

## **Did Entrepreneurship Contribute to Nonprofits Surviving the Great Recession?**

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### **Abstract**

*This study analyzes social entrepreneurship and its role in the response of nonprofit organizations to the Great Recession. Six case studies focus on the decisions of the executive director of selected nonprofit organizations. The research provides evidence that nonprofit organization leaders are engaging in entrepreneurship. Two organizations started new programs. Five of the six programs expanded their services and one offered their services to a new group of clients. One of the five organizations, not only started a new program, once established, was able to expand their services within a few years. Three of the six organizations created new partnerships. Although the number of cases is small, they comprise a theoretical sample that clearly indicates entrepreneurship plays an important role in the success of nonprofit organizations. A better understanding of nonprofit entrepreneurship can assist nonprofit organization executive directors and other leaders in accomplishing their missions even in hard economic times.*

**Keywords:** Nonprofit organization, social entrepreneurship, Great Recession, nonprofit sector, nonprofit entrepreneurship, innovation, risk taking, proactiveness

### **1.0 Introduction**

The Great Recession of 2007 has affected nearly every aspect of the U. S. economy according to the U.S. Department Labor (2010) and the nonprofit sector may be feeling the impact more than the other sectors (Golden, Longhofer, and Winchester, 2009). “At this moment we know with certainty that nonprofit organizations seeking to serve the public good now face obstacles unlike any seen since the Great Depression.

As one might expect, these challenges are most obvious and readily measured in their finances” (ARNOVA, 2011, p. 2). Reports suggest the impact to nonprofit organizations has been drastic (McLean and Brouwer, 2009); however others suggest that some organizations will likely thrive (Case and Phillips, 2008; Tuck, Howard, and Foster, 2010).

Although some nonprofit organizations have ceased operation as a result of the recession, the majority maintained their operations. One possible explanation for so many nonprofits doing well is good management; however, an alternative explanation is that executive directors and other leaders of nonprofits are entrepreneurial. There is scant empirical evidence linking survival of nonprofits to entrepreneurship according to Morris, Coombes, Schindehutte, and Allen (2007). Although literature on entrepreneurship dealing with nonprofits is limited, there is both empirical and anecdotal evidence that entrepreneurship activities are emerging as a force in the nonprofit sector (Benner and Gui, 1993; Dees, 1998; Drucker, 1985, Duncan, 2007). Salamon and Anheier (1996) suggest that nonprofit commercial ventures caused significant revenue growth for nonprofits between 1977 and 1989. The more we learn about nonprofit entrepreneurial activity, the more it is realized that the role of entrepreneurship is more complex in nonprofits than it is in for-profit companies (Morris, Coombes, Schindehutte, and Allen, 2007). Given this complexity continuing research on nonprofit entrepreneurial activities is important.

This study analyzes whether social entrepreneurship played a role in the response of nonprofit organizations to the Great Recession by applying and extending the work of Brinkerhoff (2000) on social entrepreneurship. The six case studies reported upon, focus on the decisions of the executive director and activities of selected nonprofit organizations geographically spanning the USA. All six nonprofit organizations have survived the Great Recession to date, and some may even be considered thriving. Why did some nonprofit organizations survive and/or thrive in challenging times while others did not? Are their executive directors entrepreneurial? We expect the answer to be “yes” because Kong (2010) indicated that competition has forced non-profit organizations to be innovative and entrepreneurial in all their activities.

## 2.0 Literature Review

According to Brinkerhoff (2000) successful nonprofit organizations need social entrepreneurs. “Traditional entrepreneurs take risk on their own behalf, or on the behalf of their company’s *stockholders*. In not-for-profits the risks are taken on behalf of the *stakeholders*” (p.1). Entrepreneurs in nonprofit organizations must balance the need to meet the mission against the risk of a new activity. The purpose of the risk in nonprofit organizations is to “...get more mission out the door.” (Brinkerhoff, 2000, p. 1). Brinkerhoff (2000) provides a link between social entrepreneurship and business development noting that the focus of development is to start, expand, or change programs to grow the capacity of meeting the mission.

