

# A Framework for Action for the Nonprofit Sector

## The National Engagement Strategy

The overall objectives of the *National Engagement Strategy* are to:

1. Strengthen the collective voice of charities and nonprofits in Canada and facilitate their ability to take collective action on cross-cutting issues of importance to the sector and the communities it serves.
2. Foster knowledge exchange and innovation among organizations of all sizes, from a variety of sub-sectors and operating in different parts of the country, in order to learn from each other.
3. Create spaces and support linkages, networks and partnerships that will strengthen organizational capacity and sustainability, thereby enhancing the sector's effectiveness and impact across Canada and around the world.

The *National Engagement Strategy* is made possible through a partnership with the Agora Foundation through the Margery J. Warren Endowment Fund. Assistance for the 2010 events was also provided by the J.W. McConnell Family Foundation and our partners in each province or territory where events were held. The National Summit, to be held November 29-30, 2011 will focus on advancing the priorities identified during the 2010 provincial forums and extended community conversations through tangible and achievable actions.

## Introduction

This is a summary of the *Framework for Action* which continues to be a working draft and reflects what Imagine Canada has heard from various stakeholders from across the country. This document presents a number of drivers of change that will have an impact on the work of charities and nonprofits as they work in communities across the country and around the world.

## The Evolving Context

Although Canada has fared better economically than many other countries over the past few years, the uncertainty caused by the global economic downturn has still had significant effects. There are increasing demands on the charitable and nonprofit sector and many fear that greater demand may become a permanent

fixture, particularly if government moves to eliminate or reduce programs and services.

While the scale of the challenge is significant, it presents an opportunity to redefine and reinvigorate the relationships among the three sectors. Nonprofit and charitable organizations are realizing that they need to determine how to sustain and enhance their activities with less certain assistance from other sectors, while simultaneously moving to address emerging and long-standing economic, social, cultural and environmental issues in a collaborative way.

Over the next decade, charities and nonprofits must exploit and build on their strengths, define a common agenda, and enhance partnerships both within and beyond the sector. The sector needs to shift its focus to look beyond the immediate challenges of

increasing demand and decreasing resources, towards developing a new, compelling vision that includes a long-term, multi-year agenda for charities and nonprofits across the country.

## The Drivers of Change

Along with one overarching driver, the changing demographics of Canadian society, we have identified seven major drivers of change that we believe will shape the nonprofit and charitable sector in the years ahead.

### OVERARCHING DRIVER

The changing demographics of Canadian Society has been identified as an overarching driver because it both affects all sectors and will have a significant impact on all the other drivers. Canada is experiencing significant demographic changes along a number of dimensions. For example, in the coming decade the Canadian population will become older, more people will live in urban areas and an increasing percentage will be foreign-born. These shifts will have profound effects on both the supply and demand sides of the equation for Canadian charities and nonprofits.

### 1. THE INCREASING IMPORTANCE AND INFLUENCE OF SOCIAL INNOVATION

While the importance of technological innovation is widely recognized, other forms of innovation have received much less attention. Particularly important is social innovation - the development and implementation of new products, services, processes, systems and behaviours to meet social needs.

Charities and nonprofits are key players in social innovation. They are deeply rooted in communities across the country and have long fostered this type of innovation as a core, day-to-day practice. With business and government increasingly recognizing the value of social innovation, the sector is well situated to play a leadership role. This is particularly true with regard to on-the-ground experimentation and

facilitating engagement among the three sectors. The challenge and opportunity before us is to ensure that the sector's strengths in this area, which have gone largely untapped and undocumented, are leveraged effectively in the decade ahead to build and sustain resilient communities.

### 2. STRUCTURAL SHIFTS IN THE REVENUE BASE OF ORGANIZATIONS

Over the coming decade, we believe that earned income, including social enterprise activities, will become a more important revenue source for charities and nonprofits. A range of factors will drive this increase, including:

- a new generation of more entrepreneurial leaders;
- the likelihood of more limited funding from governments dealing with deficits and an aging population base; and
- a growing desire for revenue bases that support greater organizational self-sufficiency, sustainability, and long-term stability.

The sector is actively exploring how to generate more and new kinds of earned income; increase access to capital; share infrastructure and services; and reduce existing barriers around social enterprise. These shifts will have many implications for public policy and may blur traditional structural and regulatory boundaries among the public, private and nonprofit spheres. This may include rethinking mutual benefits and accountability to go beyond the traditional funder/grantee relationship when nonprofits partner with business and government.

### 3. SHORTAGE OF TALENT TO STRENGTHEN AND LEAD ORGANIZATIONS

Charitable and nonprofit leaders are increasingly concerned about the sector's ability to recruit and retain the paid staff required to fulfill their organizations' missions. The next

decade will see a significant part of the baby boomer cohort retire, leaving a smaller pool of prospective employees to fill their ranks. Additionally, there is a widespread perception that the new generation of recruits are less inclined to commit to significant unpaid overtime and insufficient compensation which undermine the well-being of their families or their ability to support themselves in retirement.

