



National Center for Technology Innovation
Advancing Technology Innovations for All Students

NCTI 2007 Innovator's Conference

Date: Friday, November 16, 2007
Presenter: Al Miller
Session Title: *The Innovator's Marketplace. THE FOURTH SECTOR: An Opportunity for Entrepreneurship and Advancing Social Change*

Summary

We are all, at this conference, trying to break the silos that we are in, said Al Miller, executive consultant at F•E•G•S Human and Health Services [<http://www.fegs.org/default2.cfm>]. Partnerships increasingly happen when visionaries (those with dreams) come together with entrepreneurs (those that can make something happen from those dreams). *The Fourth Sector* is a public-private partnership that is created when there is a melding of the three established sectors in our economy: non-profit, profit, and government, he said.

Al talked about how F•E•G•S has been used as a massive laboratory for business experimentation over the years, having recognized that - in any business - if you can find a way to meet a need, you will be successful. For example, said Al, F•E•G•S recognized that they had a need for technology and that 40-45% of their expenditures went into the organization's infrastructure costs. F•E•G•S decided that if they could outsource their infrastructure needs to a for-profit IT company that they created (keeping certain strict degrees of separation between themselves and the new company), they could increase focus and money on their research and programs and have the IT company work solely and more efficiently on meeting infrastructure needs. At the same time, the IT company would be also able to provide its services to other organizations with similar needs. In time, as F•E•G•S' needs for additional types of services grew, it found that the IT company was also readily able to provide those services to F•E•G•S at no extra cost because the building blocks had already been put in place through the work the company had done for other organizations.

If the government or a foundation took 5% off the top of every grant to create an organization to provide infrastructure services – such as HR, IT, marketing, and media - to every grantee, said Al, those recipients would actually be gaining 25% in additional capabilities rather than losing 5% in funding. Nonprofits, foundations, philanthropists all look at outcomes and want the best return in terms of highest quality effectiveness and results. In order to sustain themselves long-term, they must recognize the need for technology and marry it to their organizations and be able to get some sort of access to *superior* infrastructure.

In closing the session, Al emphasized that we need to look at fourth sector as a massive opportunity for all to get a large return on investment and forward thinking. Nonprofits need to open their minds and dream, then see new ways of doing business – partnering with foundations or policy makers as necessary and keeping any applicable laws and regulations in mind.

Everything he talked about is and should be done everywhere, said Al. He wants to look out and see small and passionate nonprofits that deserve to exist partnering to sustain themselves, he said, rather than the silos of economic sectors working independently.



National Center for Technology Innovation

Advancing Technology Innovations for All Students

Discussion:

1. *Comment: Though it can't replace commercial AT, open-source AT can fill a need for students and adults who currently have nothing better. It might not be the best and most robust, but it still might add value in some way. We should harness the power of looking together, and perhaps could use the NCTI conference to launch something like this.*

Al Miller: Let's get a list of the names and emails addresses of all those interested, making those connections here is the start of something that can grow.

2. *How do you structure the ownership of a for-profit to avoid entanglement with the non-profit it is partnered with?*

Al Miller: There must be six degrees of separation. No member of the nonprofit can be on the board of the for-profit subsidiary. No F•E•G•S staff can have any remuneration from profit. The relationship between the two is that the non-profit makes suggestions and provides ideas to the for-profit about 508 compliancy, etc., and the for-profit provides more efficient service to the non-profit than it would be able to provide for itself.