Brinkerhoff’s ideas can be traced to the concept of entrepreneurship, which began taking form in the 17<sup>th</sup> and 18<sup>th</sup> centuries in French economics. In the early 19<sup>th</sup> century the French economist Jean-Baptiste Say stated the entrepreneur is one who “shifts economic resources out of an area of lower and into an area of higher productivity and greater yield,” (Dees, 2001. p. 1). Over time three major economic traditions emerged related to entrepreneurship: 1. Schumpeter, a German, with a focus on innovation; 2. Knight, from Chicago, with a focus on risk; and 3. Kirzner, an Austrian with a focus on recognizing opportunity (Roberts and Woods, 2005). Recent work by Shane and Venkataraman (2000) tease out three elements from the broader conversation on entrepreneurship: the necessity of entrepreneurial opportunities; the discovery of those opportunities; and the decision to exploit the opportunity. All three of these elements are necessary for the existence of entrepreneurship.

Shane and Venkataraman (2000) beg the question, “Why, when, and how do some people and not others exploit the opportunities that they discover?” (p. 222). Venkataraman (1997) noted that the answer is in the combining of characteristics of both the opportunity and the nature of the individual. Martin and Osberg (2007) also discuss both the entrepreneurial context and the characteristics of the entrepreneur as necessary elements of entrepreneurship. Therefore, not only must an opportunity exist and then be discovered, it is the combination of the characteristics of that opportunity, as well as the nature of the individual that brings that opportunity to fruition which we call social entrepreneurship. According to Brooks (2009) entrepreneurs recognize and develop new ideas from challenges that are seen by most as barriers.

Brinkerhoff (2000) captures all these ideas of social entrepreneurship in a model identifying these essential activities as entrepreneurial: 1) starting a new product/service; 2) taking an existing product/service and expanding it; 3) offering a product/service to a new group of people; 4) expanding a product/service to a new geographic location; 5) taking on an existing business; and/or 6) creating a partnership/merger between two already existing businesses. From the perspective of Light (2005) entrepreneurial activities such as these define what comprise nonprofit entrepreneurship. Nonprofit entrepreneurship is said by Helm and Andersson (2010) to be “the catalytic behavior of nonprofit organizations that engenders value and change in the sector, community, or industry through the combination of innovation, risk taking, and proactiveness” (p. 263). Together with Brinkerhoff’s activities, these subconstructs of Helm and Andersson make the concept of nonprofit entrepreneurship understandable and researchable. They guide the qualitative analysis that is the central focus of this article and extend Brinkerhoff’s (2000) original model.

### **3.0 Methodology**

A survey exploring the impact of the economic downturn on nonprofits was developed by the Educational Consortium for Volunteerism at the University of North Texas. The study was a quasi-experimental design utilizing an online survey instrument which was administered in 2009 and 2010 in these cities spanning the United States: (a) Waterloo, Iowa; (b) Dallas, Texas; (c) Los Angeles, California (2009 only); (d) Orlando, Florida; (e) Hattiesburg, Mississippi (f) Youngstown, Ohio (2009 only); and (g) Kansas City, Missouri (2010 only). One question from the survey on identifying and seizing opportunity is discussed. In addition to the survey, researchers from each city listed above, excluding Youngstown, Ohio, conducted intensive interviews with a selected executive director of a nonprofit organization. The interviews are the focus of this study. The selected cities were chosen because they have (or had) a Nonprofit Leadership Alliance collegiate program located within the city that agreed to collaborate in the research. The nonprofit organizations in each city were chosen for convenient and theoretical sampling (Willer, 1967).

The focus of each intensive interview was to tell the story behind the responses of the nonprofit organizations and their executive directors to the recession. These were the four guiding questions: 1) What actions has the organization taken or considering taking as a result of the recent economic downturn; 2) What is the impact of the current economic downturn on the organization’s financial status; 3) What other changes has your organization experienced such as changes in stakeholder participation; and 4) Has your organization been able to capitalize on opportunities?

### **4.0 Results**

#### **4.1 Online survey of 2009 & 2010**

The 2009 results of the online study implied that in the prior twelve months, some organizations had seen growth and saw opportunities created as result of the recession. Due to this response, the researcher added two questions to the survey sent in 2010. The first asked, “Has your organization been able to capitalize on opportunities presented in light of the economic downturn?” If the respondents answered, “yes” to that question, they answered this question: “What type of opportunities has your organization been able to capitalize on?”

