





Dancing *with* Uncertainty:

Keeping the Heat and Lights on in the Nonprofit Sector

by the editors

DURING A TIME THAT IMPELS US TO ACT QUICKLY and wisely on behalf of the diverse nonprofit sector, the idea of the nonprofit infrastructure as the electrical conductor of ideas, resources, knowledge, and collective power is appealing.

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We need that energy, as we face untold, unimagined challenges and opportunities. We are in the midst of turbulent economic, societal, and demographic changes. Every nonprofit will be affected, and there are no bystanders in this game. For the nonprofit sector, the challenge is whether we have invested sufficiently in the infrastructure that will interconnect, support, and sustain nonprofits during this period of change and uncertainty.

We've depicted the national levels of the nonprofit and philanthropic infrastructures (see pages 17–20). But these maps do not exhibit the rich connections between national, state, and local entities and those between national entities working in different concentrations.

Instead they focus primarily on the national infrastructure, similar to looking at the business sector through the lens of the U.S. Chamber of Commerce and the National Association of Manufacturers. In

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fact, the regional and local infrastructure players, state associations, and local management support organizations are for the most part more visible and connected to most nonprofits than national groups, but without these national groups, regional and local players would have less to draw from. And there are some functions—such as the creation of national databases on the nonprofit sector—that can be addressed only at the national level.

Advances

Major advances by infrastructure organizations may not be well known to most *Nonprofit Quarterly* readers who reap the benefits.

For instance, bright light, as we know, promotes accountability. The entire sector has much greater transparency because of the efforts of a few organizations that persistently pushed for the online posting of IRS-collected Form 990 reports. This data set has provided enormously valuable information to policy makers, donors, reporters, and a host of researchers who for the first time can illustrate the measurable parameters of the sector. In other words, the availability of this information is an enormous advance that has brought nonprofit accountability and self awareness to an entirely new level.

Thus, creating a map of nonprofit financial flows such as *NPQ's* Illustrated Nonprofit Economy (which we present as special pullout between pages 36–37) would not have been possible until recently. And as most new products are, this map is the result of an informal—albeit serious collaboration—between infrastructure organizations, where staff members knew and trusted one another and saw the opportunity to advance a piece of work together.

Like the resource that GuideStar provides to the nonprofit sector and the graphic presentation of the nonprofit economy in this issue, it is at the intersection between and the interchanges among these infrastructure organizations where our sector's power is often created.

From the earliest days of the formation of the major nonprofit infrastructure organizations such as Independent Sector and the National Committee for Responsive Philanthropy, propelled by the Commission on Private Philanthropy and Public

Needs (commonly known as the “Filer Commission” after its chair) of the mid-1970s, and earlier versions of the Council on Foundations, began to take on critical legislation. During the 1980s and 1990s, noteworthy achievements included the defeat of efforts to constrain the advocacy and lobbying voice of nonprofits, threatened by restrictions and promotion of initiatives to increase the incentives for charitable giving.

But more recently advances in knowledge-development have stood out. As mentioned above, searchable databases such as those hosted by GuideStar and the Foundation Center facilitate the ability of donors to learn about the financial track records of the nonprofits they fund. They also help nonprofits research where foundation grants flow and to whom. Reporters use the data to research important stories that reveal the sector to the public and researchers use the information to discern financial and governance patterns. At the most aggregated level, the Urban Institute's National Center for Charitable Statistics has worked with the IRS and other data sources to generate an impressive statistical portrait of the nonprofit sector, which is actively used by government decision makers and nonprofits to establish definitional parameters regarding the shape and content of the nonprofits operating with 501(c) federal tax designations. But nonprofits are also able to make use of more focused studies looking for instance at the financial dynamics of particular fields or of nonprofits in a particular geography.

Not to be omitted are the accomplishments of research entities generating reference points for all in the sector to use to promote their efficacy on behalf of society, such as the annual Giving USA reports, the various studies of grantmaking and assets flowing from the Foundation Center, seminal studies on the behaviors of nonprofits and donors by the Center on Philanthropy at Indiana University, and more.

The achievements of the nonprofit sector in public-policy advocacy—to defend nonprofit free speech, to generate databases and related research that defines the nonprofit sector, to provide capacity-building training and analysis throughout the sector, among others—merit support, continuation, refinement, and expansion.

Energy Grids

Conductive networks that flow from national to state and local and back again comprise the complete circuits that keep the entire infrastructure responsive. Two examples of distributed networks are the state association network that is convened by the National Council of Nonprofits and the Forum of Regional Associations of Grantmakers. It is not surprising, then, that these are the networks through which we distribute this issue of *NPQ* and in which we hope to promote dialogue. These networks can generate and test ideas broadly among the various groups that occupy the civic sector.

Such networks are important aggregators and disseminators of knowledge, power, and influence even in relatively stable times, but in moments of crisis they are absolutely critical for nonprofits and their constituents. In the Spring 2002 issue of *NPQ*, Rikki Abzug and Dennis Derryck wrote in "Lessons from Crisis: New York City Nonprofits Post-September 11" that nonprofits' affiliations with networks substantially affected their ability to recover organizationally, to access resources needed for disaster-related demands, and to connect constituents with appropriate services:

Contrary to popular press, some monies for recovery did become available relatively quickly. For nonprofits providing services, the September 11th Fund made both grants and loans available through three coordinating organizations with traditions of assessing organizational needs. The New York Community Trust, Seedco, and the Nonprofit Finance Fund were ready to cut checks for organizations with demonstrated need. But these resources were not highly publicized, so knowledge of such pools of funds became a critical factor in gaining access. One sure route to this knowledge was inter-organizational connections to those groups in the know—often umbrella groups.

