sector? What about the huge pool of potential volunteers as more and more baby boomers retire?

Ilona Dougherty

Deborah, I couldn't agree more. I think Collective Impact is fascinating. I am also really interested in Al Etmanski's term 'statelessness'. The idea that to be a successful social innovator, you often need to leave your own organization after it has been established and when it is at a point where it can keep doing its important work. Then as a social innovator your role is to not worry about funding / day to day concerns, and instead be focused on movement building.

Katherine Scott

I think that Al makes a very good point. Certainly the research on collective impact is highlighting the critical need for infrastructure. Many organizations used to have this kind of internal capacity - but these tasks are the ones that get cut when the dollars are tight.

Looking at the community level, social planning councils have historically played the "backbone role" that Kania talks about. And you see the difference that this makes in communities with this sort of civic capacity - around issues like poverty reduction or settlement. In some communities, the United Way or Community Foundation plays this role.

My own sense, though, is that it important to build this capacity within the sector. I think that some of the most interesting work is looking at non-profit collaborations to support administrative, evaluation, etc. Creating the tools for different organizations to take up and use to affect change.

Ann Dale

This notion of movement building is interesting. In our third in this series on revitalizing the social sector, one panelist suggested the sector should move out of its silos and organize funding around the issues, strike partnerships and go to funders strategically on the issues-- break out of the organizational silos?

Ilona Dougherty

Ann, I would agree with the panelist you mention. I was very involved in the [Canadian Environmental Network](#) in the 1990s that did a lot of that kind of work in the environmental sector. It had some flaws, but was an amazing organization that built real links between organizations around issues. It was very sad when it lost its funding a few years back, a huge loss for the community. I think we need more of those kinds of networks not less.

Ann Dale

What about organizations breaking out of their bricks and mortar--sharing administrative functions, co-locating strategically, for example, I know the environmental groups more, why doesn't [Nature Canada](#), the [Sierra Club](#), and the [Nature Conservancy](#) co-habit with [CCSD](#)--bringing the human and the environment? Ilona, what about Apathy Now, how do you guys work?

Deborah Irvine

I agree. "Backbone" organization can be key. [Success By 6](#) - which uses community development networks to invest in ensuring that every child has a good start in life - is coordinated centrally through a two-person office in BC. It leverages tremendous engagement in community, and also brings in the government and the private sector (through the Credit Union movement) to fund programs and drive awareness. These kinds of models hold important lessons.

Ann Dale

Let's move to our second question now. The money--Deborah gave us one example of a different model. We all know about the economic downturn and the consistent withdrawal of government funding over the last two decades. I don't think this is going to change very much even with a new government. What new strategic partnerships, and funding models are there?

Katherine Scott

I agree Ann. Canada's funding regime is unlikely to change any time soon. Ten years ago, when funding reform started to gain traction, different governments and foundations stepped back and examined their own practice. For instance, the federal government launched a blue ribbon panel which put forward several government-wide recommendations to streamline administration and examine the issue of full cost recovery. I have seen improvement in the administration of contracts, but not much else. Systematic under-funding is still a critical issue - and the use of contracts continues to expand into all service areas. Certainly, at the federal level, there are no sources of funding for research, capacity building, evaluation and the like.

Among foundation, you see more funding reform and innovation. Foundations like [Trillium](#) here in Ontario are moving forward with a much more targeted approach to funding - that calls for non-profits to create partnerships and leverage various resources. They are also looking at new ways to measure impact using the Canadian Index of Wellbeing as a framework for assessing community change. This work is happening at the edges - but it is shifting the conversation.

I worry though that this type of new practice is only taking place at the edges. The critical issue of full cost recovery still needs to be acknowledged and addressed. No amount of collaboration can make up for the systematic underfunding of administration.

Ilona Dougherty

I am super interested in the [Ford foundation's](#) move to providing unrestricted operating support.

<https://philanthropy.com/article/Ford-Shifts-Grant-Making-to/230839>

Very curious to see how this impacts / influences the rest of the sector.

