Foreword

As a young entrepreneur with a passion to serve some 40 years ago, I thought a “call” to serve, a passion to feed the hungry, and a strong work ethic would ensure success. And while it was essential to continue to clarify the call and rely on my passion and hard work, I found out quickly that was only the beginning of what I needed to know. Not everyone saw the “value” of what I offered or exactly what or how to invest in my new idea. It became clear from the beginning that I was not able to articulate the value proposition in a way that motivated investment or strategic partnerships. It also became clear that I was not organizationally or administratively ready for what I was asking for.

I began the Atlanta Community Food Bank in the basement of a downtown church, and over 36 years grew the organization into one of the largest, most effective social purpose organizations in Georgia. There was much to learn along the way. If only I had a guide to better understand the benefits theory that is articulated so well in this book.

In this book, Dennis Young has laid out a very clear and comprehensive way to understand the value of benefits theory in financing social purpose organizations. Without sustained income and strong support from all sectors of the community even the best organization will not grow or sustain itself over time. This book offers a clear and comprehensive explanation to guide students, managers, and leaders toward finding the best mix of income sources for their organizations and stimulates additional research on financing of nonprofits and other forms of social enterprise.

Today I find that students and managers, as well as those contemplating working in different sectors, could certainly benefit from a better understanding of benefits theory. There is a tremendous new interest in entrepreneurship and looking at the nonprofit social sector to address many of society’s ills. This will require many creative approaches that often have not been tried before. From my perspective this is a very positive development. People from all walks of life feel empowered to address many of the social ills and social needs of our communities. And many of our traditional social purpose organizations need to grow and embrace change to survive. But no matter how many new ideas emerge or how many young
entrepreneurs try their hand at developing and marketing their ideas, there are some basic values that will always remain true. Dr. Young addresses these essential approaches with clarity and some great case studies.

Organizations may differ in their ability to cultivate certain income sources that may correspond to the services and benefits they produce. Understanding the theory, assets and skills needed to implement the appropriate sources of support can prevent managers from investing in the wrong approach at the wrong time, and can inform them on how to develop the skills to be successful. Benefits theory stipulates that social purpose organizations are most effectively financed by income sources that correspond to the types of public and private benefits they generate through their services, taking account of the transactions costs associated with engaging those income sources. I can remember learning this painful lesson well.

When it looked like everyone was getting into the direct mail business we jumped right in. I learned quickly that I did not have the skills or back office support to be accountable to or nurture those donors. And when everyone was encouraging us to create special events such as the Hunger Walk or Golf Tournament we learned quickly that we needed strategic partners and sponsors to grow and sustain our events. We also needed much more “people power” than we ever imagined. When State and Federal officials came to us to partner with them in after school and summer feeding programs we learned that we needed additional administrative resources to account for and sustain the contract. There was a whole new language to learn and partners to nurture and support. We needed to hold our ground and manage expectations, not taking on more than we could manage well.

And when it was pointed out that we were in a perfect position to create “earned income” by providing a management service to the food industry little did we know how much they would be requiring extra assurance that we were meeting all federal and state regulations. Who knew that we would need to bring on attorneys to review contracts and ensure our agreements met our stated mission or extra tax accountants to ensure we paid unrelated business tax?

We lived and thankfully learned. We embraced change and new ideas, engaged new partners, and involved thousands of volunteers from every sector. But I wish I had better understood benefits theory from the beginning. By learning the hard way we left money on the table and people unfed. I recommend anyone considering starting or growing their organizations to read and learn from this book. I encourage students to take this book seriously if they want to work in the sector or to progress in their careers.
Financing nonprofits and other social enterprises

Dr. Young has made a substantial contribution to knowledge and to management practice in a field that increasingly demands transparency and excellence.

Bill Bolling
Chairman, Food Well Alliance
Senior Consultant, Georgia Food Bank Association

ABOUT BILL BOLLING

Bill Bolling is a teacher, mentor, convener, facilitator, entrepreneur, and successful CEO. He founded the Atlanta Community Food Bank in 1979 and served as its executive director for 36 years before stepping down in June 2015. Under Bill’s leadership, the Food Bank distributed more than half a billion pounds of food and grocery products through a network of nonprofit partner organizations that feed the hungry. As a charter member of Feeding America, the national network of food banks, Bill was instrumental in the start-up of food banks across Georgia and across the country. Bill recently created Food Well Alliance, a nonprofit organization that connects and supports urban farms, community gardens, farmers markets, school gardens, and other members of Atlanta’s local food movement. He currently serves as Chairman of Food Well Alliance and as senior consultant for the Georgia Food Bank Association. Bill is a frequent speaker on topics related to sustainable food, hunger, poverty, regionalism, affordable housing and public policy reform. His skills in bridging various economic sectors have made him a leader in strengthening the community to serve those most in need. Prior to his association with the Food Bank, he served as director of community ministries for St. Luke’s Episcopal Church in Atlanta.