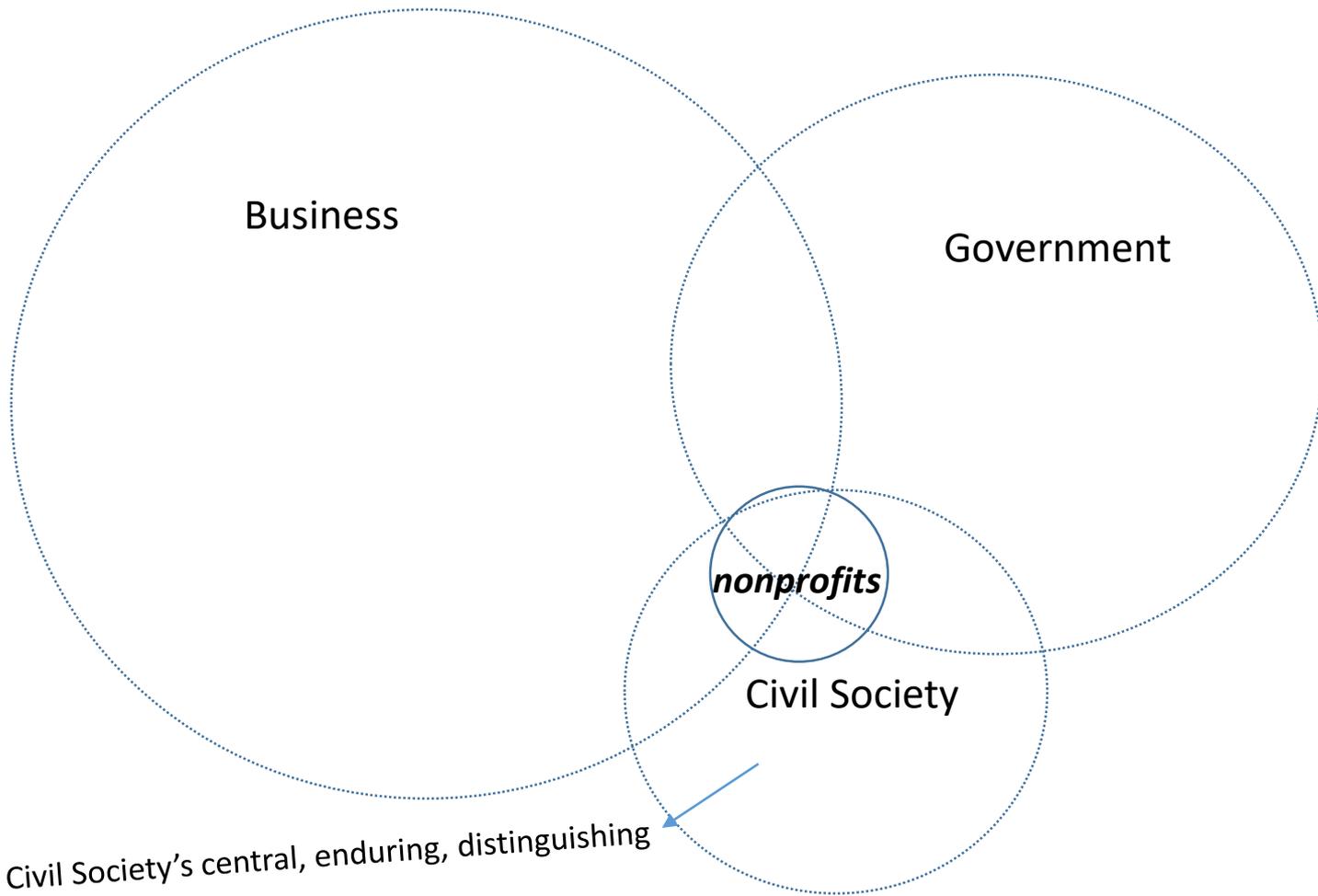


Nonprofit Sector Profile

Johns Hopkins Center for Civil Society Studies
<http://ccss.jhu.edu/>



Civil Society's central, enduring, distinguishing attributes:

- Pluralistic voice
- Voluntary association
- Collective action
- The "immune system" to democracy
- Non-coercive wealth re-distribution

Economic Theories for the Origin of the Voluntary-Action Sector (i.e. the third sector; the nonprofit sector)

Market Failure	Government Failure	NPO Failure	Entrepreneurism	Polycentric governance
<ul style="list-style-type: none">- Underproduction- Over-exclusion- Externalities- Asymmetric info power	<ul style="list-style-type: none">- Contract- Subsidize- Regulate	<ul style="list-style-type: none">- See next slide in slide-deck	<ul style="list-style-type: none">- Innovation- Low entry barrier = low quality & low impact	<ul style="list-style-type: none">- Diverse voices & shared governance- Avoiding the tragedy of the commons- Threat to patronage status quo

Nonprofit Sector's Structural Deficiencies

Maladies	Remedies
Territorialism	Collaboration & ecosystem impact
Paternalism	Client voice in governance & social accounting
Excessive amateurism or professionalism	Professional development for both
Accountability gap	Accessible SROI metrics/dashboard for stakeholders
Resource insufficiency	Diverse, scalable capital & revenues; sweat-equity; in kinds; M&A; networked organizations

Nonprofit organizational dilemmas include....

Obligation... Whose need (which org stakeholder) is most important to serve? *This is the Who question.*

Utility... Given our central, enduring, & distinguishing attributes as an organization (e.g. our charity and justice “DNA”), what provides greatest mission-impact? *This is the What question.*

Innovation... Invest in today’s relevancy or tomorrow’s? *This is the When question.*

Distribution... Where is it most important to compete to serve and where collaborate to serve; where depth of service vs breadth of service? *This is the Where question.*

The Mission & Vision Statements address the Why question.

... All of which bring up the challenges of organizational relevancy, effectiveness, adaptability, agility, scale, and sustainability.

How wonderful that we have met with a paradox: Now we have some hope of making progress. - Niels Bohr

Risk of mission under-performance

- and the potential for under-utilization of assets

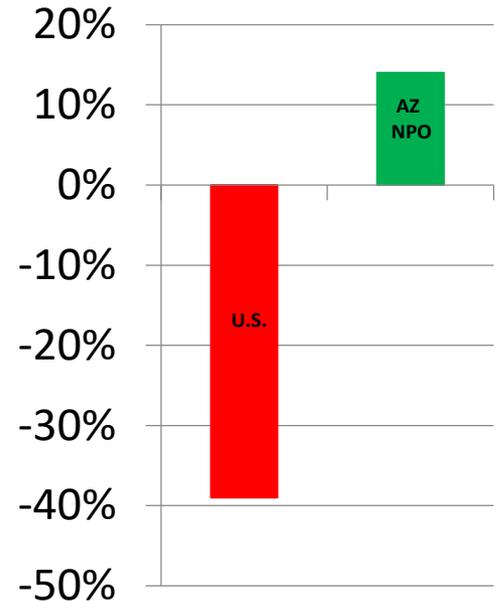
Between 2007 & 2011 – arguably a time of great need after the Great Recession – the typical U.S. household **lost 39%** of its net worth. The bottom 80% of households lost 2 decades worth of wealth.

