ARE THERE TOO MANY NON PROFIT ORGANIZATIONS IN ALBERTA DUPLICATING SERVICES?
Updated and Expanded for 2012

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There is a lawyer for every 455 Albertans but one environmental non-profit for every 7,872 Albertans.

There is one restaurant/bar for every 486 Albertans but only one arts and culture non-profit for 1,574 Albertans.

Do we have too many non-profit organizations? If so, what criteria led to that conclusion?

How many non-profits should we have? Who knows the correct number?

This publication is an updated and expanded version of a report of the same title published in 2010. Feel free to circulate it and use it if you feel it might be helpful to you or your organization.

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ARE THERE TOO MANY NON PROFIT ORGANIZATIONS IN ALBERTA DUPLICATING SERVICES?
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Mark Holmgren

Introduction
A couple years ago I published a short piece called “Are There Too Many Non-Profit Organizations in Alberta Duplicating Services?” which attempted to increase the public’s understanding of the make-up of the voluntary sector while also challenging the facile notion that so many of society’s problems would be solved if non-profits stopped all their duplication of services.

The premise behind such thinking appears to be that mergers of charities is paramount to social change in that the efficiencies realized will free up mega-dollars to effect social good.

While I am all in for creating efficient non-profit organizations, I am equally committed, if not more so, to sustaining effective organizations. My previous paper was rather soft in its messaging around the topic of duplication; this one is not.

Whatever your position is on this question of duplication, I believe it is prudent that those of us providing our conclusions and recommendations for change base our ideas on some facts about the sector.

As I did in the previously mentioned paper, I am providing information and analysis about the non-profit sector in Alberta, with some updated information. Then I will address more directly than I did in the previous paper the issue of duplication.

There are more than 23,000 non-profits in Alberta; only 40% have charitable status.

58% or 13,428 have no paid staff.

9,856 non-profits have average revenues of under $10,000.
The Non-Profit Sector in Alberta

The use of the word “sector” is meant to capture certain types of organizations or businesses into a common grouping. As defined on Wikipedia, “The voluntary sector or community sector (also non-profit sector) is the sphere of social activity undertaken by organizations that are for non-profit and non-governmental. This sector is also called the third sector, in reference to the public sector and the private sector.”

In Alberta, we further segment the sector into subsectors in order to differentiate distinctions between the types of social activity that take place across the non-profit sector.

The bar chart below indicates how many subsectors there are in Alberta and what percent each one makes up of the whole, with comparisons to national figures. This information helps us understand the range of activities delivered by organizations and citizens without financial profit being the primary goal.

The numbers demonstrate the “social mindedness” of our society, but they also begin to clarify the discussion about duplication. For example, is the question about duplication aimed at the sector as whole or does it make more sense to examine whether or not duplication is an issue in the subsectors?

Percentage of organizations by primary activity area

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In many instances Alberta mirrors the national average, but there are some notable differences. For example, the numbers of Sports & Recreation and Education & Research non-profits are substantially higher than across Canada, while substantially lower in the areas of Social Services and Development and Housing.

**How Many Are There?**

The Imagine Canada Study cited on the previous page estimated that there are 19,356 non-profit organizations in Alberta and that the province’s “share of the country’s nonprofit and voluntary organizations is 12% – just over its 10% share of the national population.”

The total number cited in the Imagine Canada study is actually low. “As of March 2010, there were 23,152 non-profit organizations registered with Service Alberta,” according to a more recent study undertaken by the Calgary Chamber of Voluntary Organizations (CCVO).

Keep in mind that not all of these organizations are registered charities. In fact Canada Customs and Revenue lists 9,100 registered Charities in Alberta. Ignoring some of the disparities that exist between CCRA and Service Alberta data, it remains reasonable to conclude that the numbers are largely accurate. This means of the 23,152 reported by Service Alberta, roughly 60% do not have charitable status.

**The Majority are Small Organizations**

Those non-profit organizations without charitable status tend to be smaller, often grassroots organizations.

This is an important distinction in understanding the make-up of the sector and when trying to assess the extent to which duplication might be an issue.

Various sources, including the Imagine Canada study referenced in this paper, estimate the overall workforce of the non-profit sector to rest at 175,000.

Consider the following:

- 58% of non-profits do not have paid staff.

- “Three quarters (78%) of the paid staff work for the 6% of organizations with annual revenues of $1 million or more.”

These two pieces of data should dramatically change our view of the non-profit sector as a whole.

