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## Too Many Nonprofits? We Need to Answer the Bigger Question

August 10, 2016, by David Lyerly, David Shapiro and Jim Klocke

In recent weeks, [the question of whether Massachusetts has “too many” nonprofits has reemerged](#). There are a number of factors that should be considered, including nonprofits’ immense economic impact—one in every six jobs in the Commonwealth. But we think there’s a bigger question at hand. Are we doing enough, and in the right way, to solve the challenges that nonprofits and their partners (in government, philanthropy, business, and the public) work on every day?

Those challenges are at the heart of the promise of our Commonwealth and our nation. How do we broaden pathways to opportunity? How do we help communities thrive? How do we improve our quality of life, particularly for the most vulnerable members of our society?

We believe three areas are critical: innovation, resources, and determining what works. Let’s take a look at how we can get better in each of them.

**Innovation:** Innovation abounds in the nonprofit sector—but more is needed. The spectrum of nonprofit innovations is amazing, from cutting-edge biomedical research to new ways of financing community development. But do we have enough good ideas for all of the challenges facing society? No. To promote more innovation, we need to keep the doors open wide to new ideas, and sometimes this means new organizations. We must also ensure we are drawing on existing infrastructure and expertise to maximize impact, address any redundancies, and bring people and organizations together in ways that spark new ideas. The latter point—collaboration—requires intentionality and presents great opportunity, notwithstanding the risks involved. The appetite for risk that breeds game changing ideas in the private sector must be applied to nonprofits by those who invest in and operate them.

**Resources:** Considerable resources flow to the nonprofit sector—and yet more are needed. At the most macro level, consider the unmet needs in fields such as healthcare and workforce readiness. In addition, there are solutions throughout the nonprofit sector that lack only the capital to be taken to scale. The best places to apply new resources include newly-emerged problems, new solutions to new and old problems, or the expansion of existing ideas that have been proven to work. But they must allow nonprofits to operate from a position of stability and strength. The “do more with less” approach we have often made our nonprofits wear as a badge of honor can backfire, diluting their effectiveness.

**Determining What Works:** The nonprofit sector’s focus on evaluation is growing—but it needs to grow more. Evaluation is critical to making the most of existing nonprofit capacity, and adding new capacity

when it is needed. The good news is that the nonprofit community and its funders are working together more on evaluation. Early views of “everything should be measured” or “we can’t measure anything” are giving way. They’re being replaced by a common understanding that evaluation is important, difficult, and a long-term effort.

If the nonprofit sector and its partners get it right in those three areas—innovation, resources, and determining what works—the question of how many nonprofits we should have will take care of itself. And we’ll do a better job of building a more perfect Commonwealth. We’ll continue to be a beacon for the nation with a strong, high-impact nonprofit sector that improves people’s lives.

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*This article can be found online here: <http://massnonprofitnet.org/blog/many-nonprofits-need-answer-bigger-question/>*