During the same timeframe, AZ's 179 largest human-service NPOs's net worth **increased 14%** (on average), and this wasn't just due to non-cash investments.

While we build our NPOs' wealth...

... are we similarly scaling our service productivity & impact, or are we excessively hedging risk?

Change in Net Worth



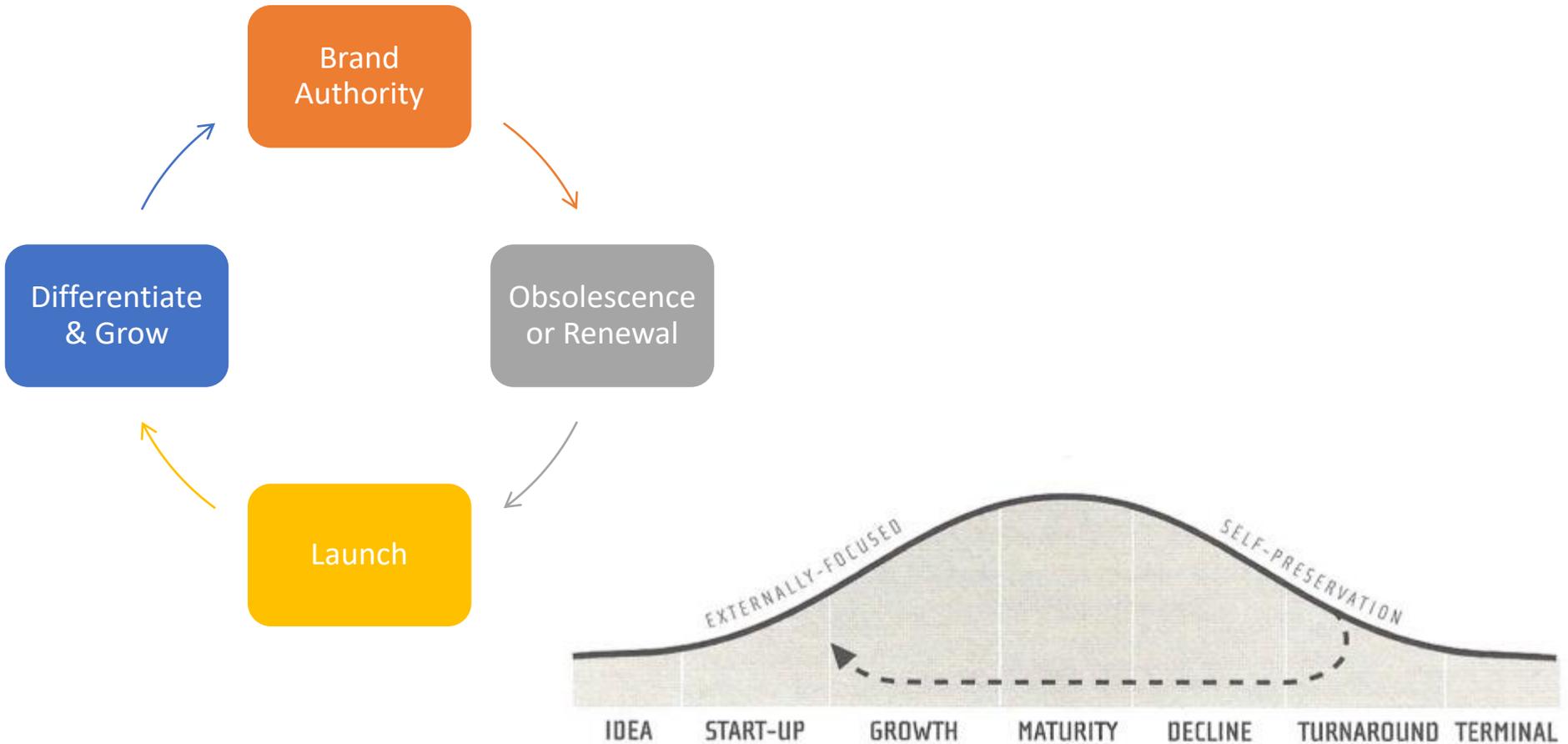
Tucson NPOs

- There are 4,402 501c3 public charities in the IRS Master File for the Tucson MSA
- But only 190 have annual revenues >\$1m (cash-basis)
- Remove all healthcare nonprofits of all types and all schools (e.g. charter), and their affiliated entities, and you are left with 90 nonprofits whose impact matters across all cause types
- In aggregate these 90 nonprofits...
 - Earn 3% profit margin (more profitable than grocery stores or subdivision developers)
 - Earn 32% of their revenue through fees & 35% through government contracts
 - Receive only 22% of their annual dollar from charitable contributions.
 - Have 3 months of cash on hand to cover operating expenses, but have another 3 months of available unrestricted net assets they could get to with a bit of effort, if all hell broke loose
 - Have a fetish for owning their own buildings & equipment, which is locking up 44% of their assets. So stop sitting on your assets and scale your mission-impact by spending money today!
 - Could use more debt to manage their cash-flow and launch or scale growth, as only 32% of our balance-sheet is debt-financed. And 4 years ago it was 40%.

