How Will Journalism Survive the Internet Age?
March 9, 2010

Fourth Sector Solutions for the Fourth Estate

Heerad Sabeti, Fourth Sector Network
“We can’t solve problems by using the same kind of thinking we used when we created them.”

Albert Einstein
Systemic Problems Require Systemic Solutions
BUILDING BLOCKS OF THE ECONOMY

INDIVIDUALS
Decisions and actions lead to systemic consequences

ORGANIZATIONS
Both enable and constrain INDIVIDUAL behavior

SUPPORT ECOSYSTEM
Both enables and constrains ORGANIZATIONAL behavior

Legal Forms & Tax Structures
Financial Markets
Assessment & Reporting Standards
Technical Assistance
Marketing & Communications Channels
Ratings & Certification
Exchange Mechanisms
Education & Training
Marketing & Communications Channels

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THE BLURRING SECTORAL BOUNDARIES

Categorize Organizations By PURPOSE

Maximize Financial Benefit to Owners

FOR-PROFITS

Maximize Social Benefit

NON-PROFITS GOVERNMENT

- Corporate Social Responsibility
- Cause-Related Marketing
- Cause-Related Purchasing
- Ethics
- Carbon Offsets
- Corporate Philanthropy
- Environmental Management
- Green Business
- Community Relations

- Renewable Energy
- Socially Responsible Investing
- Triple Bottom Line
- Stakeholder Accountability
- Social Auditing
- Employee Ownership
- Volunteerism
- Sustainability Reporting
- Transparency
THE BLURRING SECTORAL BOUNDARIES

Categorize Organizations By INCOME

FOR-PROFITS

Earned
(market exchange of value)

Contributed
(charity, grants, tax, subsidies)

NON-PROFITS

GOVERNMENT

- Effectiveness
- Efficiency
- Market Discipline
- Accountability
- Measurable Impact
- Venture Philanthropy
- Social Investing
- Program Related Investments

- Mission Related Investing
- Earned Income Ventures
- Economic Sustainability
- Privatization
- Reinventing Government
- New Public Management
- Microfinance
- Social Return on Investment
AN EMERGING FOURTH SECTOR

ORGANIZATIONS CATEGORIZED BY

PURPOSE

PRIVATE SECTOR
For-Profits

Cause-Related Marketing/Purchasing, Ethics, Transparency, Corporate Social Responsibility, Corporate Philanthropy, Environmental Sustainability, Community Relations, Socially Responsible Investing, Stakeholder Accountability, Social Auditing, Employee Ownership

emerging FOURTH SECTOR

Social Enterprises
Sustainable Enterprises
Blended Value Organizations
Non-Profit Enterprises
Common Good Corporations
Social Businesses
Community Wealth Organizations
Ethical Social Institutions
New Profit Companies
Faith-Based Enterprises
Civic/Municipal Enterprises
Cross-Sectoral Partnerships
Community Interest Corporations
Chaordic Organizations
Social Economy Enterprises
Community Development Corps.

Accountability, Transparency,

SOCIAL SECTOR
Non-Profits

PUBLIC SECTOR
Government

MAXIMIZE FINANCIAL BENEFIT TO OWNERS

MAXIMIZE SOCIAL BENEFIT
FORMALIZING THE FOURTH SECTOR

ORGANIZATIONS CATEGORIZED BY PURPOSE

MAXIMIZE FINANCIAL BENEFIT TO OWNERS

PRIVATE SECTOR
For-Profits

Possible Attributes of the For-Benefit Corporation:

- Social Purpose
- Business Method
- Inclusive Ownership
- Stakeholder Governance
- Fair Compensation
- Reasonable Returns
- Social & Environmental Responsibility
- Transparency
- Protected Assets

SOCIAL SECTOR
Non-Profits

PUBLIC SECTOR
Government

The Fourth Sector Organizations Categorized by Income

PRIVATE SECTOR
For-Profits

Possible Attributes of the For-Benefit Corporation:

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SOCIAL SECTOR
Non-Profits

PUBLIC SECTOR
Government

Defining the For-Benefit Corporation

- Social Enterprises
- Sustainable Enterprises
- Blended Value Organizations
- Non-Profit Enterprises
- Common Good Corporations
- Social Businesses
- Community Wealth Organizations
- Ethical Social Institutions
- New Profit Companies
- Faith-Based Enterprises
- Civic/Municipal Enterprises
- Cross-Sectoral Partnerships
- Community Interest Corporations
- Chaordic Organizations
- Social Economy Enterprises
- Community Development Corps.
Size and Scope of the Fourth Sector
Size and Scope of the Fourth Sector in the U.S.

Fourth Sector accounts for:
- 5-15% of U.S. GDP
- 10-20% of U.S. Jobs

Civic Enterprises
4.5 per city, growing 30% per year

Municipal Enterprises
Employee Owned Businesses
9,650 ESOPs, 10.5 million members, $930 billion in assets

Sustainable Enterprises
Mission-Driven Businesses
1-5% of GDP

Employee Owned Businesses

Social Enterprises
Cooperatives
22,000 co-ops, 2.2% of GDP

Faith-Based Enterprises
Hybrid Organizations

Non-Profit Enterprises
5% of U.S. GDP and employment

Community Development Corporations
create 70,000 jobs annually

Journalism?
Health Care?
Mass Transit?
Utilities?
Education?
Banking?
An Emerging Support Ecosystem
EMERGING FOURTH SECTOR SUPPORT ECOSYSTEM

- Legal Forms
- Capital Markets
- Ratings & Certification
- Technical Assistance
- Marketing & Communications Channels
- Assessment & Reporting Standards
- Exchange Mechanisms
- Education & Training

Dow Jones Sustainability Indexes
ISO 14001
Innovest i-Ratings
Certified Corporation
Green Plus
S-BAR Sustainable Business Achievement Ratings
Perspectives
“We need a creative capitalism where business and non-governmental organizations work together to create a market system that eases the world’s inequities...The challenge is to design a system where market incentives, including profits and recognition, drive the change.”

Bill Gates
“...the traditionally valid distinction between profit-based companies and non-profit organizations can no longer do full justice to reality, or offer practical direction for the future. In recent decades a broad intermediate area has emerged between the two types of enterprise... It is to be hoped that these new kinds of enterprise will succeed in finding a suitable juridical and fiscal structure in every country.”

Pope Benedict XVI
Encyclical Letter, Caritas In Veritate, 2009
Thank You.