

Identity Crisis: Not-for-Profit in a Profit World

Working Visions Conference

November 19-20, 2001

Perth, Australia

Marlene B. Seltzer



**JOBS FOR
THE FUTURE**

*Creating Strategies for Educational
and Economic Opportunity*



- [Programs](#)
- [Publications](#)
- [Jobs@JFF](#)
- [JFF in Brief](#)
- [What's New](#)
- [Search this Site](#)
- [Home](#)



Jobs for the Future
88 Broad Street
Boston, MA 02110

Jobs for the Future develops, strengthens, and promotes learning strategies and workforce solutions.

Jobs for the Future informs policymakers, practitioners, the media, and the public about our programs to:

- Strengthen opportunities for youth to succeed in postsecondary learning and high-skill careers;
- Increase opportunities for low-income individuals to move into family-supporting careers; and
- Meet the growing economic demand for knowledgeable and skilled workers.

Newsroom

Updated
July 25, 2001

New: [MetLife Foundation and JFF Recognize Exceptional Community Colleges](#)

[Connected Learning](#)

[Workforce Innovation](#)

[Margins to](#)

The Main Themes:

- **Sea change in the landscape, competition, commercialization here to stay. So are non-profits.**
- **Non profits must respond to the demands of the new economy to survive**
- **Leading-edge non profits are rising to these challenges by**
 - **implementing new partnerships for service delivery**
 - **creating different approaches to “scale up”**
 - **incubating social ventures.**



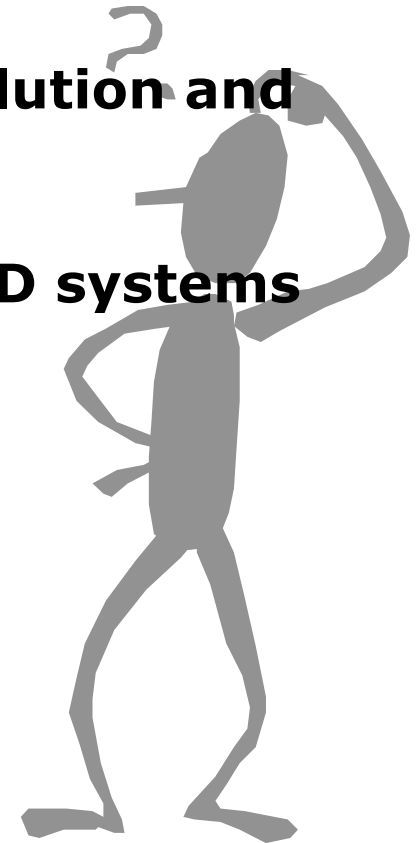
Changing Landscape

- **Lockheed Martin IMS. Awards include:**
 - **\$33 million to Washington DC**
 - **\$15 million to Dade County, Florida to run Welfare to Work programs.**
- **A company called Maximus achieved \$220 million in revenues in 1998:**
 - **\$24 million in Wisconsin**
 - **Large contracts in LA, Maryland, Pennsylvania, and Virginia.**
- **The privately held Edison Project runs 51 schools with 24,000 pupils. In Philadelphia: 264 schools with 200,000 students.**



Why such a sea change?

- **Belief in market competition as the solution to efficiency and better performance**
- **Reinvention of government: devolution and outsourcing.**
- **Sweeping reform welfare and WFD systems**