Lifecycle Dynamics

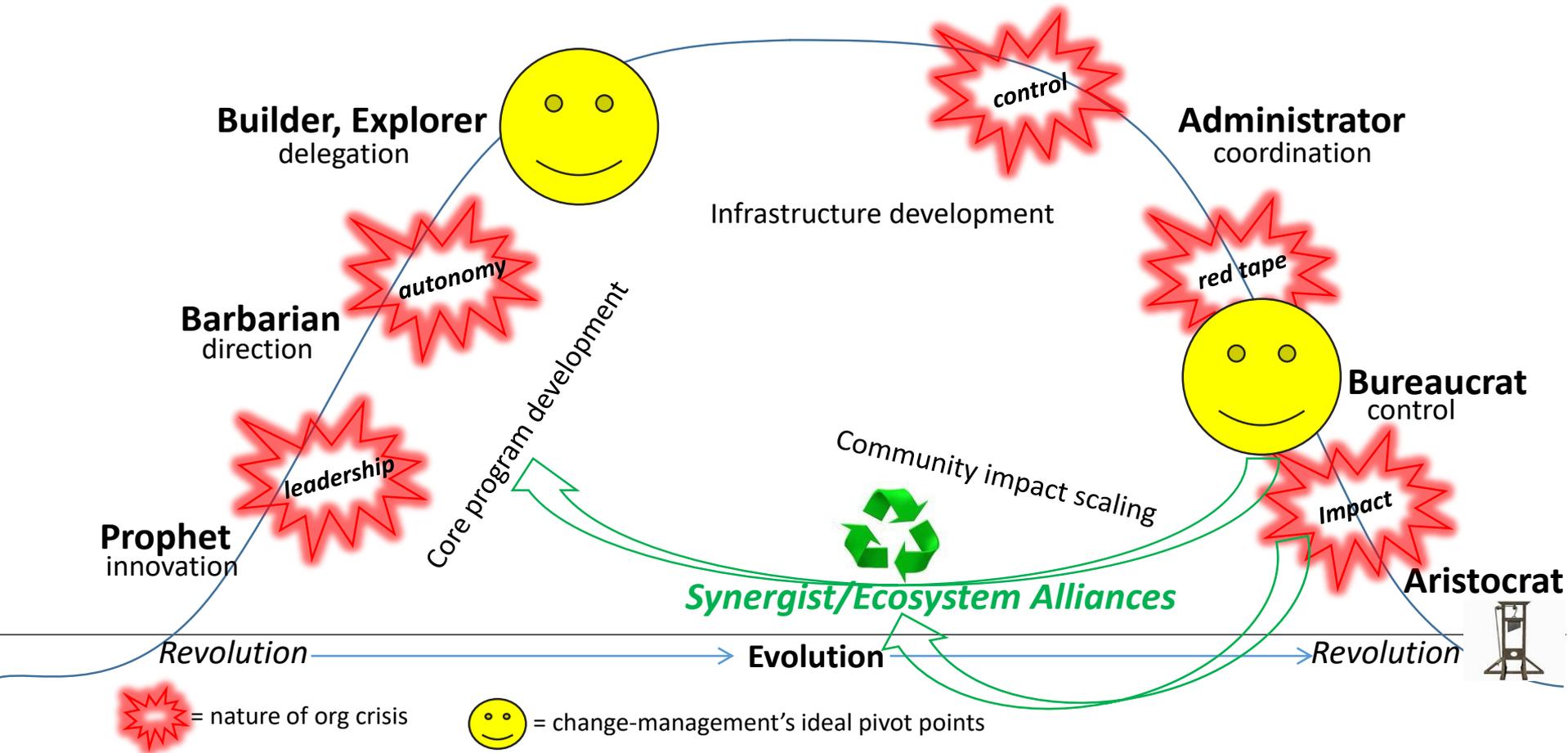
Wendy Kopp & Teach for America
HBR 2006 case studies A&B, William M. George

