

Ada Jenkins Center: Adopting an Earned-Income Model to Increase Financial Stability



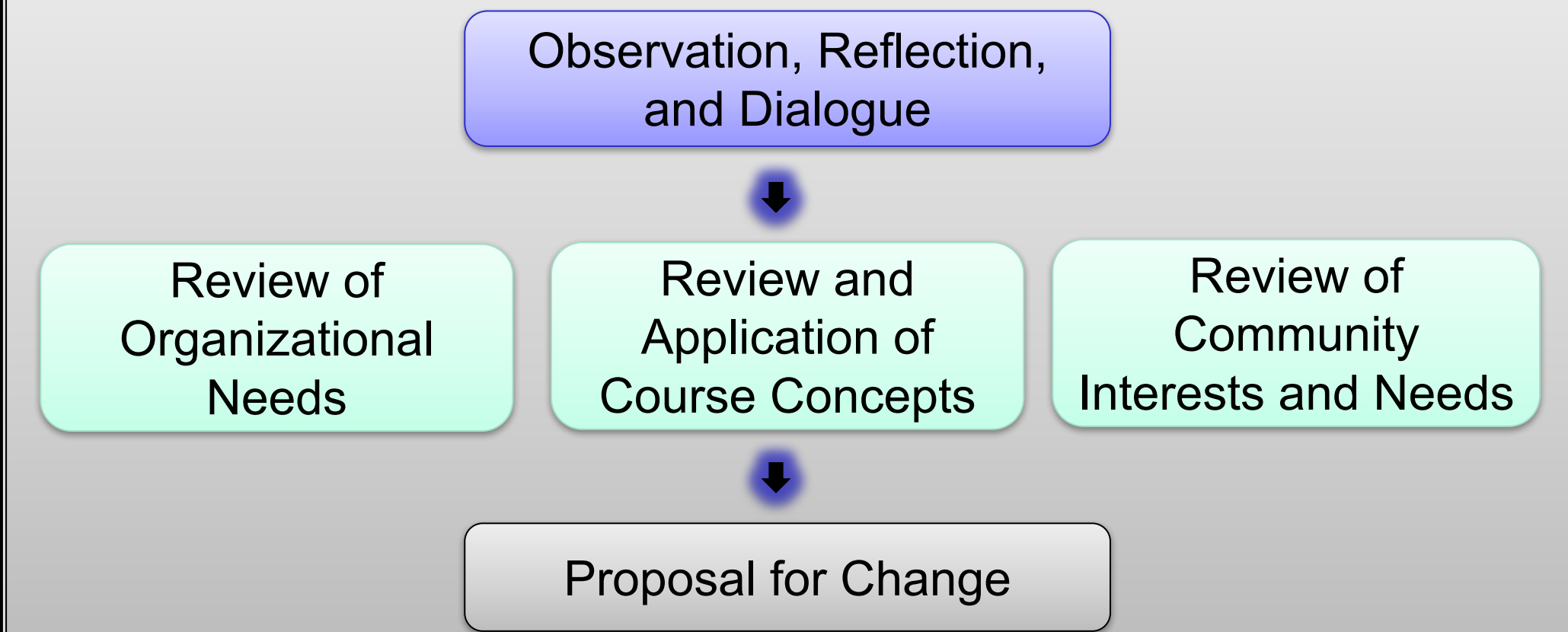
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Introduction

The purpose of this project is to propose an earned-income model that the Ada Jenkins Center can adopt and invest in. In the context of the Center, adopting an earned-income model means designing a new program or business that can generate revenue, which can then be used to subsidize other parts of the Center's works. Like many other non-profit organizations, the Center currently relies mostly on donations and grants to fund its operation costs. Therefore, the earned-income model is expected to diversify income. This project first started when the Center's Director of Operations was looking for students to research existing non-profit earned-income initiatives within the S. Iredell County and N. Mecklenburg County areas, as well as local market opportunities. The main goals of the model include generating a service/business that meets a community interest or need, training client-partners in skills necessary to run the service/business so that they can enter the workforce, and creating a cash cow that will fund programs within the Center that do not generate money.