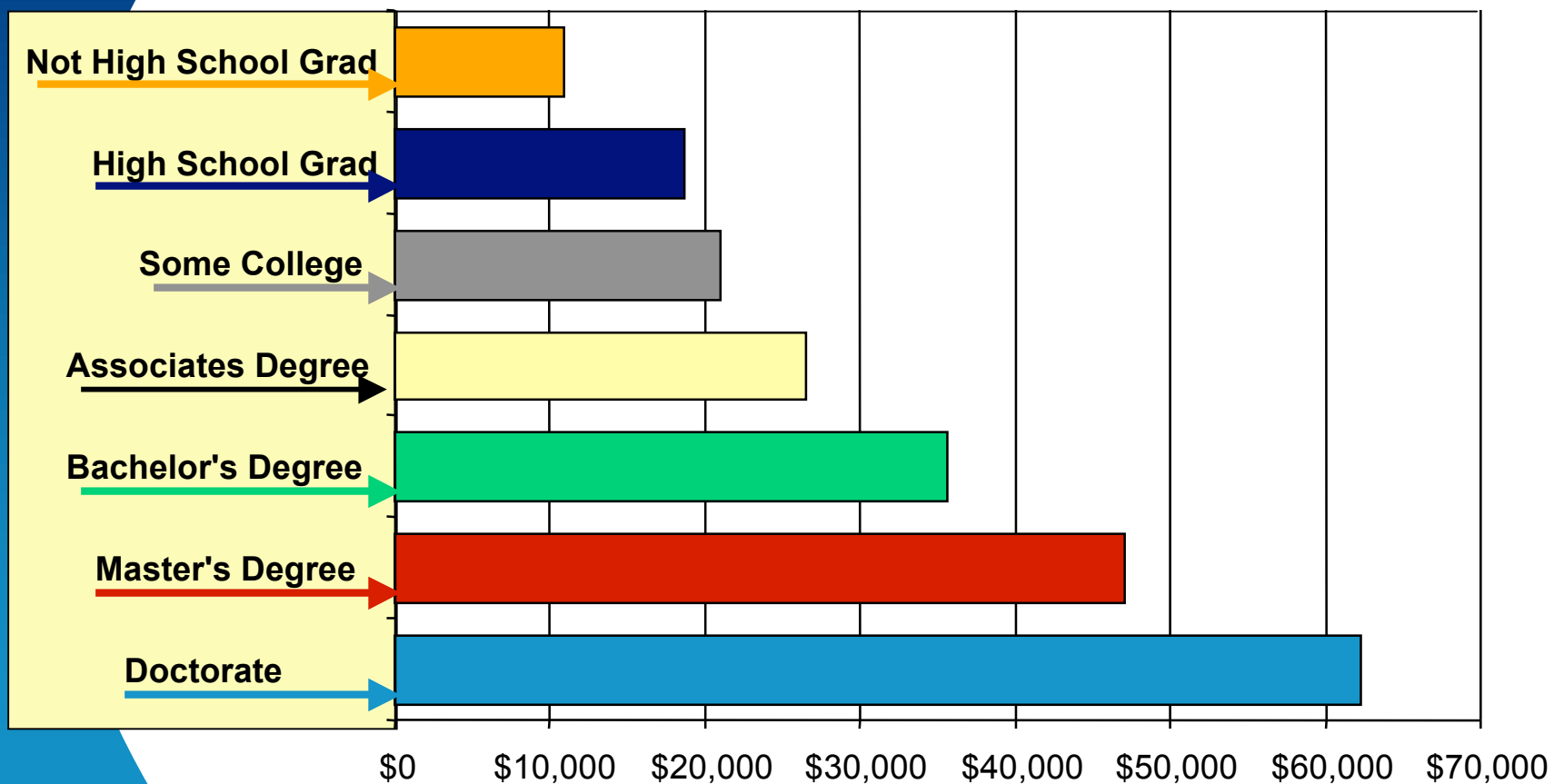


Challenges of the New Economy: 2001 and Beyond

- **Now more than ever there is an economic premium on postsecondary education and higher technical skills.**
- **The rules of the economy have changed: domestic to global, employment stability to job churning, one breadwinner to two**
- **There is a premium on speed, flexibility, efficiency & technology**



Increasing Premium on Postsecondary Education



Challenges of the New Economy

Feature	Old Assumptions	The New Realities
Scope of the Market	Domestic	Global
Work and Family Relationship	Clear separation of roles; Male breadwinner with wife at home	Work and family roles intertwined
Employment Form	Long term, full-time job	Wide variation in employment forms; uncertain duration
Employment Requirements	Constant Skill Base	Increasing demand for higher skills



There is no turning back for non profits.