Organizational Life Cycles

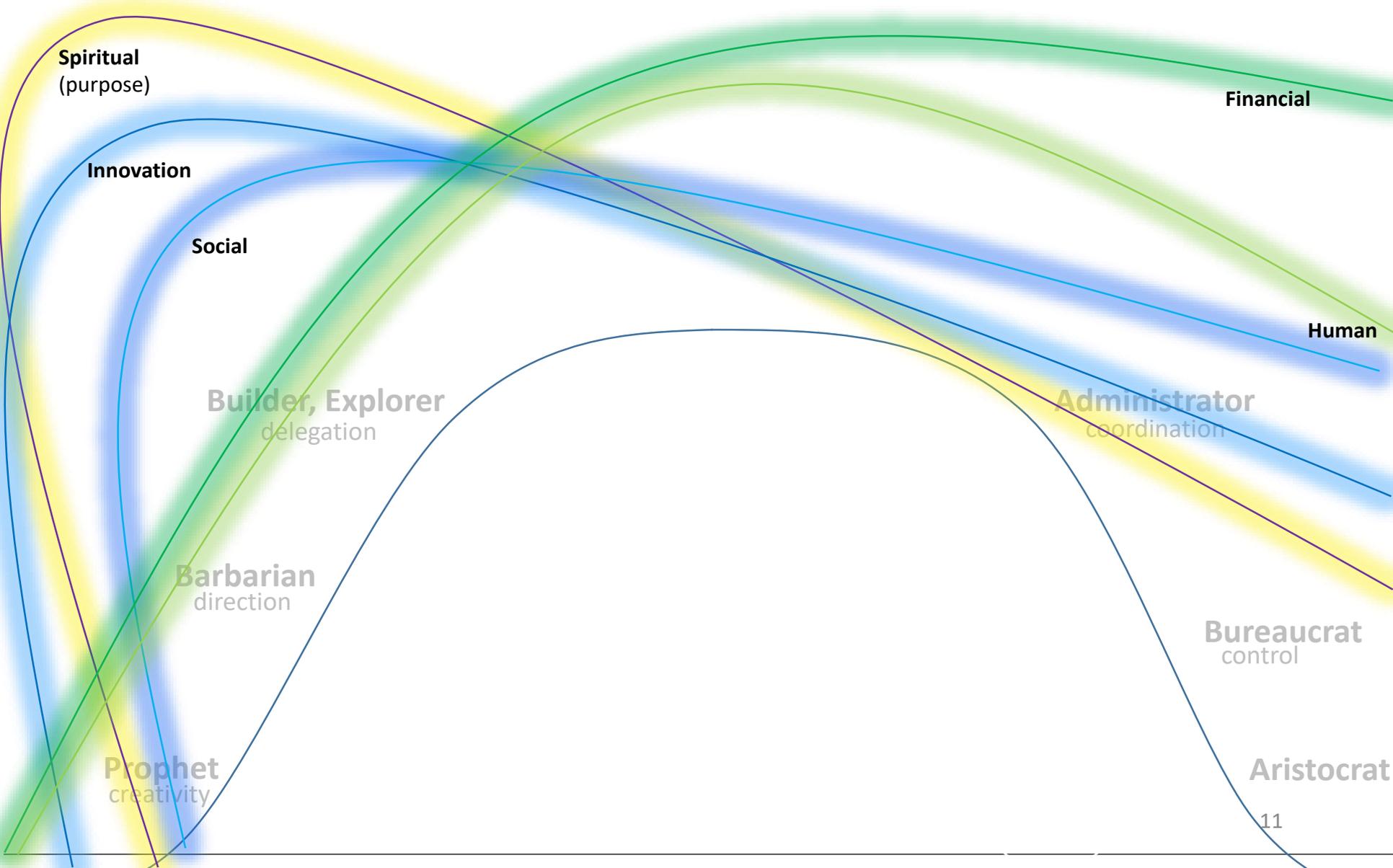


4 key capacities: Governance; Management; Finances; Systems

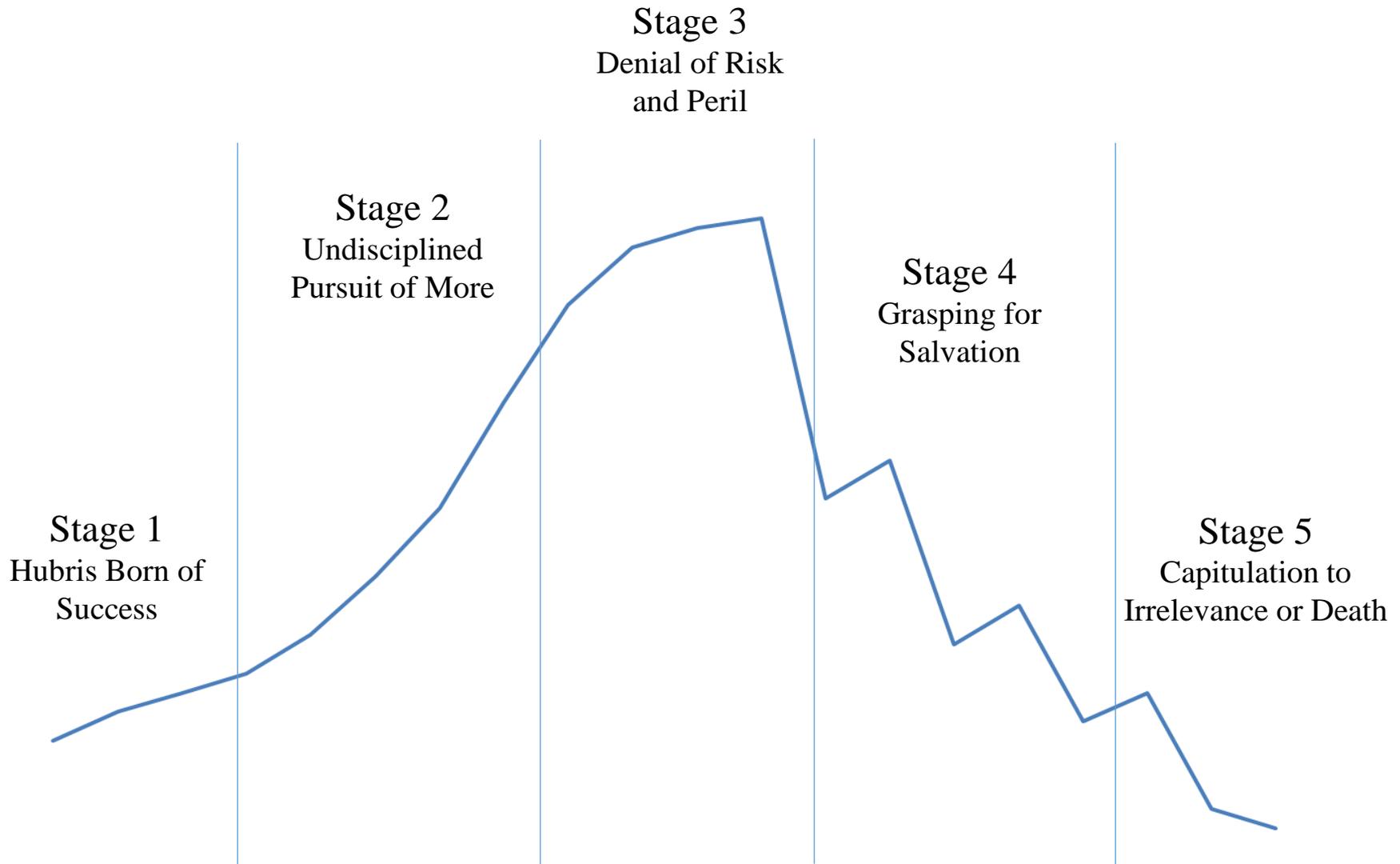
Life-Cycles & Leadership of Organizations, Business-Models, Programs, Functions