Methods



Background

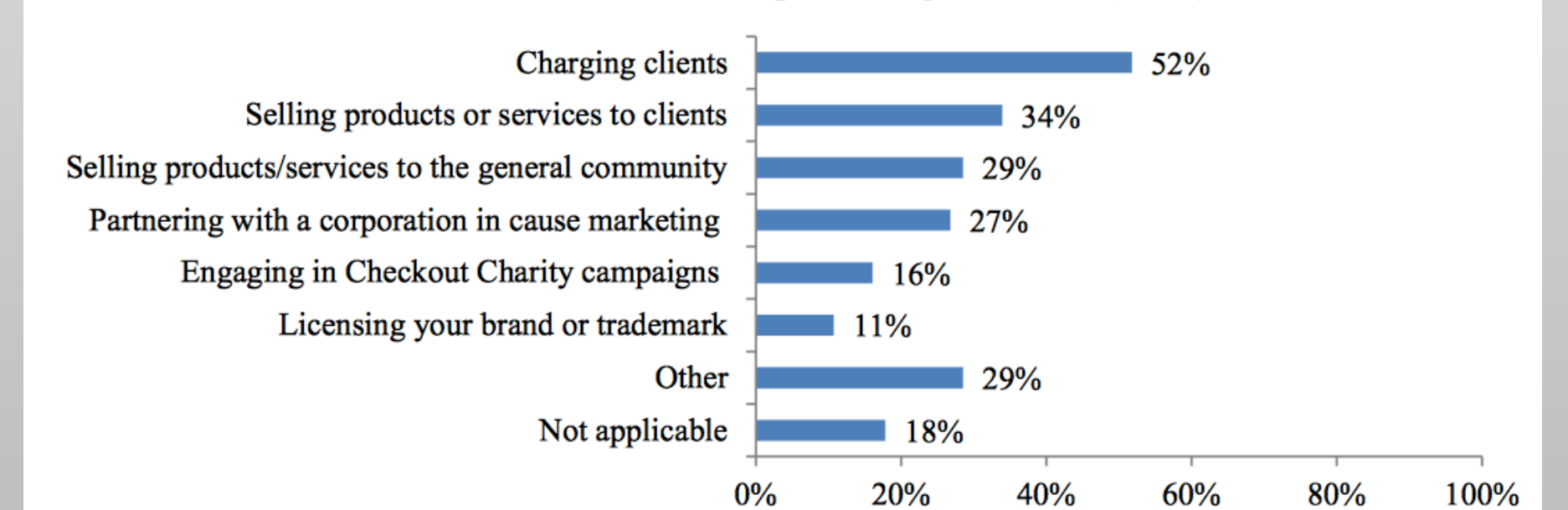
The effectiveness of nonprofit organizations rely largely on the stability of their sources of funding. Unfortunately, lack of funding is a consistent struggle in the nonprofit sector. For instance, the 2014 State of the Nonprofit Sector Survey reported that 56% of nonprofits participating in the survey were unable to meet service demands in 2013 due to lack of funding. Meanwhile, 80% of respondents also reported an increase in the demands for service. A contributing factor to this problem is the decrease in government funding and support towards nonprofit organizations, which according to a report by the Nonprofit Times, has been declining for the past five years.

Another major source of funding for nonprofit organizations is private donations/philanthropy. However, reliance on private donors can set limitations on nonprofit activities because of colliding interests and expectations between donors and the organization itself. With government grants declining and donations setting limits to organizational goals, nonprofits are turning towards earned-income initiatives. Approximately 31% of the organizations participating in the 2014 State of the Nonprofit Sector Survey reported that they are looking to implement major changes to the way they generate and spend their revenue. More specifically, 26% are looking to turn to earned-income strategies. The most common earned-income strategies often involve either charging clients for some form of service or selling products to clients.

One of the main goals of the Ada Jenkins Center is to help client-partners escape the cycle of poverty. Some of the organization's programs include healthcare services and assistance with employment opportunities. Currently, the largest source of funding for the Ada Jenkins Center (36%) come from government grants and private foundations. Therefore, by investing on an earned-income initiative, the Center can benefit by diversifying and stabilizing its income, as well as by establishing employment training opportunities for client-partners.



Table 1. Earned Income Initiatives in Trend Reporter Organizations (n=25)



Review of Organizational Needs

- Program directors at the Ada Jenkins Center are looking for opportunities to reduce reliance on donations and increase stability of the organization's income. A possible strategy is to pursue an earned-income initiative.
- The Center is looking for an earned-income model that not only generates revenue, but also includes some aspect of job training for client partners.
- Through interviews with client-partners, it is evident that their number one concern and wish is to find a steady job that pays \$35,000-\$40,000 a year.
- Many client-partners have expressed interest in the food service business. Many have some sort of culinary skills to share.
- In terms of participating in job training, client partners are concerned about not having income during the time of training. This brings up the need to provide them with stipends while they are training.
- Through this earned-income model, the Center wants to maintain the goal of helping people in the Mecklenburg/Iredell areas escape poverty.
- An asset that the Center currently has is a cafeteria space that currently only serves as a meeting space. There is a lot of interest in expanding the use of this space.