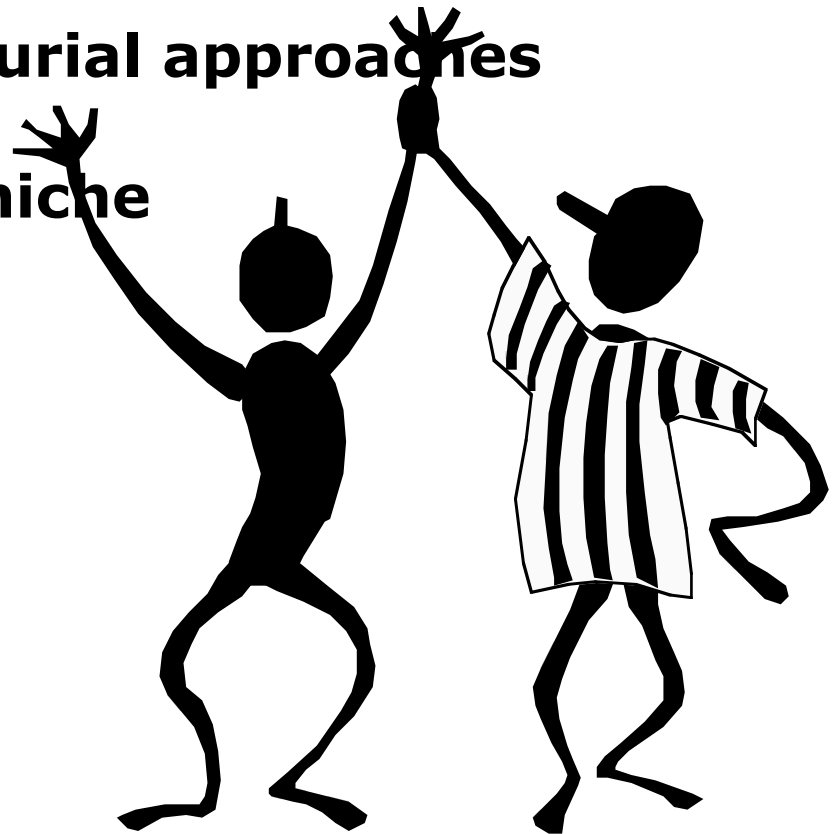
The real question is not whether an organization is for-profit or non-profit, but how it can adapt quickly to the demands of the knowledge-based economy and apply entrepreneurial approaches and market practices to achieve its social objective.

The non profits which are thriving in this new landscape have figured out how to do this.



The Solution

- **Stay on “mission”**
- **Use entrepreneurial approaches**
- **Define market niche**



Non-profit Approaches to the New Landscape

Three high-leverage strategies:

- **Creating new partnerships for service delivery**
- **Spread innovations through scalable solutions**
- **Developing social ventures as part of non-profit enterprises**

New Partnerships for Service Delivery

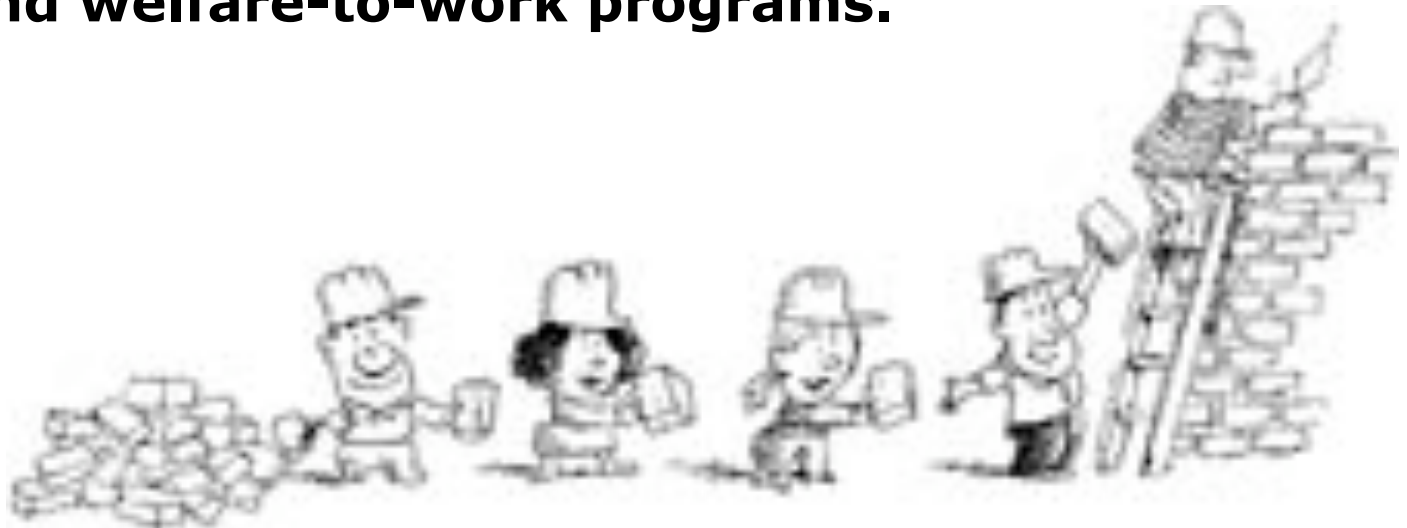
“Co-opetition”: potential competitors are joining forces and competing for social service, job training, and placement contracts.