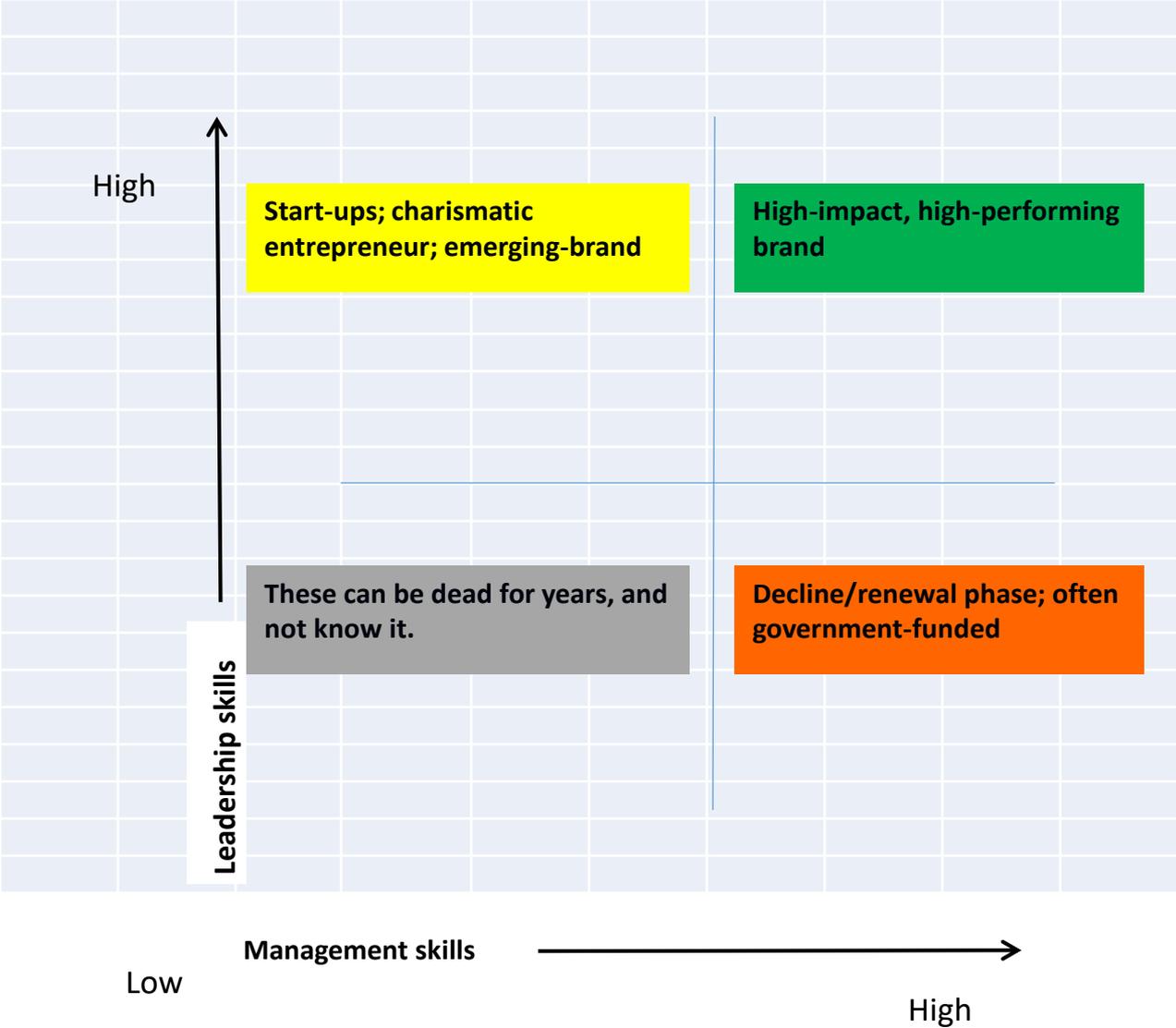
Capital Cycles



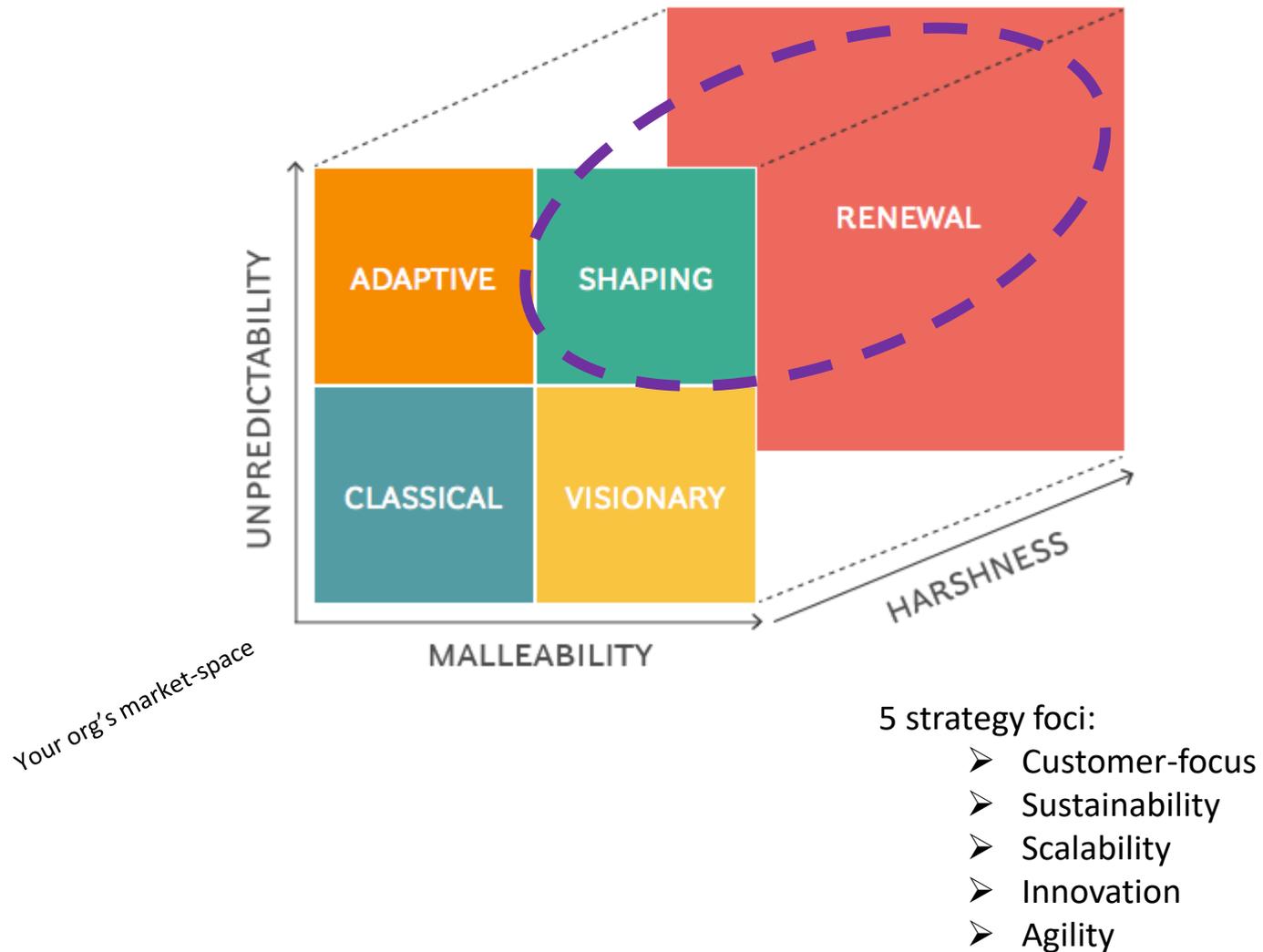
How the Mighty Fall



Leadership & Management



Strategy typologies... i.e. your strategies need an overall strategic approach



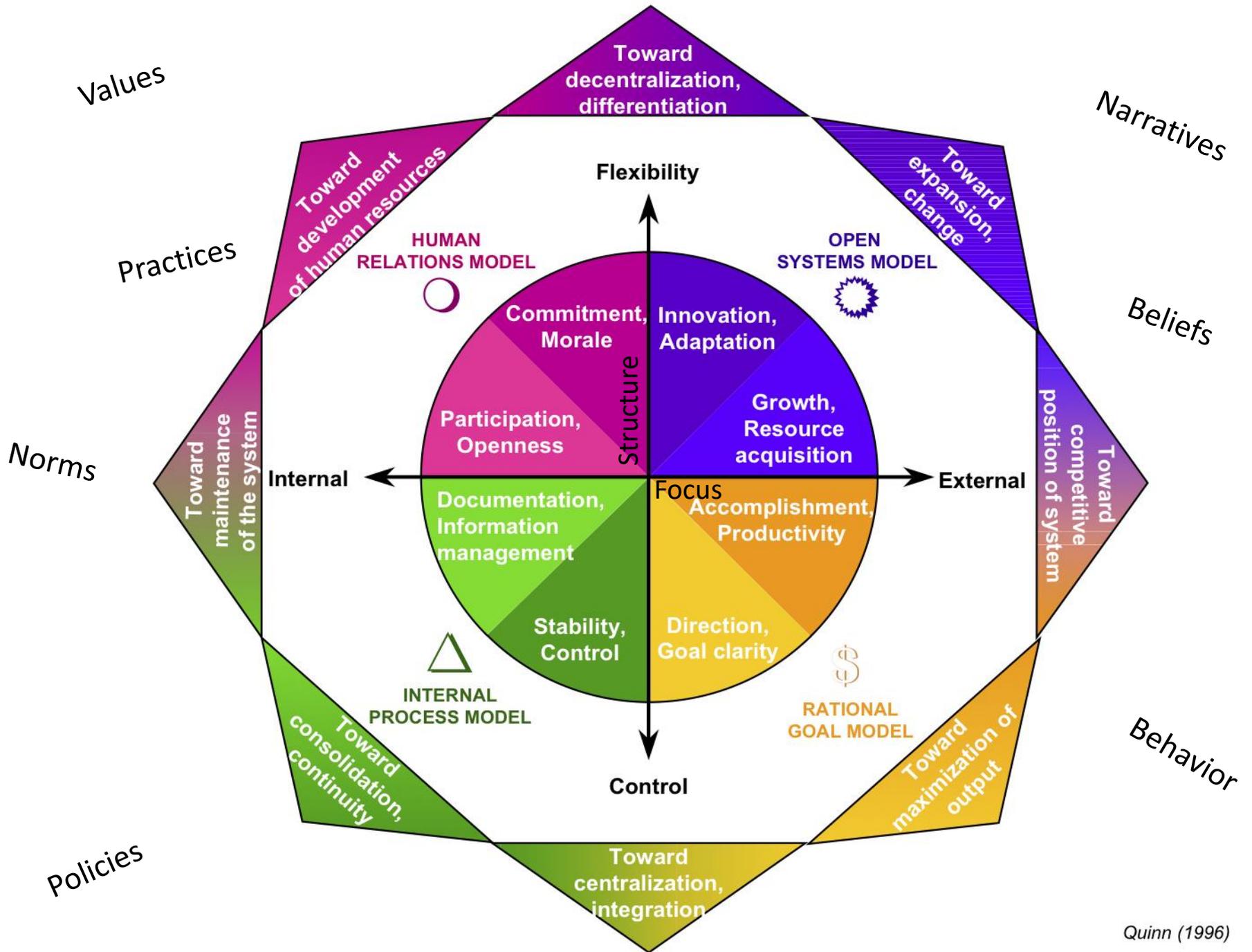
Organizational Culture & Leadership Development

