

Video Transcript

ENTREPRENEURSHIP IN NONPROFITS

The nonprofit sector

[Georg von Schnurbein] Welcome to our course, entrepreneurship in nonprofits. Nonprofit organizations are a global phenomenon. In every country, you find nonprofits in many different areas of society. Health and social services, culture and arts, education and research, environmental issues, or housing and development – to name a few. However, the global, social, and environmental challenges are overwhelming. But how can nonprofits improve to fight these challenges? How can nonprofits implement innovative concepts and ideas when financial means are scarce? What are necessary, but sufficient methods of impact measurement?

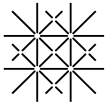
In this course, we present current concepts and methods to become more entrepreneurial. There's a vivid debate about nonprofits becoming more business-like. The critics say that this leads to mission drift and nonprofits are losing their primary scopes. The promoters say that this is necessary to attract the resources needed. As usual, the reality lies somewhere in the middle.

In the last two decades, the nonprofit sector has tremendously increased. Figures from the Johns Hopkins Comparative Nonprofit Sector Project combine the development from 41 countries between the mid-90s until 2005. As you can see, the annual employment growth rate of the civil society sector outnumbers the service industries and the total economy clearly. Surprising is the overall revenue structure of the nonprofit sector because it does not match the common cliché of nonprofits predominantly relying on private donations. As the chart shows, fee income – which includes revenues from services, membership dues, and investment income – account for a much larger 50% of income on average. Government support covers 35% of nonprofit organization revenue, and private donations from individuals, foundations, and corporations only account for 14% on average. In the single countries, nonprofit revenue is either dominated by government payments or fee income. Despite this general finding, the situation of your nonprofit organization or your social initiative can be as different as any other nonprofit organization out there. But in order to develop your organization, you need to know the market structure and your environment.

In this course, we take you on a journey to discover new ways of developing nonprofit organizations and the like. Especially, we take a look at the following questions. What factors influence the development of my organization? Practitioners – especially entrepreneurs – don't like to spend much time on theories, but the theories we will be looking at will help you to better understand driving forces, developments, and levers that influence your organization.

What can we learn from social enterprises? Not everyone is born to start his or her own enterprise – social or not – but you can be entrepreneurial within a larger organization, as well. We will talk about strategies, how nonprofits can use the logic of social enterprises.

How can we manage social innovation? Social innovation is a current buzzword, but there's more about it than just a fancy new concept. Social innovation is a key for solutions to complex societal problems, especially if you internalize the collaborative aspects of social innovation.



How can we finance a social initiative? The knowledge on finance is scant in nonprofits, but for the future development, it is necessary to understand the mechanisms of nonprofit finance. And to be able to plan your right mix of revenue sources.

Do we make a difference? New and innovative projects always have critics – internal and external. In order to strengthen your legitimacy, it is necessary to develop a stringent and compelling measurement system for your social initiative. This will be the content of the last module in this course. Let's start our journey together. I'm looking forward to interesting discussions, comments, and propositions.