Deborah Irvine

One of the interesting things from the world of a funder is there seems to sometimes be a disconnect with those we fund as to where the money comes from. Many large community funders have experienced great challenges in recent years. Foundations - like all other organizations that act as intermediaries, whether publishing, the recording industry, the travel industry - can often be seen to be getting in the way of donor and cause. Technology has changed things to where there is no going back. Seizing public interest is everything, but public interest can also be fickle.

Ilona Dougherty

When it comes to funding models, my experience has been with social enterprise. I was always more comfortable when I was Executive Director of Apathy is Boring in offering a service (in our case consulting re: youth engagement) and being paid for it, rather than asking for donations. It wasn't always the best strategy, but it meant that when other youth organizations were being hit with government cuts and many were shutting down (or almost shutting down like Katimavik in 2011) we managed to survive.

I think social enterprise has an important place as a funding option. But we have to be careful about not letting government off the hook. In some cases government should have a funding role, and the non-profit sector has to not be afraid to play an advocacy role to ensure that government steps up when it should.

Deborah Irvine

I agree completely Ilona about the role of advocacy. It is an important aspect of non-profit's mandate and it is incredibly discouraging the "chill" that has developed around (as discussed

in one of your other forums). Another interesting idea is social finance ... but I am not sure it will ever get off the ground in a big way. Here in Victoria, the Social Planning Council is attempting to use the model to raise patient capital for affordable housing. It will be interesting to see what ultimately happens.

Rob Newell

Hi, everyone, I am now joining you in the panel and look forward to being a bit closer to the discussion.

I'm thinking about your comment, Ilona: "In some cases government should have a funding role, and the non-profit sector has to not be afraid to play an advocacy role to ensure that government steps up when it should". In particular, the idea around 'advocacy'. Here, (I believe) you bring it up in terms of advocating for the social sector and building its capacity, but it makes me think about the restrictions non-profits face for being advocates for political issues as well. In terms of the funding, this can be a sticky situation where a NGO is doing the 'good work' and speaking up in a manner which doesn't align with the political agenda. So, for in terms of a new model, this almost has to be complemented with a new governance model in which accountability is both inherent and supported by the governing bodies. This would look like a government that is actually hoping to fund groups that can keep them 'in check'.

Deborah Irvine

Rob - happy to have you join in. I also want to note there is some hope on the advocacy front. Funders like [Maytree](#) and the [Max Bell Foundation](#) have done important work in this area. At United Way, we were asked to join in, so back in 2009 or 2010, we created the United Way Public Policy Institute. It is led by former BC Premier Mike Harcourt and it offers agencies across BC the chance to learn how to successfully practice advocacy at different levels of government. There are certainly other, similarly successful models out there. In our case, we were incredibly fortunate to receive funding of \$250K from an anonymous donor who believed non-profits needed to add their voice to policy discussions. The knowledge we impart often comes from government leaders who share this belief. So perhaps not all is lost.

Katherine Scott

The whole area of funding reform is interesting because it is attempting to bridge the silos between the public, private (business) and non-profit sectors. Social enterprise and coops are good examples where non-profits and charities are pursuing earned income and using the proceeds to support their mandate.

And so we have a blending of forms - and mandates. The trouble is that it really does beg the question as to what the best or appropriate role of the different sectors is. What is the public commitment to essential supports and services? Historically, non-profits stepped into the

breach when a need was evident. All of our important services started this way (e.g. hospitals, services for seniors, disability supports, etc.). At some point, along the way, governments stepped in to play a larger role and assume more responsibility - setting the terms of service and providing the lion's share of funding.

So where are we today? Do we really want our women's shelters to sell their services as property managers to support their mandated work? Do we really want to import business models into caring services like child care?

These are critical conversations - and yet for all of our new communication tools - there are few spaces to take up these questions.

Ann Dale

Katherine just raised some critical questions. What about the 'rules of the game' that need to be changed. Not-for-profits cannot retain any profits, don't they have to disburse 100% of their funds in the fiscal year. Which makes them dependent for the long-term on funders, reducing their capacity to plan long-term, redeploy assets. Social enterprises don't have the same restriction, do they? Are there other rules that should be changed, as Rob brings up, around the definitions of advocacy? For me, this role is crucial to building robust democracies?

