

# TAKING STOCK

## How Canadian Child and Youth Agencies are Responding to Economic Challenges

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Key Informant Interviews  
Themes Summary

Special thanks to the organizations that participated in the key informant interviews:

Atkinson Centre  
Charity Village  
Calgary Foundation  
Community Foundations of Canada  
Fresh Collective  
Junior Achievement of Canada  
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Social Housing Services  
Somali Youth Association of Toronto  
Success By 6 BC  
United Way Centraide Canada  
United Way of Calgary  
United Way of Lower Mainland  
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Youth Action Network  
YWCA Canada



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This paper and all other documents related to the Taking Stock project are available at [www.nacy.ca/taking-stock](http://www.nacy.ca/taking-stock).

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## Background

### NACY

The [National Alliance for Children and Youth \(NACY\)](#) is a nonprofit umbrella organization which brings national organizations together in a collaborative network dedicated to enhancing the well-being of children and youth in Canada.

### The Taking Stock Project

In 2009, NACY received funding from HRSDC for the Taking Stock initiative. Taking Stock was created to explore the challenges facing the non-profit child and youth serving sector in Canada and to create resources to better support the sector. As part of the Taking Stock project, the project team spoke with organizations across Canada about challenges they were facing, innovations they have seen, both locally and on a national basis, and best practices that are being implemented across the sector. Emerging from these conversations were a series of findings around the resource gaps in the sector, the funding climate, HR challenges, barriers to growth and innovation, policy needs, and visioning around what needs to be done to increase the strengths of the sector.

The project explored these key questions:

- 1) What are the current economic realities impacting our member agencies in the child and youth sector in the areas of: capacity building, knowledge acquisition/mentorship and sustainability?
- 2) What are some of the best crisis management, models and/or approaches available or being practiced by agencies in the areas of collaboration, capacity building, service delivery efficiencies, and knowledge acquisition?

The full Taking Stock report and supporting documents are available at [www.nacy.ca/taking-stock](http://www.nacy.ca/taking-stock).

### Methodology

The project explored these questions using a multi-method approach. Interviews were conducted with key informants who have intimate knowledge of the sector. These included organizational founders, funders, NPO collaborators, and other sector experts. Case studies were developed in order to gain insight into the work being done by child and youth serving organizations across the sector. The case studies focused on a range of challenges as well as successes from across the country, from amalgamation of services, to capital campaign fundraising during an economic downturn. Four roundtables (think tanks) were held with local capacity builders, experts, government officials and service providers. At the think tanks, participants responded to a series of questions focused on identifying what are the ongoing and pressing challenges facing the child and youth nonprofit sector, and how are those challenges affecting their work. Participants also suggested some tools and strategies to respond to those needs.

This report describes key themes and insights identified through the key informant interviews.

## Introduction: Pressing Issues Facing Canada's Nonprofit Sector

The National Alliance of Children and Youth (NACY), through the Taking Stock project, is about enabling child and youth sector organizations to have positive and lasting impact in the communities they serve. Since 2009, through discussion with our colleagues in the nonprofit sector, NACY has been able to confirm how similar our challenges are:

- **A changing funding landscape.** Public funding is drying up and competition for private funding is increasing. Undercapitalization prevents even the most effective organizations from expanding their reach or bringing their programs to scale.
- **Lack of focused collaboration, alliances and restructuring.** A solution here and there without a regional and global context and far reaching effectiveness is limited without transparency, marketing and connection to other like-minded organizations. How does one know that their solution really makes sense and is the best use of their resources? What other organizations are delivering similar programs and to what success? What are these organizations learning and how can they share this?
- **Burnout and staff attrition.** Many leaders do not stay in their positions for more than a few years due to lack of support, stress, low pay and work/life balance issues. Low pay scales mean that people simply cannot afford to work in the organizations they believe in.
- **A demand for evidenced based research.** Most small Non Profit Organizations (NPOs) do not have the skills or resources to plan for and deliver research methodologies. Much of the funding demands high level quantitative and qualitative data that documents the impact of the organization's work.

Through case studies, key informant interviews, focus groups, think tanks and surveys, NACY's Taking Stock project has compiled a series of papers which document some of the key issues being discussed in the sector. In particular, the findings suggest that in response to an increased competitive environment, NPOs have been forced to shift their primary focus to organizational sustainability; this focus is affecting both strategic and operational levels of management. NPOs are devoting more and more time and energy to questions of efficiency in an effort to reduce expenditures. Key informants have identified that the issue of balancing mission and money has often only been addressed as an operational issue that represents the symptoms of the core issue. For these sector leaders, the core issue is the need to build a sustainable organization that can *continue to deliver social value via the pursuit of its social mission*. This report looks at some of the challenges raised, as well as some of the solutions discussed around building a stronger nonprofit sector.

### What do we mean when we say "the nonprofit sector"

We recognize that this sector is broad – and that organizations face challenges that can be unique to their own governance models, internal HR structures, and service delivery philosophies. Yet as much as each organization has a unique footprint, organizations across the sector have several important traits in common. As Ron Saunders described in "*Passion and Commitment under Stress: Human Resource Issues in Canada's Non-profit Sector*":

*Non-profit organizations play an important role in such diverse areas as arts and culture, sports and recreation, literacy and skills development programs, health services, business and labour associations, religious activity, and political advocacy. This diversity may lead some to question whether it is meaningful to speak of the collection of non-profit organizations as a sector. However, non-profit organizations share several important traits in common. They rely upon external organizations for their funding, but, unlike the broader public sector (which includes schools, hospitals, universities, and colleges), have little or no base (continuing) funding from governments. They also are generally characterized by a public service mission. That is, non-profit organizations are rooted in community needs. They also rely upon a strong voluntary component in responding to those needs.<sup>1</sup>*

So when we speak of “the sector” we are speaking about non-profit organizations (NPSs) across Canada, of all sizes, driven by a social mission. Most nonprofits exist for the purposes of impacting their communities for the better. The avenues through which they accomplish that vary, but nevertheless, all would agree that a vision of a better Canada is a shared goal across the nonprofit sector.

