

THE NEW GRAY AREA
NON PROFIT BOARDS OF DIRECTORS DOING FOR-PROFIT OR SOCIAL
ENTREPRENEURIAL VENTURES

David Lynn Hoffman, Metropolitan State College – Denver, Campus Box 78, PO Box 173362, Denver, CO 80217-3362, 303.556.3061, doffman20@mscd.edu
Debora J. Gilliard, Metropolitan State College – Denver, Campus Box 78, PO Box 173362, Denver, CO 80217-3362, 303.556.4682, gilliard@mscd.edu

ABSTRACT

Today's turbulent environment forces many non-profit organizations to continually adapt their organizations, mission, structure, and board of directors to serve their constituencies. This paper addresses a number of these environmental forces including declines in: government funding, donations, volunteerism, investments, and corporate and individual giving. These environmental pressures are pushing some non profits into engaging in for profit ventures to pursue alternative funding strategies as their traditional sources of revenue become more scarce.

Some writers see social entrepreneurship as an innovation into new areas, programs or methods. Some non profits see it as pursuing earned income, a double bottom line of mission and financial survival.

Research on for profit governance models concluded that the research results were conflicting and inconsistent. Each may provide some limited explanation of non profit boards. Because this research uses financial data as measures of performance, they can not be validated in the non profit area where many social causes have ambiguous or non-quantifiable results. In addition, they do not examine any board processes such as interaction with the Executive Director or staff.

Because the current environment will push more non profits into for profit ventures, the boards will have to become more involved. Boards may also be involved in encouraging or perhaps initiating a new venture. Placement of the entrepreneurial spark can be at the board level, top management, or lower levels. Each position has specific positives and negatives. Wherever it is placed, the board will have to be involved in its role as monitoring the strategic direction and how well the organization is balancing social mission versus financial results.