Sixty-four percent of respondents (78) said yes, they had capitalized on opportunities in 2010. The respondents were able to reply with more than one response, resulting in 181 total responses. Twenty-eight percent of respondents (51) replied they had received one-time grants because of the recession. Approximately 22% of respondents replied to each of the following categories related to opportunities created because of the recession: strategic partnerships (42), utilizing previous partnerships (41), and using highly skilled volunteers (40). A small percentage (7%) of the respondents said they had merged with another organization. While quantitative data are useful to identify sector responses, detailed responses and impacts of the economic downturn are better captured by the cases, which follow from each geographic region in which the online survey was administered.

#### **4.2 Orlando, Florida Case Study**

General mission: To provide housing and supportive services to homeless families.

Founding year: Gained 501 (C) 3 status in 2005, but had been operating as a program within another organization prior to filing year.

Number of years ED has been in position: 6 years.

Number of staff: 3 full-time and 2 part-time.

Annual budget: \$304,000.

Funding sources: \$209,000 in grants, \$93,000 in-kind contributions and donations, \$2,400 in special events.

A nonprofit organization in central Florida works to prevent homelessness among women and children. The nonprofit was founded as a program within another nonprofit organization in the late 1990s. In 2003, they began constructing their new residential facility; however the hurricanes of late 2004 delayed the construction. In 2005, the organization received its own 501(c) 3 and construction continued once again. They began operations three years later in the spring of 2008 after they received their occupancy certification. Their annual budget was just over \$300,000.

Approximately one-third of their budget was raised on individual and faith based organizational giving. The organization was planning on supporting the program through a \$10,000 per family sponsorship program of fifteen families, launched just prior to the economic downturn. This fundraising model proved effective during the construction phase, but after the official opening of the organization, the economic downturn started to impact the community. Members of local congregations were no longer able to give as much to their churches, and now the churches were unable to give to the nonprofit.

In February of 2009, the executive director realized that the financial status of the organization was in crisis. There was a limited reserve for operations and they were living payroll to payroll. Despite an increased effort, additional board meetings, and specialized training in fundraising, the board had problems meeting their fundraising goals and were getting burnt out. The executive director recognized a failing situation and in September of 2009, encouraged the board to consider a merger.

Although this organization had a good reputation in the community as well as a large piece of property that would be able to be negotiated in the final terms of the merger, the executive director knew she had to act quickly before the organization was too much of a liability and no longer attractive to other organizations. The executive director identified four organizations with which a merger would make sense strategically, and then developed an intensive interview and decision making process for determining the proper merger. After much analysis an organization was chosen. Once the organization was selected it took almost a year to negotiate the final terms of the merger. The merger was finalized in January 2011. During this time the organization received a small grant for support until the merger was complete. In addition, the organization they were merging with gave them \$15,000 a month to keep them afloat until the merger was completed.

A follow up interview was conducted with the executive director in August of 2011. She reported that the organization is no longer simply surviving. According to her, they are thriving. The executive director reported that before the merger, although their residential facility was full, they were not able to provide all of the necessary support services for their clients. After the merger, they are able to provide a higher level of services to the same number of clients. They are not, able to meet the increased demand because they do not have enough room in the facility. Staff training has also increased. Prior to the merger, staff members were unable to attend specialized training classes, internal organization-wide trainings as well as earn continuing education credits. In addition, staff benefits have also been enhanced. Administratively, the organization has seen improvements as well. They now have security cameras on property as well as cable and internet servers. Human resources and payroll moved to the larger organization, so now the executive director has more time to focus of program related issues.

The organization was able to continue to provide services to homeless women and children during its challenging times. It did not close or experience a disruption of services. The executive director stated, "No merger is perfect. I'd be lying if I said it was perfect, but it's an improvement. Without the merger, we wouldn't be here. This executive director had the foresight to realize a merger was needed, engage in strategic decision-making and calculated considerations, which ultimately resulted in a merger that benefited both nonprofit organizations. In addition the year following the merger, the organization appears to be thriving. Services have been expanded, staff training and benefits have increased and administratively changes have allowed the organization to operate more effectively and efficiently.

### **4.3 Waterloo, Iowa Case Study**

General mission: To provide food and grocery products to individuals and nonprofit organizations, and offer hunger education programs to the community.

Founding year: 1981.

Number of years ED has been in position: Started in 1992, Executive Director since 1999.