## **Challenges to Financial Sustainability**

While the nonprofit sector makes an important contribution to Canadian society, it also faces some serious challenges. Funding has become increasingly short-term and targeted, making it difficult for organizations to support core functions and invest in capacity for the long term. The sector has seen shrinking contributions from various levels of government in the wake of deficit-reduction measures. This funding instability has been detrimental to the health of the sector as a whole. The targeted and short-term nature of most funding makes it difficult for nonprofit organizations to invest in capacity building, whether it be through new technologies, developing the skills of their employees and volunteers, or implementing organizational-wide measurement outcomes. Highly constrained project-funding also weakens the ability of non-profits to engage in long-term planning and to adhere to their primary missions, which can turn staff commitment into disillusionment.

With declining government contributions and a constrained environment for individual and corporate donations, there is significant interest in expanding earned revenue activities. Yet despite this interest, many organizations struggle to integrate these activities into their operations, particularly in the absence of an enabling and supportive environment in which to do so.<sup>2</sup> Most non-profits have neither the capacity nor the product to sell that would allow for earned revenue activities to make up a significant portion of their operating budgets. Further, expanding an organization’s reach to include earned revenue activities would require significant supports, both financial and legal. Many of our key informants pointed out that although organizations are being asked to expand their funding possibilities

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<sup>1</sup> Saunders, Ron (2004). *Passion and Commitment under Stress: Human Resource Issues in Canada's Non-Profit Sector - A Synthesis Report*. Canadian Policy Research Network.

<sup>2</sup> Spence, A. (2011). [Achieving Financial Sustainability in Today's Changed World](#). *The Philanthropist*, 24(2)

the current regulations don't facilitate the development of social enterprises or innovation. While some provinces, including Ontario and British Columbia, are putting in place measures to put charities and non-profits on firmer financial footing, including allowing them more ways to generate revenues through entrepreneurship or social enterprise, these provincial strategies are not consistent with some federal regulations.<sup>3</sup> A recent study in Ontario, entitled [Social Finance Census 2010: A Summary of results from the social finance census of nonprofits and social purpose businesses](#), indicated a significant demand for loans and financing in the sector. The ONN/SVX survey on lending indicated interest by 50% of nonprofits and charities in Ontario in loan products and estimated the capital needs of the sector in Ontario to be \$170 million. Yet it also found that the vast majority of social enterprises cannot access the resources they need, nor navigate the regulatory framework to get them off the ground.

Beyond these challenges, there is also a growing demand for increased performance and demonstrated impact. Nonprofit organizations and charities have a tremendous burden to demonstrate they deserve the money given to them by funders. In some cases, they must demonstrate greater impact while being provided with fewer resources. There are also growing service expectations of many organizations because of the tremendous and unsettling problems we face in Canada and around the world.<sup>4</sup>

The nonprofit sector typically generates financial resources through a mix of earned income, fundraising strategies, and government grants and contributions. A structural shift is occurring as public funds become less available and have more strings attached. Access to donations remains very competitive and recent evidence suggests that this source is declining as well.<sup>5</sup> On the philanthropy front there has been significant movement as organizations across the sector, in partnership with Imagine Canada, have worked to raise awareness of, and support for, the [Stretch Tax Credit](#) proposal for charitable giving and the capital gains exemption for gifts of real estate.<sup>6</sup>

In William Landes Foster, Peter Kim, & Barbara Christiansen's 2009 article "Top Ten Non-Profit Funding Models" in the *Stanford Social Innovation Review*<sup>7</sup> they identified ten funding models predominant in the non-profit sector. Their outline has been adapted for the Canadian context below:

MODEL	CHARACTERISTICS	EXAMPLES	TACTICAL TOOLS
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<sup>3</sup> Mulholland, E., Matthew Mendelsohn, [Negin Shamshiri \(2011\). Strengthening the Third Pillar of the Canadian Union: An Intergovernmental Agenda for Canada's Charities and Non-Profits. Mowat Centre for Policy Innovation.](#)

<sup>4</sup> Spence, A. (2011). [Achieving Financial Sustainability in Today's Changed World. The Philanthropist, 24\(2\)](#)

<sup>5</sup> *Ibid.*

<sup>6</sup> Imagine Canada (2012) [National Summit Report](#), February 2012.

<sup>7</sup> Foster, William Landes et al (2009). [Ten Nonprofit Funding Models. Stanford Social Innovation Review, 27\(2\).](#)

<b>Heartfelt Connector</b>			
Funding source: Individual Funding decision maker: Multitude of individuals Funding motivation: Altruism	<ul style="list-style-type: none"> <li>- The mission has broad appeal</li> <li>- The benefits often touch the lives of the funder's family and friends</li> <li>- Nonprofit connects donors to the cause through volunteerism or other means</li> </ul>	Medical research ( Dystonia Medical Research Foundation of Canada ) Environment International (Save the Children)	Special events Direct mail Corporate sponsorship
<b>Beneficiary Builder</b>			
Funding source: Individual Funding decision maker: Multitude of individuals Funding motivation: Self-interest followed by altruism	<ul style="list-style-type: none"> <li>- The mission initially attracts individuals pursuing, and paying for, specific individual benefits</li> <li>- Mission creates a strong individual connection through the delivery of the benefit (for example, spending four years on campus or having one's life saved)</li> <li>- Benefits created viewed as having important societal benefits</li> </ul>	Universities (University of Toronto) Hospitals (Sick Kids)	Fees Major gifts
<b>Member Motivator</b>			
Funding source: Individual Funding decision maker: Multitude of individuals Funding motivation: Collective interest	<ul style="list-style-type: none"> <li>- Most of the benefits have a group orientation (for example, religious services or hiking), creating an inherent collective community to tap into for fundraising</li> <li>- Uses richest mixture of tactical tools to raise money</li> </ul>	Religious congregations (United Church) Arts and culture (CBC Radio) Environment and conservation (Nature Conservancy of Canada)	Membership Fees Special events Major gifts Direct mail
<b>Big Bettor</b>			
Funding source: Individual or foundation Funding decision maker: Few individuals Funding motivation: Altruism	<ul style="list-style-type: none"> <li>- Builds majority of support from small number of individuals or family foundations</li> <li>- Mission may be fulfilled within limited number of decades (for example, finding cure to a certain disease)</li> </ul>	Medical research (Canadian Breast Cancer Foundation) Environment (Conservation International)	Major gifts
<b>Public Provider</b>			
Funding source: Government Funding decision maker: Administrators Funding motivation: Collective interest	<ul style="list-style-type: none"> <li>- Provides services that are perceived as core government responsibility (for example, foster care)</li> <li>- Clear definitions exist of the services and processes that nonprofits must provide (for example, RFPs)</li> </ul>	Human services (Community Living) International (War Child)	Government contracts
<b>Policy Innovator</b>			
Funding source: Government Funding decision maker: Policymakers Funding motivation: Collective interest	<ul style="list-style-type: none"> <li>- Secures government funds for a significant new approach to problem or to address a problem not currently viewed as a core government responsibility</li> <li>- Requires a high-level government "champion"</li> <li>- Generally succeeds when significant pressures exist on government as a result of a fiscal or media crisis</li> </ul>	Human Services (United Way) Education (Pathways to Education) International (World Vision Canada)	Legislative appropriation or earmark Executive earmark Government pilot project
<b>Beneficiary Broker</b>			
Funding source: Government Funding decision maker: Multitude of individuals Funding motivation: Self-interest	<ul style="list-style-type: none"> <li>- Individual beneficiaries decide how to spend the government benefit</li> <li>- Must navigate and influence government decision makers for eligibility and compliance with reimbursement requirements</li> <li>- Requires individual marketing capability to reach and service end beneficiary</li> </ul>	Health (Community Health Centres) Housing (Toronto Community Housing) Employment (Employment Ontario) Public and societal benefit	Government reimbursement

