

# ann arbor area BUSINESS MONTHLY

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## Nonprofits Provide One Out Of Every Ten Jobs



Michael Tyson, CEO of NEW, Nonprofit Enterprise at Work Inc..

By David & Margaret Baker

Here is a statistic that may surprise you: 1 in 10 people who are employed in the U.S. are employed by a nonprofit

organization. The roughly 1.6 million registered nonprofits in the U.S. employ approximately 13.5 million people. As a comparison, this number is higher than the number of people employed in

the entire U.S. finance sector, including insurance and real estate.

And while the organizations are nonprofits, they are certainly not non-revenue. With estimated total

combined assets of \$4.3 trillion, U.S. nonprofits have roughly \$750 billion in annual revenue and account for approximately 5.5% of the total U.S. GDP. Add to this number the estimated \$170 billion in annual value contributed by over 8.1 billion annual service hours provided by U.S. nonprofit volunteers and you see a nonprofit sector that contributes almost \$1 trillion to the U.S. economy.

In Michigan, there are roughly 50,000 nonprofits representing 440,000 employed people (10% of Michigan's workforce), \$16 billion in annual wages, \$133 billion in annual revenue, \$179 in total assets held, and \$108 billion in annual economic activity. The most dominant nonprofit service areas are health, human services, and education.

These well-footnoted numbers are provided by the Independent Sector ([www.independentsector.org](http://www.independentsector.org)), a nonpartisan coalition of approximately 600 organizations "committed to advancing the common good in America and around the world." The numbers reflect not only the critical role that nonprofits play in the U.S. and Michigan economies, but also the importance of nonprofits in delivering the social services for which nonprofits were created to provide.

This vital role that nonprofits play is easy to overlook. While current debates on U.S. fiscal and tax policy tend to focus solely on assistance from federal and state government budgets, often forgotten is the broad and deep social impact that nonprofits have on our country and our state.

Michael Tyson is CEO of NEW (Nonprofit Enterprise at Work Inc.), a nonprofit support organization whose mission is to "help nonprofits succeed by strengthening nonprofit management and offering solutions

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**Deadline for  
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to issues facing the nonprofit community.” Tyson sees firsthand the importance of nonprofits to our economy and overall wellbeing.

“My guess is there are a lot of people who don’t understand the value that nonprofits bring to the table,” explains Tyson. “Right now you have the government that can help you out to some degree with dollars and cents, and you have various organizations that try to do their part. In my mind, though, if you were to take nonprofits out of the picture and they just all went away, there would be this huge gap, not only from the standpoint of the number of people nonprofits employ and how much business it generates, but also from the standpoint of providing social service, such as feeding the hungry, providing education and training, and generally offering assistance to those who need assistance. These are all things that I think people just take for granted.”

**What’s a Nonprofit?**

Nonprofits, also referred to as the “independent sector,” are organizations that, by mission, benefit the broad public interest, not just the interests of its

members. Nonprofits are entities incorporated under one of two forms: 501(c)(3) or 501(c)(4). 501(c)(3) organizations are public charities, private foundations, and religious congregations. 501(c)(4) organizations are social welfare/advocacy organizations.

Of these two forms, 501(c)(3)s represent almost 90% (1.4 million) of all nonprofits in the U.S. Independent Sector lists 8 major categories of 501(c)(3)s:

1. **Arts, culture, and humanities**, such as museums, symphonies and orchestras, and community theatres
2. **Education and research**, such as private colleges and universities, independent elementary and secondary schools, and noncommercial research institutions
3. **Environmental and animals**, such as zoos, bird sanctuaries, wildlife organizations, and land protection groups
4. **Health services**, such as hospitals, public clinics, and nursing facilities
5. **Human services**, such as housing and shelter, organizers of sport and recreation programs, and youth programs

6. **International and foreign affairs**, such as overseas relief and development assistance
7. **Public and societal benefit**, such as private and community foundations, civil rights organizations, civic, social, and fraternal organizations
8. **Religion**, such as houses of worship and their related auxiliary services

Independent Sector also notes that, over the past 10 years, the number of nonprofits has grown by 60%. As the number of nonprofits continues to grow, so also the need for support services for these nonprofits will grow as well. Organizations such as NEW have been providing services to nonprofits and are well-positioned for growth going forward.

**The NEW Center**

Question: What do you get when you replace an old junkyard on Main Street along the northern entrance to Ann Arbor with an attractive and valuable community resource? Answer: You get a NEW Center.