Deborah Irvine

I absolutely agree that the role and integration of government and business - with the social sector - is a critical dialogue we need to have. But are we just a small group talking to ourselves? Perhaps the real focus should be on how we can widen the conversation beyond the usual suspects. Is the public apathetic or engaged? Is it a question of not knowing how to participate? What will our political leaders say on this subject this fall? Through my time at UW, I saw incredible interest and generosity from the business community in participating in philanthropy. I believe there is appetite and opportunity, but in a world of distraction, it is not easy to retain attention on these issues.

Rob Newell

Then, I guess the need question after "What is the public commitment to essential supports and services?" - who gets to decide what the 'essential' services are? Drawing on your other comment, Katherine, how historically non-profits stepped into position when the need became evident, this initially brings up the idea that these are 'needs' and that we should think about what the public commitment to said needs are. But, then, there are many initiatives that could be communicated as needs and only so many resources. I worked with a non-profit in Victoria that welcomed newcomers to Canada, and my program was focused on better involving newcomers in the local environmental movement. When applying for funding,

my applications could compete with those that are working in children's nature education programs. So, which one becomes the 'need' in this case? And, also, as important as I felt my program was, are there not more 'pressing' services that could take precedent?

Probably, the bottom line to my point is that in a complex world with many different ways humans can interact with one another and their environment, there will be a lot of different gaps in the services we need to better progress. So, it can become a challenge to figure out what the needs are and how to go forward.

On the potential solutions side, I have worked with network organizations (such as [Y2Y: Yellowstone to Yukon](#)) that have established networks and meetings among different groups to identify regional objectives and collaboratively decide how to allocate funding. To do this effectively and honestly, participants of these networks have to not approach this in a 'competitive' manner, which can be difficult when you want to fund your program, but it's possible.

Ilona Dougherty

This comment relates to both funding but also building a broader base for support.

It worries me when there is an assumption made that being a social enterprise ends up meaning that organizations are 100% separate from government and the political process.

I was at a talk in the US recently given by Todd Park, where he spoke about work he is doing which is a collaboration between the US gov't and the tech sector. You can read more about it here: Inside the U.S. Government's Stealth Tech Startup

http://www.fastcompany.com/3046756/obama-and-his-geeks?partner=themoost&utm_source=themoost&utm_medium=link

Anyway, my point is that Todd spoke about non-profits having a 'tool box' and that working with gov't and using the political process to advance issues is one of the underused tools that the sector needs to get better at using.

I think if we can better understand the policy process and leverage it to ensure our issues are front and centre, we can both leverage greater public support for our work, but also support government in innovating / scaling up our solutions which benefits all of us.

Ann Dale

Key point, Ilona, about scaling up innovations and solutions, and closing the gaps between policy and implementation on the ground.

Is the social sector less collaborative than other sectors? Does it itself need to exhibit more leadership by striking strategic alliances with other groups?

Deborah Irvine

I believe there is a lot of collaboration, but the problems are complex, long term, and defy easy solutions. Many funders attempt to design their grants to encourage deeper collaboration that is meaningful with shared performance outcomes and shared agendas. But if capacity is slight, it can be overwhelming for the grantee.

One thing that stayed with me all these years is the notion of funders as "merchants of misery". What a metaphor: in that we ask agencies to compete and prove or demonstrate who is the more deserving. I hope it is not a true perspective of the sector but it is something that we need always to be mindful of, particularly as we pursue philanthropy for a diversity of need and causes.

Ann Dale

Just as I talked about more leadership in the sector itself, what about the role of foundations, and organizations like the United Way, is there a leadership role they can play in 'investing' differently in the sector? Deborah mentioned the leadership of the Max Bell Foundation and someone else the Trillium Foundation. Should the sector go as a whole to the foundation sector, for example, and say here are our needs, here are the issues we think are critical, how can we join forces?