MODEL	CHARACTERISTICS	EXAMPLES	TACTICAL TOOLS
<b>Resource Recycler</b>			
Funding source: Corporate Funding decision maker: Few individuals Funding motivation: Self-interest	<ul style="list-style-type: none"> <li>- The nonprofit uses goods that are created in the market economy where there are inefficiencies that create a surplus (for example, food) or where the marginal costs to produce the product are low (for example, pharmaceuticals)</li> </ul>	Human Services (Food Banks – In-kind food donations) Human Services (Goodwill – Recycled Clothing) International (Eyeglasses, Medical and Hospital Supplies)	In-kind giving
<b>Market Maker</b>			
Funding source: Mixed Funding decision maker: Mass of individuals (one side), few individuals (other side) Funding motivation: Altruism (one side), self-interest (other side)	<ul style="list-style-type: none"> <li>- A funder with some degree of self-interest and the ability to pay exists (for example, a health system buying blood)</li> <li>- Often, one of the parties involved in the transaction is motivated largely by altruism (for example, a blood donor or land donor)</li> </ul>	Health (Heart & Stroke Foundation) Environment or conservation (The David Suzuki Foundation)	Fees Major gifts (corporate or individual)
<b>Local Nationalizer</b>			
Funding source: Mixed Funding decision maker: Few individuals Funding motivation: Altruism	<ul style="list-style-type: none"> <li>- The issue is one of a few top priorities for improvement or success in a locality (for example, creating a quality city school system)</li> <li>- The issue is common enough to exist in many localities nationwide</li> <li>- The level of funding available in any single geographic area is usually limited</li> </ul>	Youth development (Big Brothers Big Sisters of Canada)	Major gifts Special events

Developed by Foster et al. in "[Top Ten Funding Models](#)". Stanford Social Innovation Review (2009)

Understanding these funding models is important for discussing solutions to ongoing funding instability in the sector. Some suggestions offered by our key informants:

*New income generating solutions* – Including corporate funding partnerships and social enterprises (see the section below on Social Enterprises).

*Strategic fundraising* – Private fundraising efforts have always been the bread and butter of Canada's ten largest charities<sup>8</sup>. More and more NPOs are turning to private donors (including hiring fundraising companies) to become more significant operational funders.

*Streamlining operations* – Some nonprofits are seeking alternative operating models that streamline operating costs or leverage on shared infrastructure, such as space or IT. Corporate in-kind support may also assist with this.<sup>9</sup>

<sup>8</sup> (September 2011) [The 2011 Charity: Where is Your Money Going](#). *Moneysense*. Available at <http://www.moneysense.ca/spend/the-2011-charity-100>

<sup>9</sup> For resources on shared services see: Sharing for Social Change Conference <http://www.socialinnovation.ca/sharingforsocialchange> ; Shared Services in Nonprofit Sector [www.sobel-cpa.com/whitepapers/whitepaper.reservefunds.rm.sg.pdf](http://www.sobel-cpa.com/whitepapers/whitepaper.reservefunds.rm.sg.pdf); How do Multi-Tenant Nonprofit Centers Benefit the Various Aspects of the Nonprofit Sector? <http://www.nonprofitcenters.org/resources/mtnc.php>; Exploring Shared Services CCVO survey [www.calgarycvo.org/documents/CCVO\\_Shared\\_Service\\_Event\\_Summary05.pdf](http://www.calgarycvo.org/documents/CCVO_Shared_Service_Event_Summary05.pdf)

*Financial support programs* – New programs such as the Community Forward Funds are emerging that provide financial tools and access to short-term loans to maintain stability at times of transition.

*Engage in dialogue with funders and the public* – It is important to communicate the importance and value of the nonprofit sector. Although there has been some interest in the health of the nonprofit sector, and recognition of the importance of stable funding structures, precarious funding practices are often perpetuated. Continued dialogue is necessary to make clear that funding instability in the nonprofit sector has ripple adverse effects on service effectiveness, funding program efficiency, capacity for innovation, and overall community impact.

## **Further Resources**

1. The **Community Forward Fund (CFF)** makes loans or arranges financing for Canadian nonprofits and charities. Its structure has been designed to address a gap in access to patient, working capital and bridge loans for the sector for small and medium sized organizations. CFF will provide a combination of revolving credit and term loans, up to five years. While CFF is currently finalizing details of its planned loan portfolio, it envisions initial loan sizes ranging between \$35,000 and \$250,000 (which CFF expects will complement most existing lenders). For larger loans, it plans to work with partner institutions. Research indicates that there is a market for one year bridge loans, and three and five year term loans. CFF will provide a combination of revolving credit and term loans, up to five years.

