Nonprofit Social Enterprise and/or Revenue Generating Ventures: Does Governance Matter?

Mike Burns
BWB Solutions

Abstract

This paper focuses on examining what nonprofit executives perceive to be the role for their boards in the development and oversight of social enterprises. For my paper I am proposing compiling and analyzing the governance sections as a proxy for indicating how much if at all and how governance matters to the development and implementation of a social enterprise, at least from a nonprofit executive’s perspective.

Nonprofit social enterprises, aka, revenue generating ventures, are playing an increasingly larger role in the sustainability of a nonprofit. Funders, consultants and nonprofit boards generally cite as a best practice that governance has a critical role to play and could affect the success of these efforts. I on the other hand, both based on my own experience as an advisor for developing and managing social enterprise ventures and a cursory review of the literature, am not convinced that social entrepreneurs and nonprofit executives in particular have “drunk the cool-aid” and generally do not believe that governance really affects the success of a venture. But what if nonprofit execs don’t believe and practice in ways that governance isn’t believed to be one of the essential components of a successful enterprise? If we are at minimum able to ascertain that indeed there is little or no perceived value of the role of governance in the success of a social enterprise, we must either develop evidence that governance does matter or cease promulgating this theory and redirect resources better into where success will truly be affected. At the same time, if all we have is a failure to believe and limited evidence of governance impact, we must collect and distribute the evidence to rightfully change the perceptions.