Number of staff: 25 (do full time and part time).

Annual budget: \$4.5 million.

Funding sources: Shared maintenance fees, government, United Way, Individual, businesses and churches, special events and grants and foundations.

A nonprofit organization in Waterloo, IA is focused on providing nutritious food and grocery products to those in need. It is important to note that not only was Waterloo impacted by the economic downturn starting in 2007; during the summer of 2008 one of the worst floods in history hit the community. Demand for food increased by 25% to 30% primarily as a result of the devastating flood and the economic downturn. While demand was on the rise, fortunately donations were up by 50% in the fall of 2009. Donations were improving for three reasons. First, individual donations increased. The executive director believed the increase was due to “simply asking” the community for more. Second, a local corporation called the executive director stating that they would like to make a donation and invited a proposal to be submitted the next day outlining their needs and how much they wanted. The proposal outlined a need of \$65,000, which was fully funded. The executive director also received funding through the government stimulus package and the Farm Bill. Since supply increased more than demand, the bottom line for the food bank was up \$150,000, which allowed the nonprofit to build a sizeable reserve.

A follow-up interview was conducted with the executive director in April 2011. The tone of this interview was not as positive as the year before. This year she is focusing on maintaining operations and services. When describing the actions she is taking to maintain services she stated she is not reducing services to clients, reducing salaries and/or freezing them, or reducing training or other staff benefits. She stated she wants to pay her staff well and believes that once you recruit good staff it is important to retain them. The one area that she commented is that the health care co-pay will have to increase for employees.

When discussing the current financial status of the organization she stated that everything was flat. Corporate, individual and church giving was all down somewhat, however United Way donor designations were up. Forty percent of their budget is based on individual donations, which are very unpredictable, making budgeting for the year a challenge. She did mention that two businesses in town were holding various special events in the workplace and proceeds were being donated to them. There have not been any unique opportunities to capitalize on recently, however their national organization rebranded this year and they are doing everything they can to benefit from all the “free” advertising from the national organization. Their biggest obstacle remains their facilities and the need to still raise \$1 million to break ground on their new facility.

The Iowa case study reveals how a nonprofit organization was able to survive challenging times including a record-breaking flood and downturn in the economy, meet an increase in demand for service of 25%, while simultaneously building their reserve. The year 2009 was a great year considering the challenges and yet they were able to meet a sharp increase in demand for services. In 2010/2011, the executive director stated that operations were being maintained, however in this year of “maintaining”, 600,000 more pounds of food was distributed than in 2009. In addition the groundbreaking for the new facility was held on September 17, 2011. In addition staff are being trained, receiving raises, and their skills are recognized and being actively retained by the executive director. When discussing giving staff raises, she commented, “I’m kind of a risk taker, I have to be.” This case study illustrates how survival, illustrated here by the building of a considerable reserve in the middle of the recession, meeting in increase in demand for services can be realized in the face of challenges.

### **4.4 Hattiesburg, Mississippi Case Study**

General mission: To end the overpopulation and resulting euthanasia of pets in the Pine Belt area by providing high quality, affordable spay and neuter services.

Founding year: July 2009

Number of years ED has been in position: from July 2009 to Aug 2011 – The overall shelter is currently without an ED.

Number of staff: 6

Annual budget: Approximately \$340,000

Funding sources: In order of magnitude 1) fees for surgery, 2) grants, 3) donations

An animal shelter had an idea of starting a new program, a spay/neuter clinic, due to a severe pet overpopulation. While the clinic would not be an independent 501© 3, the program would have its own executive director. The start-up costs for the new clinic were approximately \$100,000. The idea for the clinic was realized in the summer of 2008, in the midst of the economic recession. The director received a grant for equipment through PetSmart of \$75,000, however, additional funds were needed for startup costs. Just when it seemed the task of raising the additional funds was too great, the director received a donation from the national Humane Society of the United States of \$35,000 in support of the clinic's efforts. Despite the numerous challenges, the clinic had its grand opening in July of 2009.

The opening and survival of this new clinic to date was due to the relationships the executive director very purposefully built with colleagues at the state and national level, most of whom support the work of humane societies. Specifically, identifying an unmet need and being visible at state and national meetings was vitally important. Correspondence allowed the director to stay in constant contact with colleagues and funders to continually update them on the progress of the new clinic. In addition to the relationships built with funders, the director also focused on relationship building in the local community. Finally, the executive director's grant-writing ability certainly contributed to the opening of the clinic.