2. **Social Impact Bonds** are increasingly being used as a tool for non-profit funding. A social impact bond (SIB) is an impact investing model used to increase the level of prevention investment in niche social areas. It is one tool emerging that governments are exploring to help attract private capital for public benefit and nonprofit organizations that are considering to diversify sources of revenue. The Centre for Social Innovation has written a book on using social impact bonds, and an excerpt is available on their site at: <http://socialinnovation.ca/communitybondsdownload>. The [Pay for Success Learning Hub](#) provides a global perspective as well.

3. **Imagine Canada's [statement on federal funding](#)** trends, outlines key principles that should be respected whenever federal funding decisions are being made. It is a good resource that can be used when pursuing conversations with government officials on efforts to improve the administration of federal grants and contribution programs.

4. The [Calgary Chamber of Voluntary Organizations \(CCVO\)](#) has been [exploring new areas of social finance](#) in its annual survey of Alberta's nonprofits and charities; the results of which are distributed provincially and inform government decision-making at various levels.

## Growing the Human Resources Capacity of NPOs

Jim Collins, in his book [\*Good to Great and the Social Sectors\*](#) speaks to how good people and good HR practices are at the core of success for great social sector organizations: “The number-one resource for a great social sector organization is having enough of the right people willing to commit themselves to the mission.”<sup>10</sup> Yet, most sector leaders interviewed indicated that they are facing growing challenges recruiting, developing and retaining the talent they need, particularly at the leadership level, and the current resources available to address this challenge are not sufficient. Similar challenges were raised across the sector:

*Lack of time and resources for the development of human resources capacity:* A looming nonprofit leadership gap and well-documented difficulties with employee recruitment and retention are among the most visible signs that the sector’s human resources capacity should be a paramount concern. However, while many in the sector acknowledge the importance of effective human resources to the success of organizations and social movements, nonprofits generally lack the capacity to strengthen human resources policies and practices in a holistic manner. Nonprofit employees with responsibility for human resources often have little experience in the field and may spend the bulk of their time fulfilling other responsibilities. Few executive directors have time to give these issues the full attention they deserve; instead, their priorities are, of necessity, the more immediate issues of fundraising and organizational survival.

*Low compensation – “the reward is in the work”:* Compensation is a major issue for nonprofits, particularly as they try to attract increasingly senior and sophisticated professionals. Some would argue that all the human resources problems facing nonprofits stem from compensation—that until the sector can offer more competitive salaries and benefits, nonprofits will continue to have problems no matter what they do to strengthen other human resources practices.<sup>11</sup> In our interviews however, we found that while appropriate compensation plays a role, it is not the driving problem. Yet, this also highlights a gap between senior leadership and more junior staff. While organizational leaders largely said that there compensation was not a driving issue for them, compensation will play a key role in the career decisions of younger staff members who are paying off student debt, starting families, and facing the most expensive housing market of all time.

*Attracting young/emerging leaders:* With considerable skills shortages on the horizon as the Boomers head towards retirement, attracting and retaining Millennials will become a critical issue in the years ahead.<sup>12</sup> Yet a difference in the expectations of a younger generation of workers is causing tensions in the workplace. While baby boomers saw nothing wrong with working 60 hours a week at the same job for decades, members of the new generation place more emphasis on work-life balance and are more inclined to keep changing jobs to find it. Further, younger workers are indicating that they feel that

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<sup>10</sup> Jim Collins, [\*Good to Great and the Social Sectors\*](#), Harper Collins, 2005, p. 17.

<sup>11</sup> HR Council for the Non-Profit Sector (2010). *Money matters: Compensation in the nonprofit sector*. Available at: [http://www.hrcouncil.ca/labour/trends\\_compensation.cfm](http://www.hrcouncil.ca/labour/trends_compensation.cfm)

<sup>12</sup> Mayer, A. (2012) [Talking ‘bout my generations: Millennials say “no thanks” to the traditional 9 to 5](#). MESH blog.

fewer opportunities for leadership positions are available. Many executive directors are heavily involved in day-to-day operations and they carry a wealth of institutional knowledge that has not been sufficiently recorded within their organizations. Despite this threat, most nonprofits forgo detailed succession and transition plans, and often lack sufficient training for younger leaders who could step into the leadership void if given the opportunity to do so.

*Engaging volunteers / external talent:* There is a need for a cultural shift and a broadening of how we define and understand volunteering. This requires enablers of volunteer talent to adopt more inclusive language that recognizes volunteering as citizen engagement and civic participation. Volunteering must be recognized as a vehicle for building social capital and social cohesion, and must move from a transaction framework to one that is transformational.<sup>13</sup> Volunteers can be recruited to bring in specific skill sets to an organization that may not otherwise be available to them.

*Lack of Leadership attention to HR issues:* As organizations struggle for survival, their leadership has to turn to fundraising, donor relations, and resource development as their core tasks. While retention and lack of capacity may be a problem, it's not being seen as the most urgent problem being faced by organizations. Issues such as identifying improving workforce performance, providing ongoing training and skill-building, and focusing performance-improvement efforts on staff have to take a back seat to the financial sustainability of the organization.<sup>14</sup>

So what is to be done? It is clear that the key to the success of any organization is finding the right staff (both paid and unpaid) and leadership. Further, nonprofits, funders and the private sector all have a role to play in creating stronger HR infrastructures, including:

- a) Support the infrastructure that is needed for successful delivery of human resources services—including service delivery providers and intermediaries.
- b) Support research and information dissemination to improve understanding of volunteers as a potential solution to the human resources needs of nonprofits.
- c) Provide nonprofits with the flexible funding they need, at the appropriate levels, to leverage the potential of a stronger human resources capacity for organizational results.
- d) Highlight the importance of strong human resources and leadership to the strength of an organization by reviewing human resources policies and capabilities as thoroughly as financial statements and program results.
- e) Incorporate effective human resources practices into operating plans and budgets—and seek dedicated funding for this work.
- f) Make human resources management a required skill set among at least one board member and recruit to fill this need.

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<sup>13</sup> Imagine Canada (2012) [National Summit Report](#), February 2012.

