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THE COLOR OF MONEY

Nonprofits embrace a new giving model



By MICHELLE SINGLETARY

I've always believed that philanthropy should be at the top of any budget. Support those organizations that help people eat, move into affordable housing and find sustainable employment, and we all benefit.

But giving is often one of the first budget items to be cut by individuals, private companies and cash-strapped states when there's an economic downturn like the one we've been enduring for the past several years. So nonprofit groups have had a tough time. Many organizations have struggled to survive as donations have dropped.

The 400 charities that raise the most money in America still haven't made up for decreases as a result of the recession, according to an annual report by the Chronicle of Philanthropy. For nonprofit groups that depend primarily on cash donations, giving was basically flat — just a 0.2 percent increase last year.

Yet even a small increase is better than nothing, right? Well, it would be if the charities hadn't experienced an 11 percent decline in 2009. Few

organizations expect a turnaround in giving anytime soon, the Chronicle reported. As cash donations have decreased, so too has government funding for human service nonprofits.

Fundraising challenges have made a number of organizations realize that they need to find new forms of financing so they aren't as heavily dependent on donors or public grants.

To help encourage more creativity, the Alliance for Global Good, a nonprofit group that promotes philanthropic efficiency and effectiveness, has established a fund to support charitable organizations that come up with new business models. The alliance's Innovation Fund will initially have about \$10 million.

"With the right business model, organizations could really thrive," said David Brand, president and chief executive of the alliance.

Too often organizations can't make a difference on a larger scale because they are living from donation to donation, Brand said. He noted that groups such as the Chicago-based North Lawndale Employment Network inspired the idea for the innovation fund. The organization created a for-profit beekeeping enterprise, Sweet Beginnings, to help ex-offenders and other low-income residents of Chicago's Westside

neighborhoods get employment training.

The idea for the urban honey business developed out of frustration. Ex-offenders who had gone through the group's job-training program were finding that employers didn't want to hire them. Without steady employment, many released offenders end up back in prison.

"When people were ready for placement, we couldn't find them jobs," said Brenda Palms Barber, executive director of the North Lawndale Employment Network and chief executive of Sweet Beginnings. "So I decided we would become their first employment."

Additionally, by selling honey, the group has developed a market-driven revenue stream to expand and help more people improve their earnings potential.

"I knew we could not depend on government funding," Barber said. "We couldn't depend on private foundation funding. We had to change. We had to come up with an earned income strategy."

Employees of Sweet Beginnings harvest chemical-free honey. Program participants receive training in beekeeping, food handling, retail sales, inventory and distribution. In addition to table honey, Sweet Beginnings markets a line of honey-based bath and body products under the "beeline" label.

“We are seeing growth even in a really tough economy,” Barber said.

Barber said the organization hires eight to 10 men and women per quarter. They work 90 days and are then assisted in finding a permanent job. The honey is sold at Whole Foods in five Midwestern states. Sweet Beginnings even has an apiary at Chicago’s O’Hare Airport.

The nonprofit group said the recidivism rate for former Sweet Beginnings employees is less than 4 percent, compared with the national average of 65 percent.

“We can’t just do what we’ve always done and expect to make headway in repairing the world,” Brand said. “Innovation is essential.”

A lot of the details for the Innovation Fund haven’t been worked out. Nonetheless, Brand said his group would be accepting requests for proposals early next year. The new fund is intended to help both established and start-up charities. Grant winners will also be expected to mentor future fund recipients.

“We want to take an operation and help it grow and mature,” he said.

I love the idea of the Innovation Fund and the focus on finding new ways to support human service organizations because these groups have to start thinking about how their programs can be sustainable during economic downturns.

With so many people out of work, the Innovation Fund could create an opportunity for someone to find the financing to pursue a philanthropic dream.

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