



Enterprising Nonprofits and Managing the Double-Bottom Line

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Background: Why Enterprising Nonprofits



- **Main motive: earned income → sustainability**
- **Current funding composition:**
 - Government budget cuts: since late 1980s and early 1990s
 - The trend of commercialization: Donations: 12%, Government funding: 39%, and fees 48%
 - Future: public funding is unlikely to increase under the global trend of New Public Management

Background: Why Enterprising Nonprofits (2)



- **Public funding constraints:**

- Accountability requirements, rather than responsiveness value
- Rigidity of services: paper work, regulations, etc.
- Loss of nonprofit autonomy (mostly via financial autonomy)
- Forced participation in competition
- Uncertainty about future government financing policy
- Anxiety exerted from financial uncertainty and external control by the government
- In general, below average budget, salaries, status, working conditions, etc.

Perils of Enterprising Nonprofits



- **Distracting mission pursuit**
- **Possibility of failure: 70% new businesses fail within eight years**
- **Do not have business skills**
- **Culture conflicts**
- **Clash between business operations and nonprofit operations**
- **Undermining staff morale due to value conflict**
- **Undermining the role played in the community**
- **Resistance from for-profit competitors**

Creating a culture of double-bottom line (1)



- **Decide elements of a new organizational culture, such as:**
 - Create a vision:
 - Earned income → supports charitable services
 - Charitable services → provides cause for business activities
 - Establish a culture of double-bottom line
 - Values: financial sustainability, autonomy, serving the community, efficiency, competitive, etc.
 - Norms: accepting business values including efficiency, financial self-sufficiency; business values should be allowed to co-exist with charitable goals.

Creating a culture of double-bottom line (2)



- **Unfreezing the current organizational culture – make the organization more receptive to change**
 - Create a sense of urgency about the need for change
 - Make key people understand the issue (e.g., financial sustainability)
 - Mobilize support for change
 - Collect information and data evidencing the need of change
 - Preparing people for change
 - Preview or brain storm the difficulties and conflicts that may occur
 - Communicate with people about your vision or goals
 - Gain **legitimacy** for the change
 - Why should the organization change
 - What would happen if the organization does not change
 - Political support
 - Determine who can oppose and facilitate change
 - Build a broad coalition to support the change
 - Fill key positions with competent change agents

Creating a culture of double-bottom line (3)



- **Implementing the change**

- **From HR aspects**

- Recruiting and selecting people who support both business values and charitable values
- Providing orientation and training about the double-bottom line
- Providing reward and recognition to people who support and help achieving double-bottom line

- **Implementation**

- Achieving tangible results as quickly as possible
- Use task forces/committee to guide the change implementation
- Change organization's structure if necessary
- Help people adjust to change
- Keep people informed about the change progress
- Show continued commitment to the changes
- Make dramatic, symbolic change that affects work: logos, signs, office structures

Creating a culture of double-bottom line (4)



- **Refreezing the new culture**

- Practice deliberate role of modeling, teaching, and coaching
- React to critical incidents and organizational crises in ways that send appropriate cultural message
- Provide rewards and recognition consistently
- Initiating necessary turnover



Thank You!