<sup>14</sup> [Ibid.](#)

## Further resources

There is an ongoing need for quality HR information and support for implementation of effective HR management policies and practices. The [HR Council for the Nonprofit Sector](#) has been playing a leadership role on this front, as it continues to work on labour force initiatives at both the provincial and federal level and as it has produced important and necessary information about HR management tools.

The United Way of Northern BC is conducting a shared HR services pilot with 11 small non-profit organizations service a large geographic area in the Prince George Area. This model employs an HR professional to provide advice and guidance to Executive Directors (ED) and Agency Managers. The Project has also looked at how HR metrics can be used to help non-profits improve HR Management Practices. Some useful resources developed from the pilot:

- [HR Metric and Interpretation Guide](#)
- [Analysis of HR Metrics in Northern Non-Profit Service Providers](#)
- [The Value of Measuring People](#)
- [Recruitment, Selection, Retention: Shared HR Services Pilot Project](#)

There is also a need to build organizational capacity to engage volunteers with changing and growing expectations more effectively by integrating approaches to human resources so that volunteers are involved as a critical component of an organization's full talent pool and not marginalized to "helping out". [Volunteer Canada](#) has rolled out web-based tools to support effective volunteer engagement, including a blog to share information and to engage in dialogue on current issues facing volunteerism.

Further, we need to tap into the private sector as sources of information and direct support. Many large private sector consulting and legal firms offer pro-bono services, and may be able to support organizations to further develop their HR structures or transition within current challenges.

1. **DELOITTE.** Deloitte, a leading professional services organization, defines pro bono work as a donation of professional services to generate social good. The "client" is typically a not-for-profit entity, with no fees charged to them. Pro bono work is the essence of their community involvement strategy at work. Deloitte is investing considerable effort into leveraging its investment for even greater impact by streamlining the review process and supporting practitioners who engage in pro bono with leading practices and methodologies. For more information:  
[http://www.deloitte.com/view/en\\_US/us/About/Community-Involvement/Pro-Bono-Service/index.htm](http://www.deloitte.com/view/en_US/us/About/Community-Involvement/Pro-Bono-Service/index.htm)
2. **MCKINSEY & COMPANY.** McKinsey, a leading international strategy consulting firm, has established a Nonprofit Practice that typically serves more than 100 organizations each year. While McKinsey charges fees to some nonprofit clients, it does much of this work on a pro bono basis, particularly when serving smaller, local organizations. Few McKinsey professionals work exclusively in the Nonprofit Practice; rather, professionals throughout the firm rotate through the practice as a supplement to their core work. According to the firm, "Approximately half of our consultants will work on one or more nonprofit studies over the course of their career at McKinsey." For more information:  
[www.mckinsey.com/client/service/nonprofit](http://www.mckinsey.com/client/service/nonprofit)

## Developing an Effective Collaboration Strategy

A confluence of factors in today's environment is causing a shift in the landscape and is leading to new ways of working together. Not only are there a growing number of collaborations and a critical mass of matured collaborations, they are taking new forms, achieving innovative solutions to deeply entrenched issues and breaking down traditional barriers between regions and across sectors. The sector is increasingly seeing collaboration as a key strategy for achieving mission, building community and serving clients better.<sup>15</sup>

New forms of collaboration, both within and across sectors, and new ways of working can be observed, reflecting new media and new technologies, greater knowledge about the innovation process itself, and new understanding about complex systems, about how people organize and how ideas move. These new ways of working involve different types of partnerships (public/private, profit/nonprofit, and public/profit/nonprofit); the adoption of cross-sectoral strategies; and the development of new networks and means of networking.<sup>16</sup>

Yet collaboration is more often seen as a buzzword than as a tenable strategy for sustainability and resource-sharing across organizations. Part of the issue seems to lie in the confusion surrounding the purpose of collaboration. As stated in the Ontario Non-Profit Network report on collaboration:

*In the past many collaborative relationships were formed to generate greater efficiencies and reduce costs. However, the most successful collaborations are motivated by a shared desire to achieve greater impact, not to deliver more services for less money. Evidence demonstrates that collaborations work best when funders enable relationships to form organically, rather than mandate them. When enabled, partners self-identify those who share and are committed to common goals, and can work most effectively together to solve problems.<sup>17</sup>*

There are many challenges to collaboration in the nonprofit child and youth serving sector. These include external factors that create an environment where it is difficult to support collaboration and internal factors that create complex dynamics between NPOs. Some of these challenges include:

*Incompatible funding mechanisms.* The majority of government funding available to NPOs is short-term project-specific funding. Funding is tied to activities with strict accountability and reporting measures. This leaves little room for NPOs to support activities that are not directly project related. Collaboration activities do not always fit within the parameters of specific projects or clearly defined outcomes. Furthermore, the multi-partner projects characteristic of collaborative initiatives pose difficulty when one NPO must manage funding or when numerous NPOs must coordinate multiple sources of funding.

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<sup>15</sup> Ontario Trillium Foundation (July 2010) [Strengthening Collaboration in Ontario's Not-for-Profit Sector](#).

<sup>16</sup> *Ibid*

<sup>17</sup> Graham, Heather, Lang, Catherine, and Linda Mollenhauer. [Innovation Works: The Practice of Collaboration in and with the Nonprofit Sector](#). Toronto, Ontario: Ontario Nonprofit Network, 2010.

*Lack of stable support.* Successful collaboration is often a multi-stage endeavour. It takes time to form relationships, understand the unique dynamic between NPOs and learn to build on individual strengths. While some collaboration may be informal and short term, there is still a need to create space to allow collaborative initiatives to grow and mature. Without direct, stable support by funders to the sector, it is difficult for NPOs to realize the full benefits collaboration can offer.

*Unclear direction and understanding.* Collaboration is used to achieve many different purposes, with varying degrees of success. There is a lack of understanding when collaboration is best used and what outcomes it best achieves. Governments and other funders are not always clear about their intended purpose of collaboration. This lack of direction and understanding poses challenges by creating inflexible requirements and pressure to collaborate.