In this context, many organizations feel they will be at a disadvantage when competing with employers from other sectors for the types of highly-skilled and qualified staff required to meet the increasing expectations of sector stakeholders. While competition is a factor for all sectors, it is particularly acute for nonprofits which are often not on the radar screen of job seekers.

#### **4. CHANGING EXPECTATIONS OF VOLUNTEERS**

Charities' and nonprofits' ability to mobilize volunteers to fulfill their missions is a defining characteristic of the sector.<sup>1</sup> Although volunteers are often strongly motivated, the volunteer supply is not infinite and volunteers' expectations may be changing in ways that make them a potentially more challenging (though also more valuable) resource in coming years.

Although just under half of Canadians volunteer, over three-quarters of total volunteer hours come from just 12 per cent of the population. This heavy dependence on a small part of the Canadian population for volunteer labour has been unchanged for at least a decade and it is doubtful that it can be sustained in the context of an aging society.

Within the sector there is a sense that volunteers increasingly have heightened expectations of the organizations for which they volunteer. Organizations will be

confronted with the need to provide volunteers with increasingly customized and personalized experiences that clearly leverage their contribution and facilitate their skills development. Better infrastructure will be required to recruit, develop and retain volunteers, which in turn will necessitate the investment of time and money in training the personnel to implement these measures.

#### **5. HEIGHTENED DEMAND FOR TRANSPARENCY, ACCOUNTABILITY AND COMMUNICATION OF IMPACT**

Nonprofit and charitable organizations face ever-increasing scrutiny from government, media and the public. Stakeholder demands for transparency, public accountability and demonstration of impact are likely only to increase in the coming decade.

Key to meeting these demands will be increased organizational emphasis on appropriate financial control and evaluation systems and effective, timely communication of results to stakeholders. Particularly challenging for the sector is that these supplementary costs of delivering on mission are significant and increasing without commitments from funders to cover them. However, these expenditures are increasingly seen as prerequisites for continuing to attract funding and support. The vicious cycle of not having enough resources and expertise to capture impact that will attract more financial support must be replaced with a virtuous cycle of mutual investment in and commitment to, efforts to document and learn from previous projects and efforts. More open and upfront dialogue with funders as well as improved collaboration will be required in the decade ahead.

The paradox of the public's simultaneous expectations of greater transparency, accountability and impact, combined with low to no fundraising and administration costs,

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<sup>1</sup> In fact, just over 50% of charities are entirely dependent on volunteers for their HR needs.

must also be addressed. There is an urgent need to explain to stakeholders how and from whom charities and nonprofits attract investments to achieve their missions, how they manage and use the resources entrusted to them and most importantly, what impact these investments have at home and around the globe.

## **6. GROWING NEED FOR TRANSFORMATIVE PARTNERSHIPS AMONG ORGANIZATIONS AND WITH OTHER SECTORS**

Although organizations from all sectors speak routinely about the importance of collaboration, charities and nonprofits have been uncommonly successful at this practice. With our sector's long track record, we are well positioned to facilitate cross-sector engagement now that business and government are increasingly emphasizing this as a preferred means of working.

Where charities and nonprofits are more challenged, however, is in partnering with one another given the constant competition for mindshare and for dollars. However, they are increasingly acknowledging the need to collaborate across geography, jurisdictions, sub-sectors and culture to ensure their sustainability or to maximize their impact. A number of organizations are already assessing whether the fulfillment of their mission might best be achieved by sharing services or resources with another organization, merging their operations or by fundamentally reconsidering their financial models.

When collaborations are successful and sustained, they can lead to relationships of trust and lines of communication that fundamentally change partnerships from ones based on individual responsibility and attribution to ones based on mutual accountability and joint recognition of contributions. In these instances, the collaborations evolve from transactional ones, based on individual, contractual agreements to

transformational ones that have the potential to fundamentally change the nature of the outcomes, the speed or effectiveness with which they are achieved, and in some cases, the organizations themselves.

## **7. INCREASED USE OF SOCIAL MEDIA AND NEW TECHNOLOGIES FOR COMMUNITY ENGAGEMENT, OUTREACH TO YOUTH AND NETWORKING**

While charities have long been skilled networkers and integrators, many charities and nonprofits are concerned about their ability to effectively use emerging technologically mediated forms of networking for engagement. Although these technologies are seen as having tremendous potential, they do pose a number of challenges for organizations. Among other challenges are:

- the need to develop the technical capacity;
- increased virtual competition for mind share and resources with organizations that have not traditionally been direct real space competitors;
- meeting audience expectations of continually providing real time communications tailored to a range of audiences; and
- ensuring that engagement is strategic and meaningful rather than superficial.

Opportunities for organizations to learn from early adopters and experiment with a safety net will be critical to ensure that charities and nonprofits can maximize their benefit from these new technologies.

### **For more information**

For a list of priority areas and actions to consider, please refer to the document: *A Framework for Action for the Nonprofit Sector*, found here: <http://www.imaginecanada.ca/node/240>.

For more information on Imagine Canada's *National Engagement Strategy* (NES), visit: <http://www.imaginecanada.ca/node/239>.