NEW had its highly symbolic start in 1993 when McKinley Foundation along with other community members acted to clean up the environmental mess at the site and build a new building. Today, the facility holds 13 NEW staff and volunteers along with roughly 23 other nonprofits who take advantage of NEW’s shared services.

Tyson, just into his second year leading NEW, celebrated his one year anniversary at NEW in November. He brings a wealth of

experience to his leadership, such as 20 years in the financial sector, 12 years as CEO of a residential building company in Detroit, and a fellowship to Harvard Business School’s Strategic Perspectives in Non Profit Management program. He has also held leadership positions with several nonprofit boards, including the Detroit Advisory Board of the Brownfield Redevelopment Authority, Detroit Symphony Orchestra, Warren Conner Development Coalition, The Parade Company, and Detroit Economic Growth Corporation.

Tyson describes the value that NEW provides to a variety of nonprofits. “If you are nonprofit, you are welcome at NEW. We’re not giving anything away; we’re simply able to use the resources of everyone together to provide a quality solution for nonprofits at a discounted rate. We work with nonprofits across the spectrum—nature, arts, history, music, etc.”

NEW also operates out of a second leased office located on Woodward in Detroit, but their primary focus at this point is on Washtenaw County. According to Tyson, “Roughly 50% of our client base is in Washtenaw County and we continue to service Washtenaw County. There was an effort about three years ago to grow outside of Washtenaw into the city of Detroit and the surrounding areas. That piece of the business is going well, but our strength is here in Washtenaw County.”

**NEW - Helping Nonprofits Make a Difference**

The resources available by NEW to nonprofits are many, and nonprofits should take advantage

of the helpful set of support services available through NEW. Currently, NEW operates four key service areas for nonprofits.

*1 – NEW Center Office Space*

**Tenancy** is the primary service offered by the NEW Center with its 11,000 square foot office building in Ann Arbor dedicated to housing nonprofit organizations. At below-market rates, nonprofits have a handicap-accessible location with office equipment (e.g. fax, mail, and copy machines), conference rooms, a common kitchen area, and free parking. The NEW Center also offers **Meeting Space** where conference rooms can be rented by any nonprofit (you do not need to be a NEW Center tenant to rent a conference room). And the **Affiliate Program** offers small 501(c)(3)s use of office equipment, a mailing address, and other convenient services.

“Today,” notes Tyson, “we have a facility that houses roughly 23 non-profit organizations. What we do here is we share the conference room space. We share the kitchen. We share copy machines. We share the postage machines. And all of this is on a commercial level so the individual tenants don’t have to go outside the facility to get these services. So from that standpoint it cuts down on costs, because there is no way any of these nonprofits could find a conference room and all the facilities that we have here at such an affordable price.”

*2 – ResourceConnect® - Workshops & Resources*

This service offers guidance on management best practices and referralsto high impact professional services. The **Resource Center Hotline** puts you in direct contact with NEW staff. The **Grantmaker Database** can put you in contact with 98,000 grant makers. The **Online Resource Directory** provides tools and resources easily accessed online. And the **Nonprofit Directory** helps you search nonprofits throughout Southeast Michigan.

*3 – npServ™ - Your nonprofit IT Team*


NEW offers a variety of IT support options. **Dependable Computers & Servers**


## Recipient 2009 ABA\* Community Bank Award

\* American Bankers Association

“The staff of University Bank is honored to receive this award which flows directly from our commitment, passion and leadership in assisting people to make their dreams come true throughout the year.”

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President







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includes software installs, and equipment selections, data transfer handling, workstation and printer configuration, and ongoing training, maintenance, and unlimited trouble-shooting. **Enhanced Email** is an affordable open-sourced solution that supports filtering, unlimited data, and shared calendaring. **GiftWorks Support** is a donor management software for fundraising. **Dynamic Social Media** provides training and assessment in social media and online communities. And **Technology Workshops** address technology needs of participating nonprofits.

“With the technology that we offer to nonprofits,” says Tyson, “nonprofit personnel are able to work from anywhere. They have access to all their files. Everything is in a secured environment. They can work from home; they can work from Ann Arbor; they can work from Detroit. This is helpful because depending on wherever their clients are, wherever the discussion has to go, they can be there.”

*4 – BoardConnect® - Board Leadership*

Perhaps the most advanced service offered by NEW is BoardConnect®. This service helps nonprofits develop a more effective board, assists individuals in training for board service and matching with an appropriate nonprofit, and enables businesses to prepare employees for board service.

“It’s important for people to know that board members can be of all ages,” notes Tyson. “Typically that’s what we see. We have a monthly workshop that takes place and is called Serving on a Non-Profit Board. It basically gets at the meat and potatoes if you want to serve on a board but you don’t know what it’s all about.”