*Diverging goals.* Factors that lend benefits to collaboration – like the coming together of diverse NPOs – can also pose challenges. The nonprofit child and youth serving sector contains NPOs that use a variety of theoretical frameworks, strategies and values that inform most facets of their work. While NPOs may be working towards the same goals, they may have fundamentally different ideas on how to achieve them. Reconciling these conflicting approaches can create difficulties in collaborative initiatives.

Yet, various reports (see the backgrounder on Collaboration at [www.nacy.ca/taking-stock](http://www.nacy.ca/taking-stock)) have identified strategies to more effective collaboration, including best practices of ensuring trust in the early stages, celebrating successful impact, and promoting collaboration across sector groups, including amongst funders. Other suggestions include:

- a) Granting program staff members, who know their grantees and communities intimately, should begin identifying and sharing what they observe as promising possible partnerships among nonprofits.
- b) Nonprofit leaders need a safe space and time to engage peer organizations in a new way – this may include being provided with financial resources and paid sabbaticals to explore new opportunities of thinking. Programs such as [The Max Bell Public Policy Training Institute \(MBPPTI\)](#)<sup>18</sup>, [The Banff Centre Leadership Development programs](#)<sup>19</sup> and the [Stanford Non-Profit Management Institute](#)<sup>20</sup> also allow for executive leaders to further explore issues of innovation and collaboration across a vast array of areas.
- c) Organizations need capital to move from conversation to execution. Significant collaboration – not merely “networking” often means a re-alignment of mission and priorities, as well as transfers of services, spaces and even staff.

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<sup>18</sup> [The Max Bell Public Policy Training Institute \(MBPPTI\)](#)<sup>18</sup> is a training program for individuals working in Alberta registered charities with an interest and engagement in public policy. On completion of the program, participants will have enhanced their knowledge and skills required to develop, inform, and monitor public policy on issues relevant to their organizations. For more information visit: <http://www.maxbell.org/what-we-do/public-policy-training-institute>

<sup>19</sup> <http://www.banffcentre.ca/departments/leadership/>

<sup>20</sup> <http://www.ssireview.org/npinstitute>

- d) Create a “value statement” for the collaboration (alliance, coalition, etc). Generating a strategic fit between two organizations is an accomplishment in and of itself, but defining, creating and sustaining value is the true test to measure the staying power of a collaboration between organizations.

Examples of non-profit collaboration done well offer a lot hope for the sector. The [Centre for Social Innovation](#) (CSI) is a social enterprise with a mission to catalyze social innovation in Toronto and around the world. They believe that society is facing unprecedented economic, environmental, social and cultural challenges. They also believe that new innovations are the key to turning these challenges into opportunities to improve our communities and our planet. They offer a collaborative shared space in Toronto for organizations to come together. They offer both a physical shared space that includes offices, meeting rooms, kitchen, phones, internet, reception services, etc. for a monthly rental fee and a partnership space for organizations to work together. All profit is directed towards their mission of supporting social innovation. [Under One Roof](#) and [Hub Ottawa](#) are two similar initiatives taking off in Ottawa.

Imagine Canada’s [Standards Program](#) is another initiative that has been lead by collaborative leadership. In 2010, 52 charities and nonprofits became founding members of this sector-driven initiative. The founding members agreed to a shared leadership approach and contributed financially to the development of the Standards Program. Twenty-seven founding members from across Canada’s charitable and nonprofit sector participated in the Standards Steering Committee. These sector leaders collaborated with Imagine Canada volunteers and staff to design a rigorous, transparent and accessible accreditation process that recognizes the diversity of the sector’s size, scope, purpose and geography.

## **Broadening our Understanding of “Innovation”**

The importance of social innovation is touted throughout the sector, much like collaboration, as the medicine that will cure the sector’s ails. Yet as Mark Goldenburg points out when writing about social innovation – it is hardly a new practice.<sup>21</sup> Different forms of social innovation have been around for decades. It is the term “social innovation” that is rather new, and the more widespread dialogue to adopt more innovative practices as a sector. Yet, practices of innovation are not uncommon in communities, particularly in the nonprofit sector, where there is an on-going need to innovate in order to provide new solutions to address pressing local issues on an almost daily basis.

However, these daily practices are rarely recognized as “innovative.” Instead, most definitions of social innovation involve “transformative” or “big” change rather than just “tweaking the system.”

Social innovation today is increasingly marked by the involvement of all sectors of society and by collaboration across sectors. It is characterized by a holistic, non-silo approach that cuts across

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<sup>21</sup> Goldenburg, M. (2010) [Reflections on Social Innovation](#). *The Philanthropist* 23(3)

boundaries between sectors (health, work and employment, education, the environment, etc.) and between jurisdictions and different levels of government. It may not always succeed, but that is what is being sought.<sup>22</sup>

Canada as a country has not adopted broad policies or put in place new mechanisms to champion, promote, and facilitate social innovation, nor has it introduced new models for public support. This is not to say that nothing is being done in Canada. Some provinces and cities, have undertaken new initiatives, often relating to the nonprofit sector, that support social innovation. Nova Scotia has introduced a tailored tax credit, and Edmonton has created a social enterprise trust.<sup>23</sup>

But perhaps we have to first review what can truly be considered “social innovation.” For many of the stakeholders interviewed, they felt that they were innovating everyday in their work – and that creative solutions to daily front-line problems should be recognized as just as important as the transformative change we are all clamouring for.

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<sup>22</sup> [\*ibid.\*](#)

<sup>23</sup> [\*ibid.\*](#)

## Overcoming Barriers to Social Enterprise

The hybridization of social and environmental mission with business enterprise is a global trend, the speed and impact of which is greatly dependent on the degree to which financing is available to capitalize the emergent hybrid ventures. Neither purely for-profit (a sector financed through traditional capital markets), nor purely not for-profit (financed by donors and governments), the social enterprise sector struggles for legitimacy and impact through a lack of financial instruments and intermediaries that recognize and reward the dual purpose nature of the business. As has been argued elsewhere, Canada lacks a sophisticated and integrated “social purpose capital marketplace” to provide the critical financing to bring these social value businesses to scale and to realize their potential.<sup>24</sup>

*Social innovation is all about new ideas and solutions, and new ways of thinking, working, and doing things, in order to address social challenges. Social innovation can be as complex and large-scale as fighting poverty or addressing global climate change, or as simple and small-scale as creating a community garden.*

Social ventures across Canada face many financial and non-financial barriers. Inadequate access to capital for start-up, growth, or ongoing operations hampers most social enterprises before they can ever get off the ground. Key informant interviews pointed to a need for clearly understood and functional regulatory frameworks, as well as commonly accepted and adopted industry standards and definitions. In addition, there is a need to provide social ventures with appropriate resources, improve investor and service-provider literacy, as well as provide more robust intermediary and advisory support services to advance the sector.