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3 ibid. p.4
5 Ibid. p.10
6 Human Resources Issues for Alberta’s Nonprofits, Calgary Chamber of Voluntary Organizations, 2006
7 Roach 2006, op. cit., p. viii
Using the Service Alberta number of 23,152 non-profits, we can make the following estimations:

- 13,428 (58%) have no paid staff.
- Of the remainder that do have paid staff (9,724), only 1,389 (6% of 23,152) generate $1 million or more in revenue and they employ 136,500 of the 175,000 non-profit employees, or 78%.
- Two of three (66%) non-profits have revenues of $100,000 or less, existing on 4% of total sector revenues. That’s 15,127 organizations; however, 9,856 of these (43% of all non-profits) have incomes under $30,000 and they only employ 3,500 people and many, if not most, are working part-time.

The data suggests that the majority of non-profit organizations are small, have very few paid staff if any, and exist on low revenues.

While there may be some unnecessary duplication of services that exists, it is safe to say that eliminating such duplication will not result in millions of dollars that can be reallocated elsewhere for more impactful purposes.

Keep in mind that these thousands of low budget, low staffed organizations exist across all the sub-sectors and across all of Alberta.

Whether or not they are needed to advance social life in their community is a different question, but it is more likely than not that these small organizations exist because of the volunteers and citizens who support them and ergo want them to exist.

**What about the Large Ones?**

Using Imagine Canada and Service Alberta data as a reference, I estimate there are just under 1,600 non-profit organizations in Alberta that generate annual revenues of $1 million or more. This small percentage (7%) of the whole receives just under 80% of all sector revenues, whether from government, community funders, donations or elsewhere.

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Of these, 231 are hospitals, colleges, and universities and they receive 11% of all revenues. Doing the math, this means that there are 1,352 other non-profits working across all the subsectors that receive 69% of the annual revenue to the sector.

Factoring out hospitals, colleges and universities, the estimated breakdown of all other non-profits can be seen in the table below. As the table indicates most of the sector’s revenues belong to 5.9% of all non-profits (excluding hospitals, colleges, and universities) or 1,352 organizations.

Considering that these organizations are spread across 13+ subsectors as well as around the province, it is difficult to imagine the extent to which duplication of services is a substantial issue that if resolved would result in large scale savings. I am not suggesting consolidations should not take place if warranted; I am saying duplication is not the issue many suggest.

<table>
<thead>
<tr>
<th>% of Sector</th>
<th>Number Of NPOs</th>
<th>Revenue Range</th>
<th>% of Sector Revenues</th>
<th>Estimated Revenues*</th>
<th>Average Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>43%</td>
<td>9856</td>
<td>$29k or less</td>
<td>1%</td>
<td>$89.1 million</td>
<td>$9,040</td>
</tr>
<tr>
<td>23%</td>
<td>5,271</td>
<td>$30K–$99.9K</td>
<td>3%</td>
<td>$267.3 million</td>
<td>$50,711</td>
</tr>
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<td>17%</td>
<td>3,896</td>
<td>$100K–$249.9K</td>
<td>6%</td>
<td>$534.6 million</td>
<td>$137,217</td>
</tr>
<tr>
<td>7%</td>
<td>1,604</td>
<td>$250K–$499.9K</td>
<td>6%</td>
<td>$534.6 million</td>
<td>$333,291</td>
</tr>
<tr>
<td>5%</td>
<td>1,146</td>
<td>$500K–$999.9K</td>
<td>8%</td>
<td>$712.8 million</td>
<td>$621,989</td>
</tr>
<tr>
<td>5%</td>
<td>1,146</td>
<td>$1M–$9.9M</td>
<td>32%</td>
<td>$2.85 billion</td>
<td>$2,486,910</td>
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<tr>
<td>.9%</td>
<td>206</td>
<td>$10M+</td>
<td>45%</td>
<td>$4.01 billion</td>
<td>$19,416,019</td>
</tr>
</tbody>
</table>

Revenues to Alberta non-profits total about $10 billion per year, but as the data above indicates, it is distributed across a spectrum of very small to very large organizations.

As the chart indicates to the right\(^\text{10}\), these dollars are not distributed evenly across subsectors.

For example, sports and recreation non-profits make up 26% of all non-profits but receive only 10% of the revenue. Similarly with religious organizations, which represent 19% of all non-profits but take in 6% of sector revenue.


\(^{10}\) Roach, 2006, *op.cit.* p. 13
On the other hand, as mentioned earlier, Hospitals, Universities, and Colleges which make up 1% of all non-profits in Alberta generate 11% of the sector’s revenue. Development and Housing non-profits make up 5% of the sector but receive 17% of the revenue. Education and Research make up 8% of the sector and also receive 17% of the sector’s revenue. Together these three groupings comprise 14% of the sector and generate 45% of the revenue.

The variations of numbers and dollars among subsectors has to be considered before concluding that duplication is a wide-spread issue or that mergers and back end consolidations are easy fixes to what ails us.

Society Requires Duplication
It appears people apply perceptions or “rules” to the non-profit sector that they would not think to apply elsewhere.