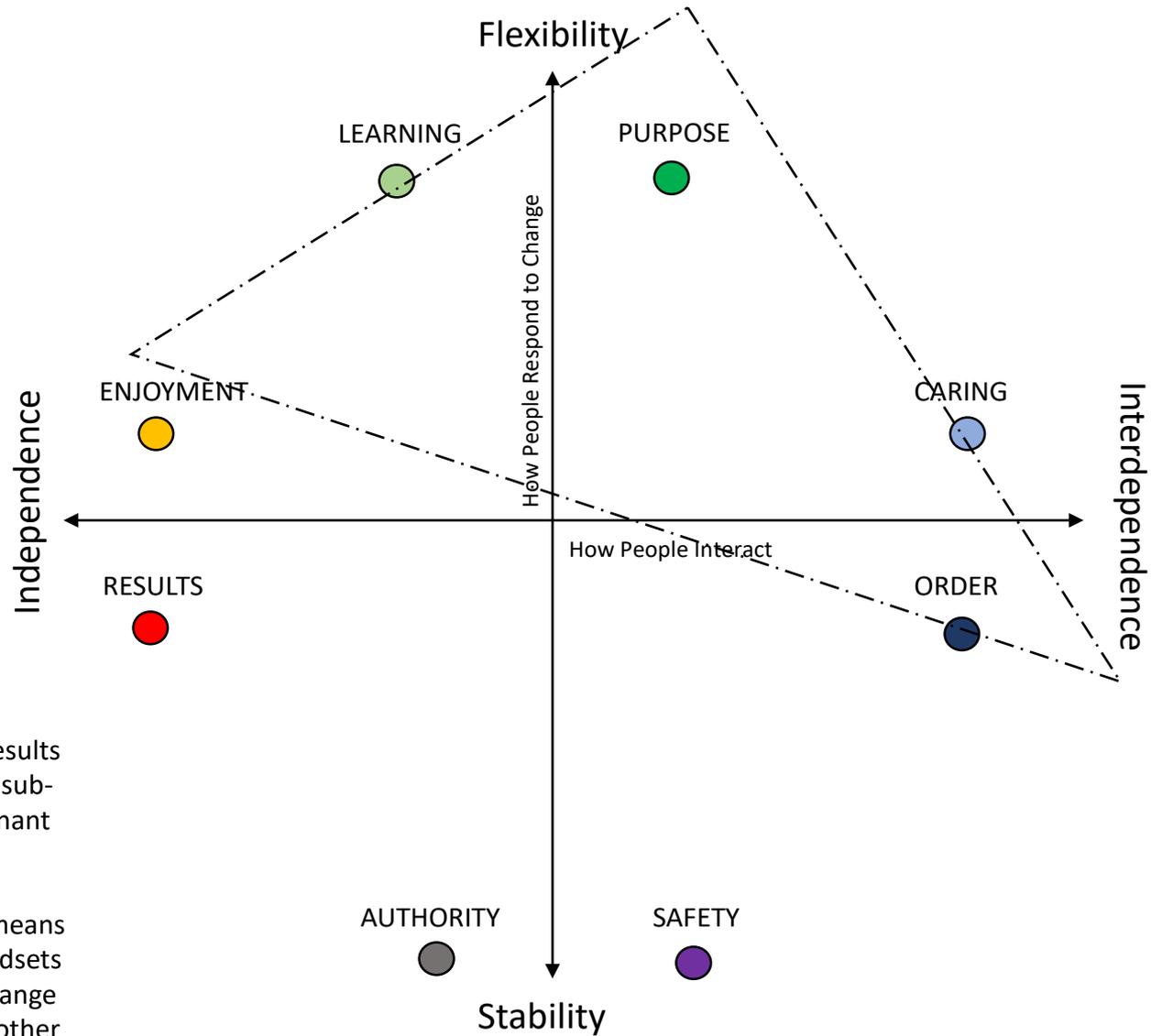
Robin Ash and Printzhof Press
HBR 2013 Case Study, F.V. Cespedes and L. St. Clair

Surfacing...

- the invisible
- the unspoken
- the unconscious
- our collective “rackets”







Low convergence results among staff means sub-cultures & no dominant cultural norm.

High convergence means shared\aligned mindsets & behaviors, but change management to another norm/orientation difficult

Diversity & Inclusion



The Elements of Value Pyramid

Products and services deliver fundamental elements of value that address four kinds of needs: functional, emotional, life changing, and social impact. In general, the more elements provided, the greater customers' loyalty and the higher the company's sustained revenue growth.