The benefits of social enterprises can be enormous, and go well-beyond providing a funding stream for non-profits. For example, social enterprises can offer individuals, who are otherwise considered “unemployable” from a private market perspective an opportunity to gain employment. But as pointed out in a report on social enterprises in BC, the adaptation of a business model in order to accommodate the needs of employees with significant barriers creates particular hurdles to success both for-profits and non-profit organizations.<sup>25</sup> The social mission that defines social enterprises as such also creates a complex business environment with the conflicting goals of profit maximization and supportive employment. A result of the dual goals is a multifaceted business decision with a high level of responsibility and vast breadth of stakeholders. Finding the right management team with both the acumen to operate the business successfully and the social conscience to invest in the needs of people with barriers presents another challenge for social enterprises.

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<sup>24</sup> Strandberg, Coro (2007). [The Social Purpose Capital Marketplace: An Opportunity for the Canadian Charitable Sector](#). Tides Canada Foundation.

<sup>25</sup> Shamash, Samantha (2010). [Social Enterprises Creating Jobs and Community Wellness One Small Business at a Time](#). BC-Alberta Social Economy Research Alliance.

In a 2010 social venture survey most respondents, and particularly nonprofits, reported legal and regulatory frameworks and considerations as barriers to advancing their development of social enterprise arms.<sup>26</sup> Social purpose businesses reported a lack of intermediaries to assist in the flow of capital towards their mission. Another concern shared by the majority of survey participants was the difficulty in proving the social and environmental impact of their work. Nonprofits were also concerned with investor/funder buy-in for social enterprise activity, and a lack of organizational development support.

*What is Social Enterprise?*

*Social enterprise applies a sustainable business approach to addressing social issues and creating positive community change.*

Susan M. Manwaring and Andrew Valentine wrote an important article recently outlining the legal and regulatory structural options for developing a social enterprise in Canada.<sup>27</sup> They consider various structural options for social enterprise from the perspective of a social entrepreneur contemplating a new social venture. The article adapts the work of Jim Fruchterman, who discussed structural options for social enterprise in the Spring 2011 *Stanford Social Innovation Review* entitled: For Love or Lucre.<sup>28</sup> As a veteran social entrepreneur he provides a guide to those who are thinking through the thorny question of whether to create a nonprofit, a for-profit, or something in between.

Once the barriers are addressed the successes can have significant impacts. In Ontario, the sector reported sizable revenues: over half of all nonprofits and 40 per cent of all social purpose businesses indicated revenues between \$250,000 and \$5 million. As such, social enterprise activity is gaining additional traction: 86 per cent of nonprofits with social enterprise are trying to earn more of their revenues through it. Further, social purpose businesses have fared well despite recent economic downturn: over 95 per cent reported generating stable or increasing revenues between 2008 and 2009, and the trend is expected to continue.<sup>29</sup> The following examples demonstrate the scope and range of social enterprises in Canada:

1. [Eva's Phoenix Print Shop](#). It is not a big place, and there is little that distinguishes it from any other small print shop, except for one thing. To get there, you walk through Eva's Phoenix, a centre that people as young as sixteen call home. Many of them have suffered family breakdowns and physical or sexual abuse; many have addiction problems; some are young offenders. When they land at Eva's Phoenix, they are desperate. But once there, they are offered hope, shelter, and support. And the print shop gives even more: intensive on-the-job training in a field that needs workers. Once the

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<sup>26</sup> Malhotra, Annie, Heather Laird & Adam Spence (2010). [Social Finance Census 2010: A Summary of Results from the Social Finance Census of Nonprofits and Social Purpose Businesses](#). Ontario Non-Profit Network and Social Venture Exchange.

<sup>27</sup> Manwaring Susan M. & Andrew Valentine (2011). [Social enterprise in Canada: Structural options](#). White Paper series for SiG@MaRS [http://www.marsdd.com/wp-content/uploads/2012/04/MaRSReport-Social-Enterprise\\_2012.pdf](http://www.marsdd.com/wp-content/uploads/2012/04/MaRSReport-Social-Enterprise_2012.pdf)

<sup>28</sup> Jim Fruchterman, 'For Love or Lucre,' *Stanford Social Innovation Review* (Spring 2011), 42. Available at: [http://www.ssireview.org/articles/entry/for\\_love\\_or\\_lucre](http://www.ssireview.org/articles/entry/for_love_or_lucre)

<sup>29</sup> *Ibid.* 26.

young people have finished the training program, some are hired to work on site; others find jobs in other shops. Others still go on to college or university, most with a scholarship from Eva's.

2. [FABARNAK](#) Restaurant and Catering is a social enterprise initiative of The 519 Church Street Community Centre. They provide a structured training environment that helps people with employment barriers to gain work experience under the guidance of a professional team of chefs and front-of-house staff. One of the pillars of FABARNAK's social enterprise model is a structured, 1-year training and employment program for people who have faced barriers to employment. Through this program, participants are employed for a one-year period and receive training and on-the-job experience within an intentional and structured environment. While some of our participants chose to continue in a career in food service and hospitality, many of our participants transition to school or other careers, using their year at FABARNAK as a launching pad for continued success. FABARNAK's program defines "barriers to employment" broadly. Previous program participants have included trans youth undergoing a gender transition, newcomers to Canada with limited Canadian work experience and young people in recovery from addiction.
3. [Multilingual Community Interpreter Services](#) (MCIS) is a social service enterprise which provides services in language interpretation, translation, skills testing and training under grant and fee based programs. Its earned income helps it improve the efficiency and effectiveness of its services, provide value addition and social benefits, for overall best value to its customers. The different types of interpretation services provided include face-to-face, group, and telephone interpretation. Interpretation services are provided across the public sector. Presently, interpretation services are offered in over 200 languages. Additional services include sight translation of key documents, translation and audio/video transcription services and training and orientation for all service providers working with interpreters and translators.