- YWCA, a nonprofit in Milwaukee, Wisconsin**
- Lockheed Martin, Broward County, Florida**



New Partnerships for Service Delivery, cont'd

- **YWCA joined with two for-profit organizations: Kaiser Group and CNR Health.**
- **Formed a for-profit LLC called YW-Works.**
- **Won the bid for Milwaukee's job training and employment services, school-to-work and welfare-to-work programs.**



New Partnerships for Service Delivery, cont'd

- **In Broward County, Florida contracted out its welfare services.**
- **Lockheed Martin won 7 out of 12 of the contract components—all with a non-profit partner.**



In an environment of healthy competition...

...forming strategic partnerships can:

- **Encourage nonprofits or for profits to take lead**
- **Leverage assets of the partners**
- **Increase accountability**
- **Mitigate risks for non-profits**



Innovations through Scalable Solutions

How do you convert the innovative solution into the prevailing rule?



- **Franchise model: YouthBuild, USA**
- **Sectoral model: Wisconsin Regional Training Partnership**
- **Build-to-Scale model: Origin, Inc.**

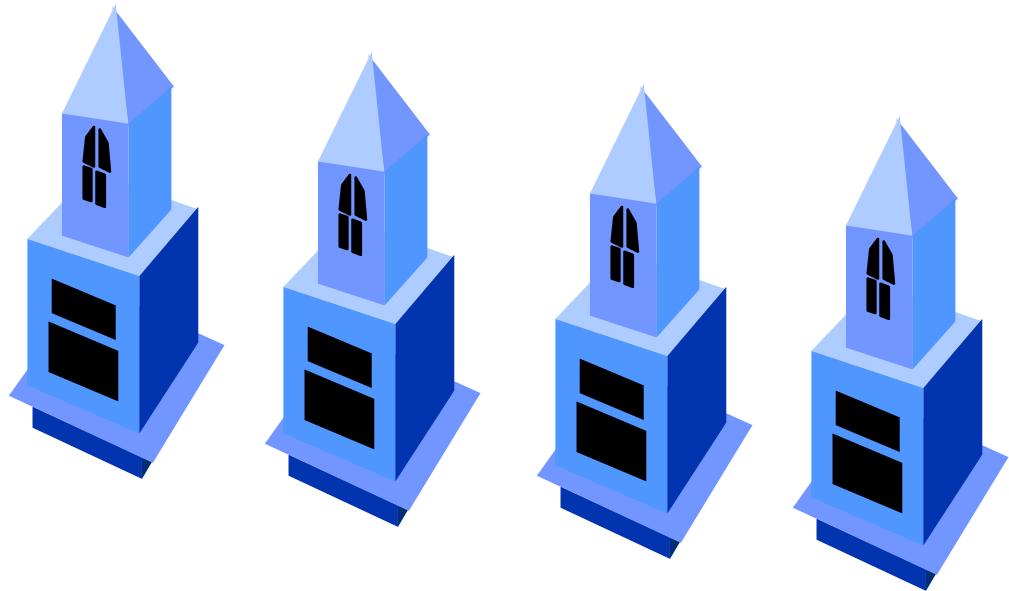
The Challenges of Getting to Scale

- **Transferring organizational culture**
- **Branding your services and products**
- **Establishing quality standards**



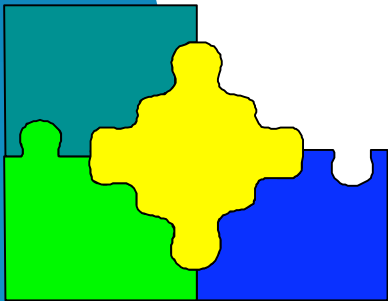
“Franchise-like” Model

- **Supports local capacities**
- **Sets definition of products and services**
- **Brands the product through quality**



Franchise model: YouthBuild, USA

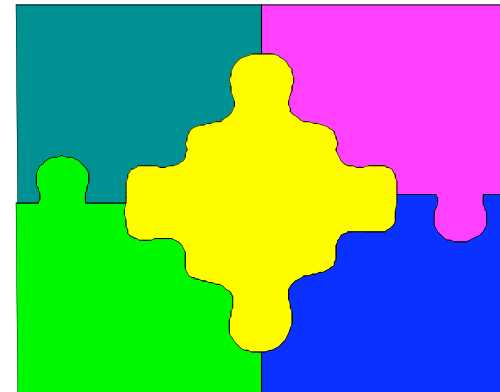
- **Helps disadvantaged youth ages 16 - 24 to complete high school and acquire construction and leadership skills while rehabilitating low-income housing.**
- **Over 108 centers in 34 states serving 5,000 youth annually.**
- **Expansion goal: \$150 million in federal funds**



What is a Sectoral Model?