Arguably we are in a comparable moment of societal disruption that envelops the entire nonprofit sector. In the aftermath of a historic meltdown of our financial sector, combined with the

historic election of a new president, no one knows what the future will look like. Given the crucial role of the nonprofit sector in our society, the nonprofit infrastructure serves as a tempering and rationalizing mechanism for nearly 2 million nonprofit organizations as they face multiple challenges and uncertainties in their drive to deliver for communities.

The Immediate Future

In this issue, we present a series of essays on the challenges we believe that U.S. nonprofits will face. The topics of these essays emerged from numerous interviews with infrastructure leaders.

Margaret Wheatley urges nonprofits to dance with this era's profound uncertainties, to use this time as a moment when we can develop and bring new social agendas forward (see page 44). Lester Salamon discusses the shifts that might be anticipated in the funding of nonprofits and the opportunities and threats they pose (see page 34). Geoff Mulgan reminds us that the United States is a part of the world and that U.S. nonprofits are a part of a global civic sector that offers lessons to be learned and collaborations to be made (see page 24). Tim Delaney suggests that we take this moment to ramp up advocacy capacity at the state and federal levels so we have a voice in what social policy and spending looks like in future (see page 50). Cynthia Gibson emphasizes nonprofits' democratic responsibilities and why claiming them will augment nonprofit and philanthropic effectiveness (see page 27). Each of these essays lays out a challenge to which no single organization can adequately respond. Nonprofits need infrastructure to help them understand and live up to their potential and to better set common agendas and to pursue them powerfully.

But the essays address another theme with profound implications. Paul Light expresses this trend as a struggle for the soul of the sector (see page 64). Who owns it? Does it belong broadly to the people as a place where they can freely organize to take up the issues and work they believe will serve the common good? Or is it owned by institutional funders, including government and foundations, which make up a healthy part of its funding base and which may trend toward funding

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the larger and more “professional” organizations over more community-based ones? Are we headed toward an oligarchy, or are we committed to saving this sometimes-messy venue for democratic voice and self-organization? Interviews with Ralph Smith (see page 38), and Kelvin Taketa and Chris Van Bergeijk (see page 31) address these questions and provide alternative directions for the relationship between nonprofits and philanthropy. For the infrastructure organizations profiled in this issue, the question is, who owns them? Are they purchased by their funders, or can they take a more independent course and articulate an independent voice distinct from—sometimes even in contrast to—their sources of revenue?

Many Elements of Infrastructure

This issue also highlights the technology, research, accountability, and advocacy swaths of the nonprofit infrastructure. We could also have reviewed the players in volunteerism, financial management, research, and capacity building, but it would fill a book. We would, however, like to comment on a few trends in specific areas:

- **Capacity building.** This field is one of the oldest networks in the infrastructure. Made up of hundreds of independent management support organizations, these critical anchors provide a host of services to local nonprofits, from board development to merger assistance to staff training. Some provide back-office services like financial management or fiscal sponsorship, and some provide loans. These groups are among the most critical conduits for information from and to nonprofits.
- **Volunteerism.** Given the attention this field will receive from the incoming Obama administration—which has outlined an expansion of the programs of the Corporation for National and Community Service—this field is likely to change. The challenge may be how to distribute these new community-service resources, with large national entities typically capturing the lion’s share of AmeriCorps and other slots, will smaller community-based organizations be able to share in this movement, or will they be left on the sidelines?
- **Financial management.** This is a field in

which useful knowledge is being built more quickly than ever before. It is a loosely networked field that involves a few national organizations (the Nonprofit Finance Fund and the National Center for Nonprofit Enterprise, for example) and several academic and nonprofit-based researchers. Every type of organization requires an understanding of its financial patterns and dynamics, and the nonprofit sector is now finally on its way to building this knowledge.

- **Social enterprise.** We don’t know how to categorize social-enterprise advocates in the nonprofit infrastructure, but this field has definitely done the nonprofit sector the favor of by focusing on impact. As painful as it is to untangle the roots of why some nonprofits have lapsed into ineffectiveness, we need to. We don’t know what the role of social enterprise will be in the development of the nonprofit sector. But in any case, we need to, as Paul Light says, address the concern.

We could go on. There have been phenomenal advances in research and professional development and accountability. All these fields are meant to inform, improve, and amplify good nonprofit work.

As several contributors in this issue have noted, to be useful, the infrastructure must respond quickly and accurately to nonprofits and the challenges of the times. This requires nonprofits to be active in their national, state, and local networks, and national infrastructure networks must pay close attention to keeping energy flowing through and back to these roots. Now more than ever, this is the time for fuller networking and engagement in the nonprofit sector.

So the hip bone is connected to the thigh bone—and lots of other body parts within the nonprofit and philanthropic sectors. If we forget that, we will probably all fall down.

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