Tyson explains how this service meets a need in helping individuals serve well on nonprofit boards. According to Tyson, “My career was in the financial industry before starting here. We were asked as an organization to serve on nonprofit boards. We would just go do it but you really didn’t understand your role and it was really necessarily a matching

of where is my passion with the passion of the organization.

“Well, that’s what Serving on a Non-Profit Board does. It talks about your fiduciary responsibility of serving on a board. It talks about where your passion is and tries to match your passion with the right organization. So at the end of the day, you’ve got the right energy behind the right organization helping to move them forward. I think that’s really what it’s all about, rather than just, ‘Michael Tyson works for ABC Bank; he’s on your board and never shows up.’ You want more than that. You want somebody that’s really engaged.”

Tyson is quick to acknowledge the talent on his team, and give them credit for the successes of NEW. For BoardConnect® in particular, Tyson gives credit to the strong experience and reputation of Diana Kern, Vice President of Programs at NEW.

“When I go out there and talk about Board Governance,” explains Tyson, “Diana Kern is our lead consultant. I don’t care where I bring that name up. If I mention Diana, everyone raves about the quality of service that she provides an organization and the guidance she gives an organization. To some degree she is the brand of BoardConnect®.”

And, clearly, Tyson, Kern, and the NEW brand are growing and having an impact on the region. “What NEW is all about,” concludes Tyson, “is going out and helping nonprofits complete their mission without having to worry about some of the infrastructure issues. To the degree that we can continue to support nonprofits, we will help make the nonprofits in Washtenaw County strong. That’s what you want. You want nonprofits to be strong and you want them to be around for a while.”

With the help of organizations like NEW, Washtenaw County nonprofits will continue to be the vibrant part of our economy that they are today.

*David Baker and Margaret Baker are partners at Baker Strategy Group (BSG). BSG is a management consulting firm in Ann Arbor specializing in SMART Customer Strategy. ■*

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**Editorial Calendar and Deadlines:**

<p><b>January 2012</b></p> <p><b>Forecast 2012</b> Deadline: Dec. 19, 2011</p> <p>Local business executives will share their thoughts and wisdom for the year ahead.</p>	<p><b>February 2012</b></p> <p><b>Real Estate Commercial &amp; Residential</b> Deadline: Jan. 20, 2012</p> <p>Looking into trends on the local real estate business.</p>	<p><b>March 2012</b></p> <p><b>Jobs in 2012</b> Deadline: Feb. 21, 2012</p> <p>What are the fields most likely to be hiring in 2012?</p>
<p><b>April 2012</b></p> <p><b>Banking in 2012</b> Deadline: March 22, 2012</p> <p>There are still challenges in the recovery--how are local banks stepping up?</p>	<p><b>May 2012</b></p> <p><b>Small Business Month</b> Deadline: April 23, 2012</p> <p>See how important small business is to this area in jobs and diversity. Extra Circulation Issue</p>	<p><b>June 2012</b></p> <p><b>The Business of Keeping Healthy</b> Deadline: May 22, 2012</p> <p>There are many local medical professionals and researchers providing valuable services and jobs.</p>
<p><b>July 2012</b></p> <p><b>Family-Owned Businesses</b> Deadline: June 21, 2012</p> <p>Many local businesses are looking forward to the next generation.</p>	<p><b>August 2012</b></p> <p><b>Automotive Industry</b> Deadline: July 20, 2012</p> <p>Take a look at how the automotive industry touches businesses in this area.</p>	<p><b>September 2012</b></p> <p><b>U-M IMPACT Edition</b> Deadline: Aug. 21, 2012</p> <p>The big “footprint” the U of M has on business in this 19th Annual Edition. Extra Circulation Issue</p>
<p><b>October 2012</b></p> <p><b>Elections &amp; Business</b> Deadline: Sept. 21, 2012</p> <p>Who are the candidates and what are important local issues? Your vote counts!</p>	<p><b>November 2012</b></p> <p><b>Architecture &amp; Design</b> Deadline: Oct. 20, 2012</p> <p>The greater Washtenaw County area boasts many award-winning architecture--meet the firms responsible.</p>	<p><b>December 2012</b></p> <p><b>Health Care</b> Deadline: Nov. 20, 2012</p> <p>With Health Care Reform what is on the horizon for changes in 2013 &amp; beyond?</p>

Monthly subjects can change throughout the year with no advance notice. This allows BUSINESS MONTHLY to stay topical to changing business trends and important information.

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