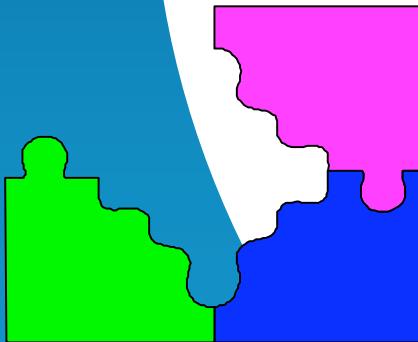
Non-profit organizations are organizing networks of employers within industry sectors to work on common work force challenges.

- **Skill shortages**
- **Upgrading skills**
- **Modernization**



Sectoral Model: Wisconsin Regional Training Partnership

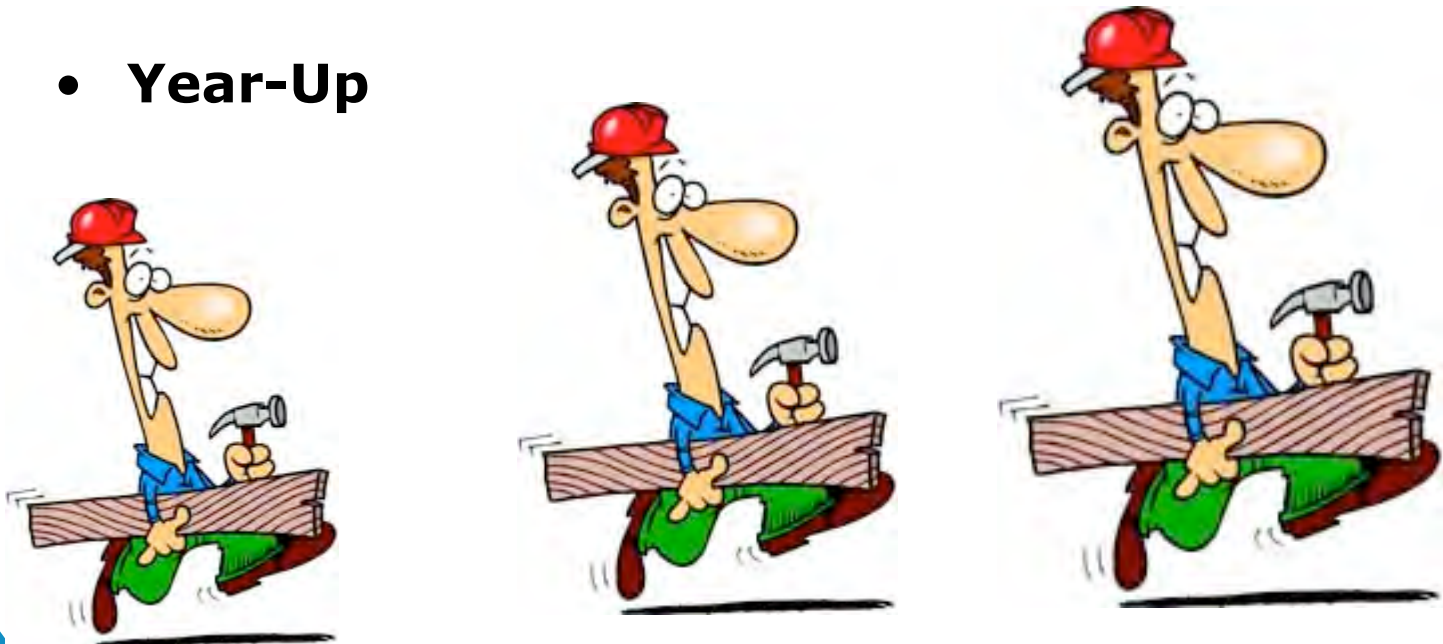
- **A multi-union, multi-employer effort to link employers, workers and unions to improve worker training and preserve jobs.**
- **Formed in 1991, it works with public institutions involved with the manufacturing industry.**
 - **Generates more than \$21 million in investments**
 - **6,000 people receive training each year**
 - **Initial placement of low-income adults at \$22,000 Annually**
 - **Covers 60,000 workers, 56 firms and 14 international unions**