Since the grand opening demand has increased therefor more staff was added. The executive director cut her time back to 75% to help fund the new positions – but it was more of a cut in pay than in time. All of the other employees received raises. Finances continue to be a challenge as the cost of drugs and supplies increase. From the first interview in 2010, the director stated that the clinic was trying to move towards being fully funded through fees. At this point, in 2011, they are not there yet. The clinic staff proposed to the board that they wanted to add immunizations to the spay/neuter surgeries being done, as there is a high profit margin on immunizations. It is something that is needed in the community and would be a great revenue stream for the clinic; however local veterinarians were extremely opposed to this, so the board tabled the idea.

The board of the directors met with a large group of local veterinarians who indicated that they were worried that adding immunizations would be the first step to opening a wellness clinic, which would be in competition with their businesses. From the executive director's point of view, if the clinic were not there, the clients would not go anywhere. The vets are also worried that the clinic is making them look bad because they charge more than the clinic would for the immunizations. Some vets also stated their income was down and more competition was not needed. In the opinion of the executive director revenue was down due to the economy and not from the spay/neuter clinic taking their clients, as the clinic's clients could not pay full cost. The executive director was concerned with providing services to an underserved population that can't pay regular vet prices. Nonetheless, the veterinarians leaned very heavily on the board in order to get them to table the idea of adding services.

Currently the clinic is hoping to add transport program and working on a grant to purchase a cargo van, but the executive director did not feel particularly hopeful about the grant because they had received only smaller amounts of money from the foundation. There was also a discussion about the price of gas and the need to generate more volume to create more revenue. This would also create a need to add a half-time vet. One possibility is finding a donor in an outlying community who would be willing to pay for gas.

While this clinic is meeting a need unmet by other services, the clinic is at a crossroads on the issue of whether to offer immunizations that in their opinion would serve a client not currently being served, but in the opinion of the veterinarians is competition for their clinics. It will be interesting to see the outcome of this challenge in the future.

#### **4.5 Los Angeles, California Case Study**

General mission: To empower students to create a thriving community by opening the door to community service and literacy.

Founding year: 1998

Number of years ED has been in position: Since its inception in 1998

Number of staff: 4 full-time staff.

Annual budget: \$450,000.

Funding sources: 50% foundations/corporations, 50% individual donors including event income.

A nonprofit organization in the greater Los Angeles area is focused on “kids helping kids” to understand the importance of literacy. Two years before the recession hit, the nonprofit organization took out a significant loan to promote a major expansion. This loan, in combination with the recession, was debilitating for the organization. In response to challenges the board of directors engaged in a strategic planning process and decided to implement three “resource neutral” initiatives. The first initiative was to engage adult volunteers, rather than seasonal staff, to support their program delivery. Second, they leaned on the expertise of their board members to expand advertising through technologies such as Facebook and Twitter, and to design and implement a major fundraiser. The final initiative was to hand over the direction of one of their key programs, the Youth Leadership Board, to adult volunteers. These initiatives, while risky, brought great synergy to the board, staff and volunteers. A new special event that brought in \$50,000 helped end their fiscal year financially healthy.

Two years later this nonprofit is entering a second important phase of sustainability since the impact of the downturn in the economy. When first interviewed the organization had implemented their resource neutral strategies in an effort to build a reserve fund and keep the organization afloat. These efforts were met with success. Within two years the organization was able to build a \$100,000 reserve fund on a \$250,000 budget with the major fundraiser bringing in more each year. However, the organization ended this time period with an exhausted team and unsustainable method of operations for the future. “We thrived but did not survive” and board members who once had a lot of energy were now asking to step back from their responsibilities.