Methodology Applicable Course Concepts

- Prior to proposing any form of change within an organization, it is important to first understand an organization's vision and mission. The Center serves as a community that is called to welcome and serve other communities around it. In "A Place Called Community", Palmer describes community as "a by-product of commitment and struggle", as well as "a by-product of active love". The commitment of the organization and the people within it has allowed the Center to overcome historical and financial struggles. In addition, active love is reflected through the hard work of volunteers and the determination of client partners to become better.
- In "Rediscovering Social Innovation", Phills et al. defines innovation as both "a process and a product". In the process of generating innovative ideas for an earned-income model, it is important to not only consider the quality of the ideas, but also how those ideas were generated. Any proposal for change should be generated after careful consideration of client partners' perspectives and opinions. This proposal for change was developed after involving client partners in discussions and understanding their interests in terms of employment opportunities.
- In Lupton's *Toxic Charity*, one is reminded of the importance of avoiding disempowering people by avoiding doing for those in need "what they have the capacity to do for themselves". In order to truly empower client-partners, this proposal for change is designed so that client partners can contribute their existing skills while receiving education to develop new skills.

Review of Community Interests and Needs

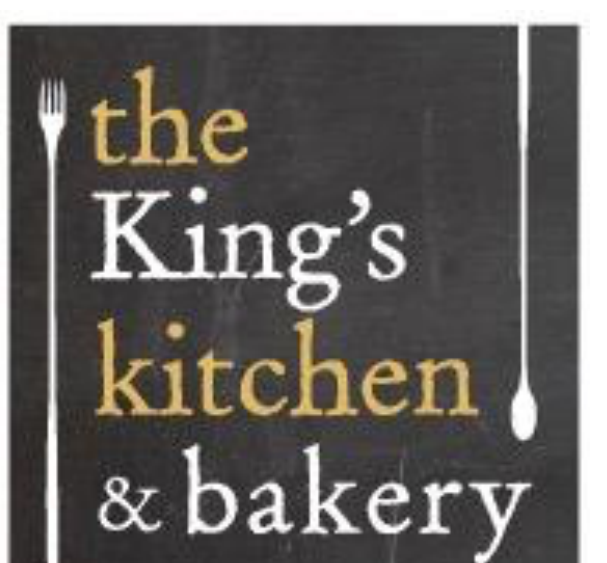
- Business opportunities with the largest growth potential in Charlotte area can be narrowed down to:
 - Long-haul trucking (high demand for CDL drivers)
 - **Food Service/Food Delivery**
 - Information Technology Industry
 - Real-estate
- According to the National Restaurant Association, the food business is a driving force of North Carolina's economy. There is an expected 5% increase in foodservice jobs in the next 10 years.
- Informal surveys around the Davidson and Davidson College communities indicate that a new food business will generate lot of interest in the community.
- Local businesses are already present as competition. However, a new food business with the following characteristics may have a competitive advantage:
 - A business modeled as a social enterprise (ex- a café with a social mission)
 - Delivery options to campus area
 - Late-night hours (particularly for college students)
 - International menu items

\$18.6 billion
Projected sales in North Carolina's restaurants in 2017

458,400
Restaurant and foodservice jobs in North Carolina in 2017 = 10% of employment in the state
AND BY 2022, THAT NUMBER IS PROJECTED TO GROW BY 15.0%
= 66,800 additional jobs, for a total of 527,000

Proposal for Change

- Concept: Multicultural Café (utilizes cafeteria space that is already available)
- The Ada Jenkins Center will invest in a food business that is founded upon a social mission:
 - This café will directly employ client partners who have been trained in job skills necessary to work in the food service industry. Client partners will train in culinary arts, customer service, management, etc.
 - This multicultural café features a menu with items originating from the different cultural/ethnic backgrounds of client partners. The goal is to represent the diversity of client partners.
 - Since many client partners indicated some form of culinary skills, they will be prompted to fill out a survey where they are asked to pick 1-3 menu items that they are confident about and may be unique to their cultural/ethnic background.
 - By building a menu straight from client-partners' ideas, the Center may be able to reduce cost of training by utilizing skills that client-partners already have. (ex-client partners with more established culinary skills can train others)
- An earned-income model based on the food service industry is proposed due to the fact that both client partners as well as the community around the Center expressed common interest in the field.
- This proposal for change emphasizes the idea of a new local business with a social mission. Since the Center's mission have been focused on tackling poverty, a possible social mission of this cafe can be directed towards addressing homelessness in the Mecklenburg/Iredell area. For instance, customers can be given the opportunity to purchase a meal for the next homeless customer.



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