Build-to-Scale Models

Test new scale-up strategy by creating a nonprofit built for scale from beginning

- **Origin**
- **Year-Up**

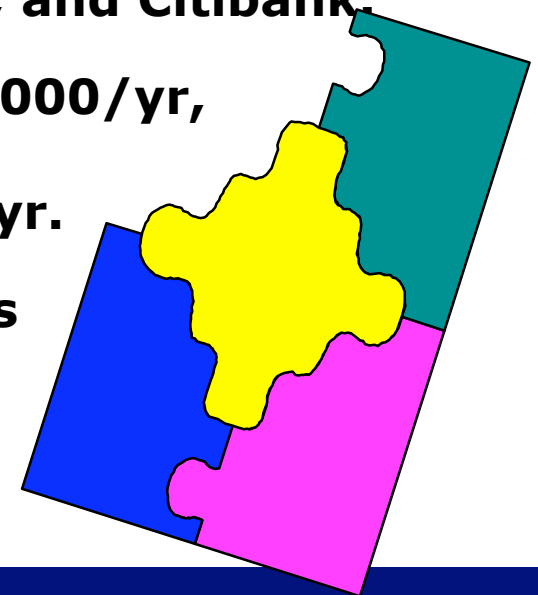


JFF Entered the Arena

- **Provide a route out of poverty & into family-supporting careers for low-income adults**
- **Blend commercial practices with social mission**
- **Test new scale-up strategy by creating a nonprofit built for scale from beginning**
- **Build capacity of 88 CBO's in 10 cities across the nation**

Build-to-Scale Model: Origin

- **Non-profit which trains and places low-income workers in IT sector jobs.**
- **Competes with temp firms by leveraging public dollars, reducing employee turnover and providing advancement opportunities.**
- **Works with large national corporate clients such as Chase, Solomon Smith Barney, and Citibank.**
- **Jobs pay between \$30,000 - \$40,000/yr, compared to Employment and Training placements at \$14,000/yr.**
- **Goal: 8,000 placements in 5 years**



Social Ventures and Non-profit Enterprises

Business enterprises that accomplish social results:

- **Income-generating businesses**
- **Owned/operated by non-profits**
- **Employ at-risk clients**



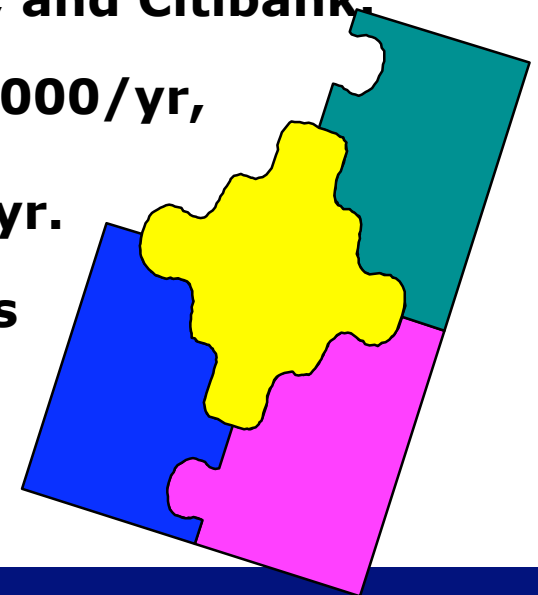
These enterprises exemplify the merging of business practices and goals and social mission.

Los Angeles: Chrysalis

- **Locating and creates employment opportunities for homeless and other disadvantaged people.**
- **1984 budget: \$25,000.
1998 budget: \$4.5 million.**
- **Labor Connections, a staffing agency and StreetWorks, a street cleaning business, form the core of their employment brokering.**

Build-to-Scale Model: Origin

- **Non-profit which trains and places low-income workers in IT sector jobs.**
- **Competes with temp firms by leveraging public dollars, reducing employee turnover and providing advancement opportunities.**
- **Works with large national corporate clients such as Chase, Solomon Smith Barney, and Citibank.**
- **Jobs pay between \$30,000 - \$40,000/yr, compared to Employment and Training placements at \$14,000/yr.**
- **Goal: 8,000 placements in 5 years**



In Conclusion...

The landscape is changing and the change is here to stay.

Key message for nonprofits:

- Critically important to “stay on mission”, BUT**
- Must adopt and employ better business practices to compete and survive**
- View the changing landscape as an “opportunity” And embrace the change**