Recognizing the sacrifice of persons in the organization, there was a decision to redirect their efforts and starting in fiscal year 2011 they took on new initiatives. First, they decided to drop their Youth Leadership Board because they had difficulty in cultivating students to lead it and it was occupying too much time. This was a major decision for the organization, but proved to be a good decision. Second, they reorganized their staff so that they could focus on capacity building. They now have two full-time program managers, an executive director (who is also the founder) and added a new associate director. The associate director’s role became critical because she was also tasked with supporting the board for their major fundraising event so that there would be one person who managed the details on a regular basis. She also implemented the redesign of the organization’s website and the maintenance of their social media strategy. The final initiative was to sign a lease at an inexpensive rate. The organization never had physical office space, and was paying a lot of money each month to store books for their program. By gaining actual office space they now have room for their staff and volunteers to work more collaboratively on a regular basis. In order to complete these initiatives they tapped into their reserve fund so they could manage cyclical cash flow and create a sustainable building block.

Now that the organization has a stronger infrastructure it is time to re-launch the strategic planning process. When they last wrote their strategic plan the economy plummeted causing them to scrap most of it. They also recognized that in the midst of the current economic climate some of their strongest competitors had folded in large part because they relied on government funding. As such they now are trying to focus their energy on collaborations that serve their mission of community service and literacy. They are starting a pilot program where they focus their efforts on one community and build partnerships with corporations, civic organizations, nonprofits, schools and anyone who might be willing to help recycle used books to be given to an underserved school in their community. They have found that people want to serve their community and that this focus draws resources, media coverage and support on a greater level than they have experienced before.

Remarkably, the budget of this organization has increased from \$250,000 at the beginning of the economic downturn to \$450,000. The executive director said, “We’ve ramped it up but we’re going to make the budget. You have to believe that we will get the money and be innovative in serving the mission.” It was risky to put the services provided in the hands of volunteers but doing so for a year allowed the organization to build their funds again and put in place the paid staff to continue to operate the programs. In addition, during the Great Recession their budget almost doubled and the program is now thriving.

#### 4.6 Dallas, Texas Case Study

General mission: The mission is to strengthen and support families through education.

Founding year: 1997.

Number of years ED has been in position: 1 year.

Number of staff: 1

Annual budget: \$175,000

Funding sources: Resale Store, Disc Golf Tournament, Annual Fundraiser Luncheon & Silent auction, corporate sponsorships and individual donors.

A Dallas, TX Metro Area nonprofit serving families with educational programs began to experience struggles in 2009 after a number of their volunteers from their outlet store started retiring simultaneously. The board of directors had a brainstorming session to develop a plan to attract new volunteers and was successful in doing so. About the same time as the brainstorming session, an unemployed former corporate executive volunteered her time to the organization. Due to her excellent communication skills as a technical writer, the executive director taught her to write grants. A grant written by the volunteer was awarded and funded a half-time grant writer position.

The successful chance occurrence of recruiting an unemployed, former executive caused the organization to continue to recruit “out of work” persons as volunteers. Eventually, the word spread that this nonprofit was “teaching” skills to the underemployed and an individual representing ExperienceWorks.org visited the nonprofit. The Experience Works Program is federally funded and provides 6 months of paid job training for persons 55 years of age and older. The Experience Works Program funded two more positions for this nonprofit.

In 2010, the executive director retired and her assistant moved into the executive director position. A major challenge in 2010 was completing an audit. The guidelines for audits had changed and the price increased 300 percent for which the organization was not planning. It requested a loan from the United Way to cover its cost but was turned down. The result was a loss of United Way funding because the audit was not completed in time. The loss of funding was problematic but the local United Way, as well as United Ways across the country, are moving away from funding organizations to funding programs addressing education, health care, and family income so the loss of funding would have occurred within the next year or two anyway.

Due to the loss of United Way funding, the organization found ways to cut back on supplies and other discretionary funding while still maintaining a high level of service to its clients. It continues to operate as a site for the Experience Works Program, which it started doing in 2009. While the 2009 response to the economic downturn had the organization seizing an opportunity that came its way, in 2010 the focus is to maintain services to continue to meet its mission.

#### **4.7 Kansas City, Missouri Case Study**

General mission: Five interrelated Centers function under one administrative Center to provide comprehensive social services to address the daily challenges faced by the community in the northeast neighborhood of Kansas City. Staff have helped empower tens of thousands of individuals and families to achieve independence, to become self-sufficient, to build better lives.

Founding year: 1940

Number of years ED has been in position: 17 years

Number of staff: 10 full time staff members, 14 part time staff

Annual budget: \$1.2 million

Funding sources: Area Agency on Aging, Jackson County, MO, United Way of Greater Kansas City, Individual charitable gifts, grants through family and corporate foundations, and special event fundraiser.