Every day, all of us actually expect and depend on businesses that duplicate services and product offerings.

We appreciate having the choice of which doctor to see, which grocery store to frequent, what restaurant to dine at, and what type of music to go listen to.

We Want Choice, Don’t We?
None of us would be happy if the number of choices we have in our lives were dramatically decreased.

Yet, when it comes to non-profit organizations, there seems to be a very different perspective. Gone is the understanding that different counseling programs work for different people or that a person in need of any kind of help should have some degree of choice in where they go to get it.

Sometimes the choice is about going somewhere close to home, which is why many smaller organizations are neighborhood based.

If you are a single mother with a couple of kids, it might be very difficult, if not impossible, to access a centralized service across town. Yes, the latter may be more efficient from strictly a financial perspective, but far less helpful than decentralized services. It could result in people not getting help, which could cost society more money in the long run.

This same principle applies to sports and recreation opportunities and religious groups. Is anyone really interested in neighborhood churches amalgamating into one mega church? Should community leagues shut down their programs for kids in order to direct them to one big program? Do we really just want one huge big box counseling service?

Duplication of services is rarely if ever about two programs delivering exactly the same services. Child care agencies are different in their approaches to early childhood education; drop-in services for the homeless vary in philosophy and approach to helping – some allow people to come in drunk, others don’t and there are good reasons to have both options.
Maybe We Need More Non-Profits

One could argue – and I might just be one of them – that there are not enough non-profit organizations in our province or cities. In Alberta there is a VLT for every 607 Albertans but one social service non-profit for every 1,750 Albertans. There is a lawyer for every 455 Albertans but one environmental non-profit for every 7,872 Albertans. There is one restaurant/bar for every 486 Albertans but only one arts and culture non-profit for 1,574 Albertans.

Given that 47% of Canadians live pay check to pay check or that 11.1% of Albertans suffer from mental illness one could make the case that one social service non-profit for every 1,750 Albertans may not be enough.

Non-Profits and Citizen Action

Imagine Canada reports that there are 2.5 million volunteers in Alberta and that 72% have formal members totaling 9,332,132, which means on average each Albertan (if we include children) is a member of nearly three non-profit groups. Such numbers strongly suggest that Albertans are connected to the mission and work of non-profit organizations in their communities. In fact, most non-profit organizations were born from the voluntary spirit and efforts of the citizens of our province.

Such citizenship in action is exactly what we want and expect from one another: people caring about people and creating ways to help and support one another.

That’s why we celebrate volunteerism across the Province and give awards to people for outstanding performance. We encourage our children to volunteer and to care about others. We want our families to participate in, as well as contribute to, community life – and more often than not such participation is through or at non-profit organizations.

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Would we want to stop or discourage such action by telling our children, sorry someone else is selling lemonade for the poor and therefore you shouldn’t duplicate what they are doing?

It’s Not About Duplication

Non-profits are no different from businesses when it comes to meeting the needs of the market place. If their services are of low quality, if they are failing to meet the needs of their customers or clients, if they manage money poorly, funders and donors will stop supporting them.

I understand the pressures we all face in terms of trying to address social issues and aspirations during times of fiscal restraint and a lack luster economy.

Each and every one of us is challenged by a wicked question which is how to have more impact as governments curtail funding and other funders are hard pressed to just maintain their current commitments.

But let’s not waste our creative energy to address that wicked question on the facile notion that everything will be so much better if there were fewer non-profits or if many of them would just merge and centralize services.

During these times of rapid change and worry about markets and government actions, we likely need non-profit organizations more than ever. And truth be told, the non-profit sector is generally very efficient. Organizations leverage their funding to recruit and support millions of volunteers who deliver tens of millions of hours of service each year. They glean food, clothing, and household items that would be otherwise thrown out and redistribute them to those in need of help.

Contrary to popular belief, the primary value of Non-Profits is not about operating for less than governments and businesses do. Non-Profits are tapped into community in ways governments and corporations are not; their focus is on social profit rather than financial profit. They spawn creativity in our artists and our children, weave cultures together, promote and facilitate fitness and well-being, foster volunteerism, and they tackle head on the social problems and issues that other sectors cannot: on the ground work with the homeless and the abused, the severely disabled and the mentally-ill, the thousands of families living poor and afraid of the future.

Non-profits create social, cultural, and economic benefits that governments and businesses cannot provide, but certainly can support.

We need more of that, don’t we?

Mark Holmgren has worked for many years as a strategist and change consultant and facilitator for close to 100 non-profit organizations, funders, and government departments. Currently he is the CEO of Bissell Centre but also continues to provide some consulting services to select clients.

You can find out more about Mark’s services and his client list at his corporate website: www.markholmgren.com. From there you can access his blog, twitter feed and sign up for his e-news letter. Call Mark if you want to chat. 780.299.0780

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