## Leveraging Social Media

Social media has become one of the most popular techniques of NPO knowledge transfer, client and funder outreach, and marketing. Many organizations that are willing to put in the time have reaped the benefits of incorporating social media into their activities.<sup>30</sup> The use of technology aids can be extremely valuable for nonprofit organizations, and they can create new ways to engage with and broaden the reach far and beyond the usual suspects.

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<sup>30</sup> Askanase, D. (2011, Aug 10). Nonprofits: Are your Facebook fans engaged? [blog post] Socialbrite: Social tools for social change. Retrieved Aug 21, 2011, from [www.socialbrite.org/2011/08/10/nonprofits-are-your-facebook-fans-engaged/](http://www.socialbrite.org/2011/08/10/nonprofits-are-your-facebook-fans-engaged/); Kanter, B. (2008, Jan 13). The ROI of social media. [blog post] NTEN: Nonprofit technology network. Retrieved Aug 23, 2011 from <http://www.nten.org/blog/2008/01/11/the-roi-of-social-media>; Kanter, B. (2008, Feb 5). Determining your social network needs. [blog post] Techsoup: The technology place for nonprofits. Retrieved Mar 10, 2011 from <http://www.techsoup.org/learningcenter/internet/page8054.cfm>; Kanter, B., & Fine, A.H. (2010). [The Networked Nonprofit: Connecting with Social Media to Drive Change](#). San Francisco: Jossey-Bass.; Rowley, M.J. (2010, May 3). How nonprofits are using social media for real results. [blog post] Mashable. Retrieved May 4, 2011 from <http://mashable.com/2010/05/03/non-profit-social-media-results/>.

Social media has changed traditional forms of communication in three major ways<sup>31</sup>:

- *Connection*. Social media uses digital or online tools to connect people with common interests, passions, professions, and more.
- *Interaction*. Social media allow an audience to respond and interact with other individuals and with the organization.
- *Information flow*. Social media changes the way that information flows. It used to be that information moved from one source to an audience (as with a traditional press release, for example). Now information flows in a more viral, multi-layered way.

There are countless social media tools at the disposal of nonprofit organizations. Traditional websites with interactive elements (e.g. NACY's [SuperSearch](#) engine, [Timeraiser](#), [CanadaHelps](#)) and freestanding online networks (e.g. [CharityVillage](#)) are basic examples of social media at work. Many nonprofits have blogs or online journals to tell their stories. Others have pages on Facebook and LinkedIn to take advantage of their supporters' social or professional networks. Still others use digital media platforms like [Flickr](#) and [YouTube](#) to disseminate photos and videos of their clients and services in action. Some nonprofits use the popular micro-blogging site Twitter to send out updates and news items to followers. Others have buttons on their websites for readers to share their links using [Delicious](#), [Digg](#), and other tools. A few nonprofits use [Ning](#), an online platform for people who want to create their own social networks around specific interests or topics, while others use Meetup, an online network that helps supporters find in-person meetings. This is just the beginning – [FriendFeed](#), [StumbleUpon](#), [Technorati](#), and others offer different solutions for different needs.<sup>32</sup> Imagine Canada, in their November 2012 National Summit for the Charitable and Nonprofit Sector, utilized social media as a core strategy of engagement. They created a social media toolkit focused on Twitter, Facebook, Flickr and a conference blog. They used HootSuite to manage their multiple networks and to monitor social media activity and conversations. They brought social media out of the “webisphere” and into the conference rooms by creating a Twitter wall projected on conference screens between sessions. They used [TwitterFountain](#), a free web-based tool which allowed them to showcase participant tweets using the #NSC conference [hashtag](#) as well as highlighting conference photography from their Flickr account. ([read more](#))

## Further Resources

1. [The Delicious List](#). Delicious is a social bookmarking service that allows users to tag, save, manage and share web pages from a centralized source. Instead of scrolling through pages and pages of links, you can use contextual keyword tags like “British Columbia” and “Recruitment” to zero in on specific links to resources that are of interest to you.
2. [Buddy Media](#). Provides software to make it easier for brands and agencies to publish content, monitor and moderate conversations on the Facebook wall. They also create robust landing

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<sup>31</sup> Sridhar, A. (2010). [Developing a Social Media Strategy](#). *The Philanthropist* (23)2.

<sup>32</sup> [Ibid](#)

page tabs featuring brand content and viral tools, measure all Facebook page activity and, for global brands functioning in different languages, they've establish a streamlined global presence with local content controlled by local markets.

3. [Vitruv](#). One of the leading social media publishing software provider, Vitruv is much like Buddy Media in that they provide Fortune 1,000 brands, agencies and small businesses with the tools like automated messaging to moderate content. They can watch for lists of words and phrases to flag for response or automatic deletion, have one control panel to consolidates Facebook, Twitter and Google+ content, and 10+ wall apps for rich content such as coupons, polls, videos, and quizzes.
4. [Shoutlet](#). Shoutlet is a comprehensive tool that allows organizations to manage their social media efforts on Facebook, Twitter, YouTube and more than 100 other social sites.

## Conclusion

For the approximately 161,000 nonprofit organizations in Canada, the dominant organizational model is a standalone agency that competes with others in the nonprofit, public and private sectors for the resources – monetary, human, and intellectual – that it needs to operate. Transformational change is occurring as organizations grapple with the new reality of adapt or fail. There are many challenges to sustainability in the nonprofit sector. Over half of the country's nonprofit organizations report problems planning for the future and recruiting governance leadership to boards of directors. Just under half have problems obtaining funding. Not being able to attract skilled labour into nonprofit organizations stands as an additional challenge. Yet we see organizations coming together for innovative conversations about the issues impacting the sector – acceptable levels of risk, how to be learning organizations, sustainability, credibility, relationship building, governance, organizational uniqueness, branding and marketing, policy development – the key informants identified many challenges that are top of mind at the local and national leadership level. Ongoing and creative insights into these issues will present Canada's nonprofit sector with new ways of addressing questions of long-term sustainability.