In the 1930s the Italian community in Columbus Park, MO created a place for people to gather, share, learn, and celebrate various occasions. Community members donated money, property and individual talents and by September 8, 1940 the first Community Center officially opened its doors. The space was used to play sports, learn a craft, dance, catch a movie, see a play, hear a speaker, listen to the orchestra, enjoy a home cooked meal, and connect with friends.

Time passed and like many urban communities, the original Italian families moved away and new people took their places. These new people brought with them different traditions, culture and languages. The community center changed, too, in order to meet the needs of the changing neighborhood. The center began offering classes in English. While the neighborhood continued changing, its citizens grew older and in 1974 a senior center was created. Subsequently additional “centers” were added, including a counseling/family centers (1990) and a charter high school (2000), which graduated more than 600 students in its first decade.



An interview with the director of the senior center, a long-term employee, revealed many insights into the methods the multifaceted community centers used to continually evolve to meet the changing needs and demands of the local neighborhood. The staff learned to diversify funding streams, cultivate new donor relationships, build a reserve, and more effectively engage corporate sponsors and volunteers. Learning the value of strategic planning led the agency to engage in a strategic planning process to define its direction for the next three to five years. While still in progress, several key initiatives have already emerged in the center's quest to prepare for the future. Due to the reality of the economy, however, key staff positions have been eliminated during the past few years. The area of development downsized from four to one person, the senior center also laid off full time employees or cut their positions to part time, all the while, demands for services continued to increase. The Director stated, "We are down to the bare bones staffing wise."

As expected, the demand for services increased in recent years. The director mentioned that only three years ago the average daily attendance for meals and activities was 95-100 individuals; however, since January 2011 the daily attendance counts are 140 and occasionally as high as 180, which completely utilized all of the space available. The center is a designated area agency on aging funded center; therefore each new participant brings additional revenue to the full agency. On the upside the director pointed to efforts to increase charitable giving. Further effective techniques have included targeting the use of social networking tools, sending out e-blasts quarterly to a list of dedicated donors. Staff members have identified those family foundations that provide core support annually. Requests for a new furnace or other major infrastructure needs have been funneled directly to corporations who are willing to engage in major infrastructure needs. Former special events such as the annual golf tournament were resurrected this past spring. While fundraising targets were not met, staff were pleased that new donors were added to their list of contributors.

Innovation at the Senior Center can be seen in the director's recruitment of board members who are willing and able to actively assist with individual commitment to giving their time and being actively engaged in fundraising. The director acknowledged that she is more actively seeking government funding through grants and contracts as well. She revealed a new partnership with a local neighborhood credit union about which she was particularly proud. The only disappointment was the expected \$5,000 in income would likely require as much accountability as required for a \$100,000 grant from the government. She noted the reality of our times: she must identify more small funders and reporting has gone up 10 fold in the past several years. Another challenge noted by the director is that all funders are expecting more in the realm of outcomes assessment.

Before closing our interview, the director spoke about the "leave a legacy" campaign. Recognizing that some of the seniors were long time users of the senior center, she suggested that an educational program be provided that focused on charitable or planned giving. A presenter from a local bank was invited to share her knowledge from an objective, "outside party" perspective. Internal debate about which of the seniors should be invited led the director to suggest it might be more appropriate to open the doors to everyone. The director admitted she did send out a few invitations to carefully selected individuals who might be more willing and able to give to the center, however she found that the ones she least thought would attend came and asked the most probing questions. There is a plan to follow up with all in attendance after the holidays.

### ***5.0 Analysis and Discussion***

Each case study detailed the behaviors, decisions, and actions of their leaders. These case studies certainly reaffirm previous research by documenting the existence of entrepreneurship; however, their insight in the following discussion comes from using the entrepreneurial activities of Brinkerhoff (2000) and subconstructs of Helm and Andersson (2010) summarized in Table 1.