SOCIAL IMPACT



Self-transcendence

LIFE CHANGING



Provides hope



Self-actualization



Motivation



Heirloom



Affiliation/belonging

EMOTIONAL



Reduces anxiety



Rewards me



Nostalgia



Design/aesthetics



Badge value



Wellness



Therapeutic value



Fun/entertainment



Attractiveness



Provides access

FUNCTIONAL



Saves time



Simplifies



Makes money



Reduces risk



Organizes



Integrates



Connects



Reduces effort



Avoids hassles



Reduces cost



Quality



Variety

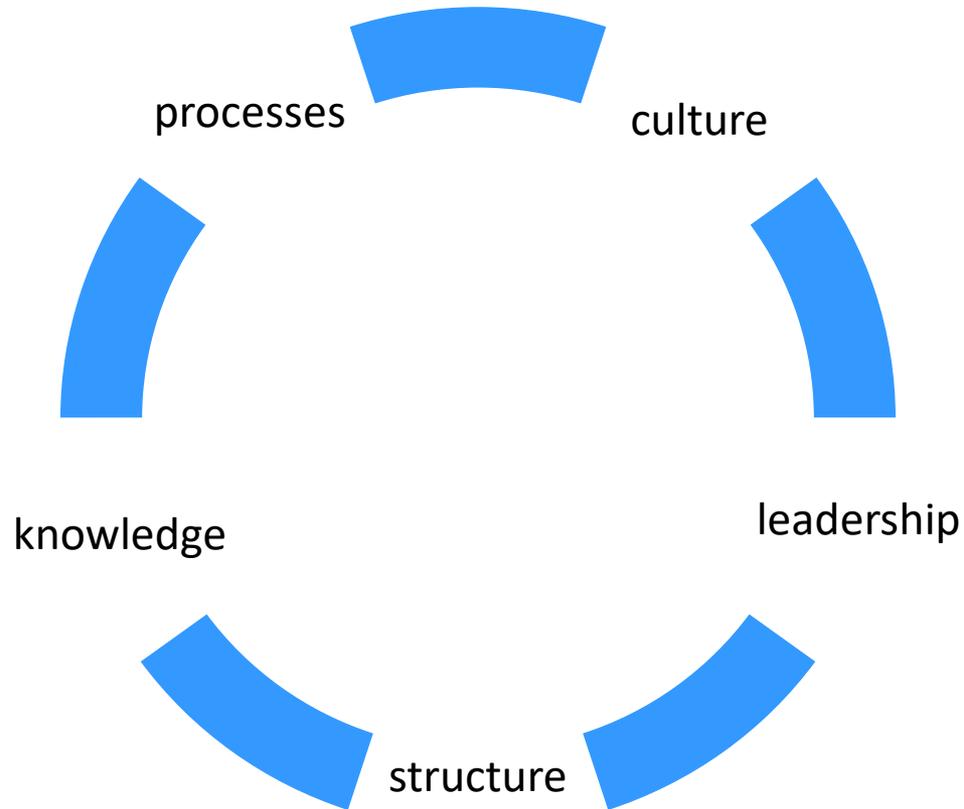


Sensory appeal



Informs

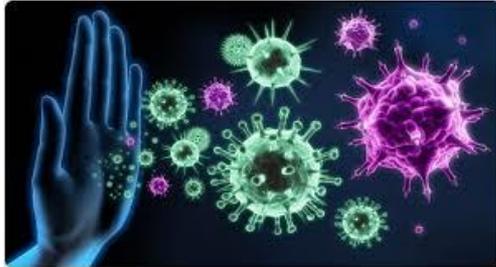
Five capabilities for organizational effectiveness



The Organization Unconscious

Our emotional life together & our collective “rackets”

Social Defenses (coping)



Passive aggressive examples...

Espousing a value, but behaviorally disavowing it.

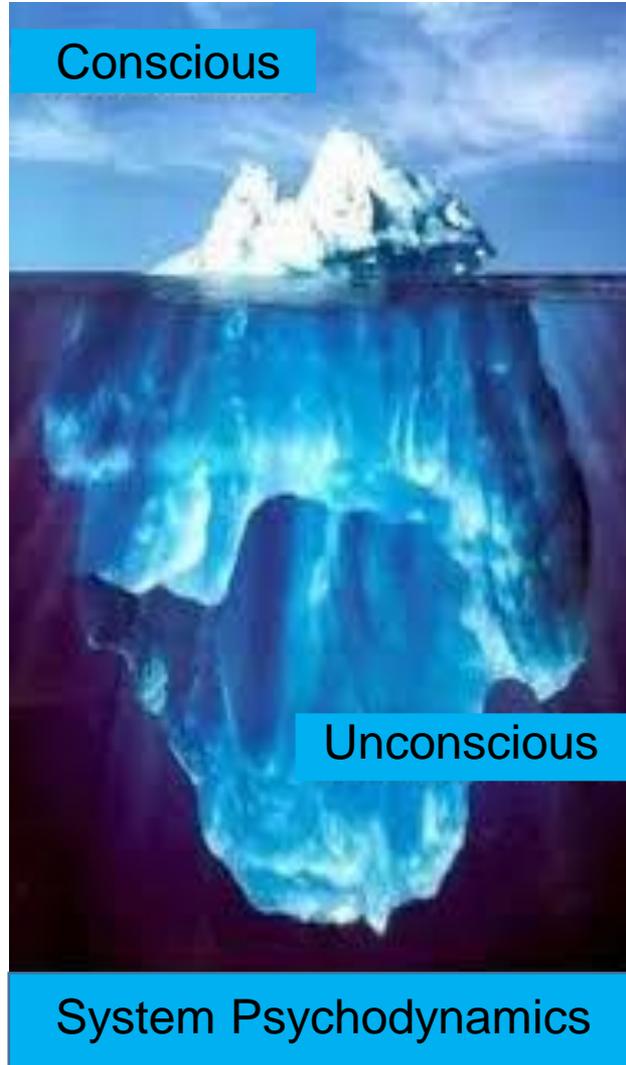
Performative cynicism

Blaming & scapegoating

Resentful demoralization

Escapism into a better past or future

Withhold authorizing



Anxieties, Desires,
Projections, Introjections

Shared Fantasies (hoping)



Idealization examples...

Consensus through communication

The “peaceable kingdom”