Deborah Irvine

One of the hardest things I had to do as a funder was "de-fund" a group of agencies from UWLM's member agency model. The reason for the change was driven by a lot of factors: the movement to UW as a community impact organization, the need to deepen our ability to make in difference in key areas by limiting our reach, and the importance of being able to easily and tangibly explain where donor dollars were being invested. But while we no longer used the membership model, we did retain core funding for nearly 100 agencies. One of the most important things I learned at the time - being new to non-profits - is how essential (and rare) core funding is.

[Vancouver Foundation](#) is another funder that is looking at new ways of investing in community. Their field of interest grants include short-term development funding for one year, test grants for up to three years to develop the effectiveness of projects, and grow grants to support and further grow proven projects or influence policy and practice. This is very interesting and innovative work because it is about scaling up to extend impact.

Katherine Scott

I think that the Foundations and United Ways have a tremendously important role to play - but a difficult one. Increasingly, these funders have targeted their funding and provided greater support to agencies applying for funds. This is helping to ensure that non-profits are able to operate to maximum effect. Government is also pursuing a similar strategy (typically without any attention to capacity).

But the downside from the non-profit side is that virtually all funding is tied now. Where are the open calls? Where is the space for non-profits to come up with good ideas and to seek out support - if all funds are allocated to 0 to 6 or wetlands preservation?

And the fact remains that Canada has a very small foundation sector (compared to the US) and business doesn't donate in large numbers. What to do?

Rob Newell

Interesting, I guess I must have been writing my last comment while this question cropped up, as it strongly relates. I think there is a definite advantage for organizations to approach funders as a network or coalition. In the example I brought up, Y2Y, our meetings involved environmental groups specifically in the Cabinet-Purcell Mountain Corridor, and as a group, we could decide how to coordinate our actions and (to a certain degree) allocate some resources to better serve the region. In a similar manner, there is definitely a lot of power in a sector approach to funders as a group as it allows for a more comprehensive approach to solving issues and less redundancy. I imagine a visioning process would be a good first step to crafting a plan of this sort.

Ann Dale

We have raised more questions than answers in some ways, but very thoughtful conversation, and it will be interesting to see if the social sector is mentioned in any of the political debates (I would much prefer that they were dialogues). Do you have any final comments to make? Maybe we should also focus much more on the business sector, instead of focusing on foundations, make in strategic groups with business leaders?

Thank you so much for your time and commitment. I am sorry that we lost two of our panelists for today's discussion. Thank you, une mille fois merci.

Deborah Irvine

My final comment would be one of optimism. There is incredible appetite for engagement on the part of donors large and small, the business community, and agencies. We see that reflected every day whether someone is running for the cure or biking for the cause.

Harnessing this enthusiasm and commitment, and lifting it up to system-wide change with the involvement of government, is incredibly important and difficult. Messy and far from linear. Your own focus on this subject helps, Ann. Thank you for the invitation to participate and thank you to the other panelist for your thoughts and observations.

Ilona Dougherty

My final thought is to repeat great advice from political strategist Stephen Carter. He gave a talk to NGOs in Ottawa a few years back, and spoke about how important it is to have discussions with political leaders before an election happens, so that you don't end up knocking on the door with everyone else once they are elected. It is easier to raise issues now, they are much more likely to listen.

So I would encourage non-profits to raise their issue with ALL leaders on the campaign trail this summer.

And also check out the organization in the US called [Non-profit Vote](#) they have great resources about how non-profits can mobilize their base in non-partisan campaigns and encourage them to vote.

If the sector wants to have a voice we need to innovate ourselves, but also engage with our political leaders.

Thanks for a great dialogue!

Katherine Scott

And thanks to you Ann for the great opportunity. I think that funding reform is a long term movement - that needs to be driven by the social sector. In this regard, the folks at the Ontario Non-profit Network are doing a great job taking up issue of importance to the sector, and creating platforms for people to come together and advocate for change. Over time, we will start to see change - but the push needed to change government funding practices will be considerable. Getting the funding model right is critical to achieving your goals.

Thanks again, Katherine