**Table 1: Case Study Nonprofits Analyzed for evidence of Brinkerhoff's Activities and Helm and Andersson's Subconstructs of Nonprofit Entrepreneurship.**

Nonprofit (City, State)	Organization	Brinkerhoff's Entrepreneurial Activities	Helm & Andersson's Subconstructs of Nonprofit Entrepreneurship
Orlando, FL		Started new program Merger Expanded services	Innovation Proactiveness Risk taking
Waterloo, IA		Expanded services (Capital Campaign for New Building)	Proactiveness Risk taking
Hattiesburg, MS		Started new program	Innovation Proactiveness Risk taking
Los Angeles, CA		Expanded services (cancelled a program) Created new partnerships	Risk taking
Dallas, TX		Expanded services Created new partnerships	Risk taking
Kansas City, KS		Offered services to new group Expanded services Created new partnerships	Innovation Risk taking

Table 1 outlines each represented nonprofit organization, which of Brinkerhoff's (2000) entrepreneurial activity was engaged in by that nonprofit and which of the subconstructs are demonstrated as discussed by Helm and Andersson (2010). Demonstrated in Table 1, two organizations started new programs. The nonprofit organization in Orlando and the one in Hattiesburg both started new programs. In addition, the organization in Waterloo is in the midst of building a new facility. Five of the six programs expanded their services and one offered their services to a new group of clients and continued to do so over time. One of the five organizations that expanded their services not only had just started the program, but once established, was able to expand the services within the first few years due to a strategic merger.

Other entrepreneurial activities engaged in by the studied nonprofit organizations were three of the six organizations created new partnerships in the wake of the Great Recession. In addition, while Brinkerhoff as an entrepreneurial activity did not outline closing a program, the nonprofit organization in Los Angeles closed one of their programs, that at one time, was central to their mission. This program cost more than the benefits to clients was worth. According to MacMillian (1983) when an organization is not the best at something and they do not have a competitive position and/or other organizations are offering this service, the organization should engage in an orderly and strategic divestment of that program. This is exactly what the organization in Los Angeles did, which could be considered entrepreneurial in some respects.

Not only do the studied nonprofit organizations demonstrate Brinkerhoff's (2000) entrepreneurial activities, when analyzing the activities against Helm and Andersson's (2010) subconstructs of nonprofit entrepreneurship, all six nonprofit organizations engaged in one or more of the three elements (innovation, proactiveness and risk taking) of nonprofit entrepreneurship.

In addition to the evidence that the six studied nonprofit organization engaged in nonprofit entrepreneurship, actions regarding personnel taken by these nonprofit organizations could be considered unique, in that the decisions were not necessarily common upon nonprofit organizations or other business and government entities during the Great Recession. The case studies indicated that taking action on items such as cutting wages and/or cutting staff is not a common response of those who weathered the recession. Those interviewed stated they know the value of an experienced staff with institutional knowledge, commitment to the mission and understand the ability to retain such staff will ultimately serving the organization best over time. People are worth the risk. This was a common theme in the case studies. The first three cases mentioned increasing staff pay, training, and benefits or at least maintaining those items.

The LA case started to rely more on volunteers, however as burnout started to be a problem, reorganized again and placed programs under staff. There will always be stories of struggle in the nonprofit sector. Stories of nonprofit organizations that suffer hard times or close their doors should not be lessened for their severity; however these stories of “failures” should not be taken as a threat to the sector, but rather as lessons to learn. Case and Phillips (2008) note that stories of challenges and difficulties create fear in others and can be a self-fulfilling prophecy, making everything worse. Complicating the situation, some nonprofit organizations then assume they will fail, rather than focus on the strengths they do have. Stories, including the case studies in this paper, can inspire and set examples for other nonprofit leaders in order to move the sector in a positive direction.

### **6.0 Conclusion**

The research provides evidence that nonprofit organizations and their leaders are engaging in entrepreneurial activities, specifically those from the Brinkerhoff Model (2000) with the Helm and Andersson (2010) extension of subconstructs. The subconstructs amplify and accentuate Brinkerhoff’s six activities of entrepreneurship when examining nonprofit organizations. Case studies from Florida, Iowa, Mississippi, California, Texas and Kansas illustrate nonprofit entrepreneurship. Although the number of cases is small, they comprise a theoretical sample (Willer, 1967) that clearly indicates entrepreneurship plays an important role in the success of nonprofit organizations during the aftermath of the Great Recession of 2007. A better understanding of nonprofit entrepreneurship practices may assist nonprofit organizations towards accomplishing their missions even in hard economic times, and further research is encouraged to enhance our understanding of this important organizational activity.

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