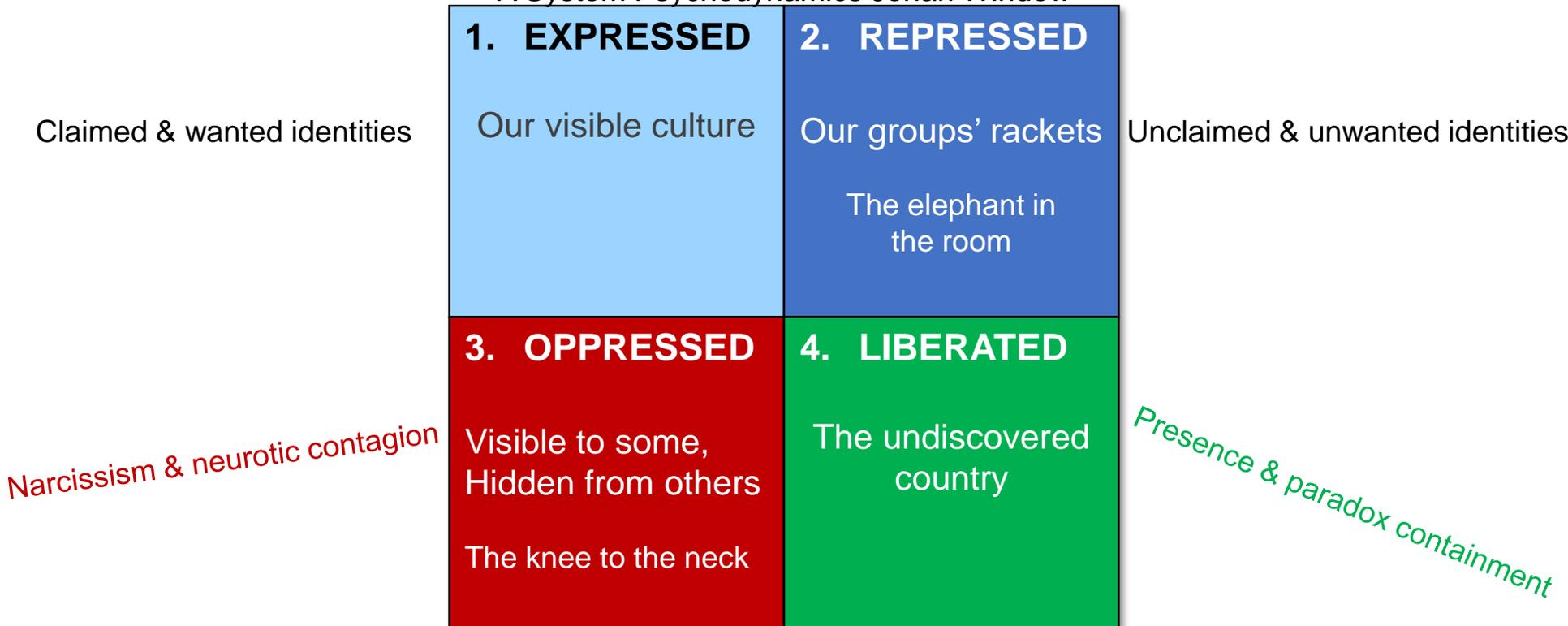
Our limitless potential

Org purpose uncontested

A vision worth sacrificing for

Projective Identification in Reducing Emotional Distancing

A System Psychodynamics Johari Window



Luft and Ingham, as adapted by McDonald

- ✓ From member-followers' point-of-view, projective identification fills leaders with the group's emotions to act on behalf of group's defenses and fantasies.
- ✓ From leaders' point-of-view, allows projections to be held, accepted, metabolized, and returned to the group in a less virulent form

Culture as a Meaning-Making, Identity-Forming Holding Environment

- Group/Organizational emotional life over (and under) task life
- Surfacing unconscious forces in organizations
 - Social defenses (e.g. passive/aggressive nonprofit sector's dominant cultural norm)
 - Shared Fantasies (e.g. perfectionism's "we'll get it right when...or if only...")
 - Norming tension and conflict
- **Holding environment¹**

¹ Identity formation & evolution

Me/not-me boundaries; transitional creative space ("play")

Belonging and non-coerced we-ness

Mirroring dynamics between self-others

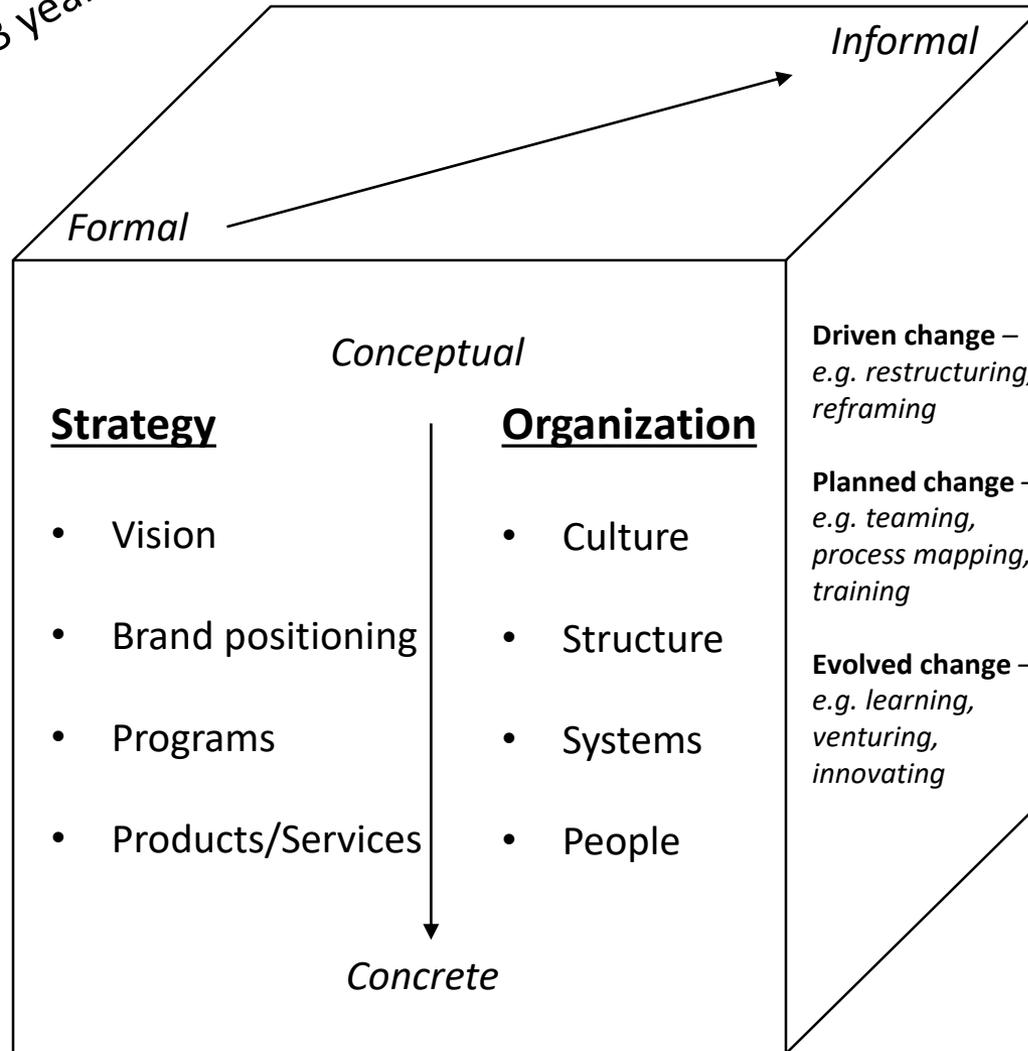
"Good enough" relational holding

Org culture content vs. container (the politics of org relationships)

¹ Lacan 1936; Winnicott 1965; Van Buskirk 1999; Petriglieri 2020

SO IS ORGANIZATIONAL LEADERSHIP
MORE ABOUT HOLDING THAN VISIONING?

1 word to describe last 3 years?



Headline for next 3 years?

Continuity & Change

A SIMPLE MODEL FOR MANAGING COMPLEX CHANGE

Vision (a formal statement that expresses the aspirations and goals of a company or organization)	Skills (the ability to do something well, usually gained through training or experience)	Incentives (something that encourages or motivates somebody to do something)	Resources (somebody or something that is a source of help or information)	Plan (a method of doing something that is worked out in advance)	= Change (to become different, or make somebody different)
	Skills	Incentives	Resources	Plan	= Confusion
Vision		Incentives	Resources	Plan	= Anxiety
Vision	Skills		Resources	Plan	= Gradual Change
Vision	Skills	Incentives		Plan	= Frustration
Vision	Skills	Incentives	Resources		= False Starts

Source: American Productivity and Quality Center, 1993

Change management for mature orgs @ bureaucracy pivot-point

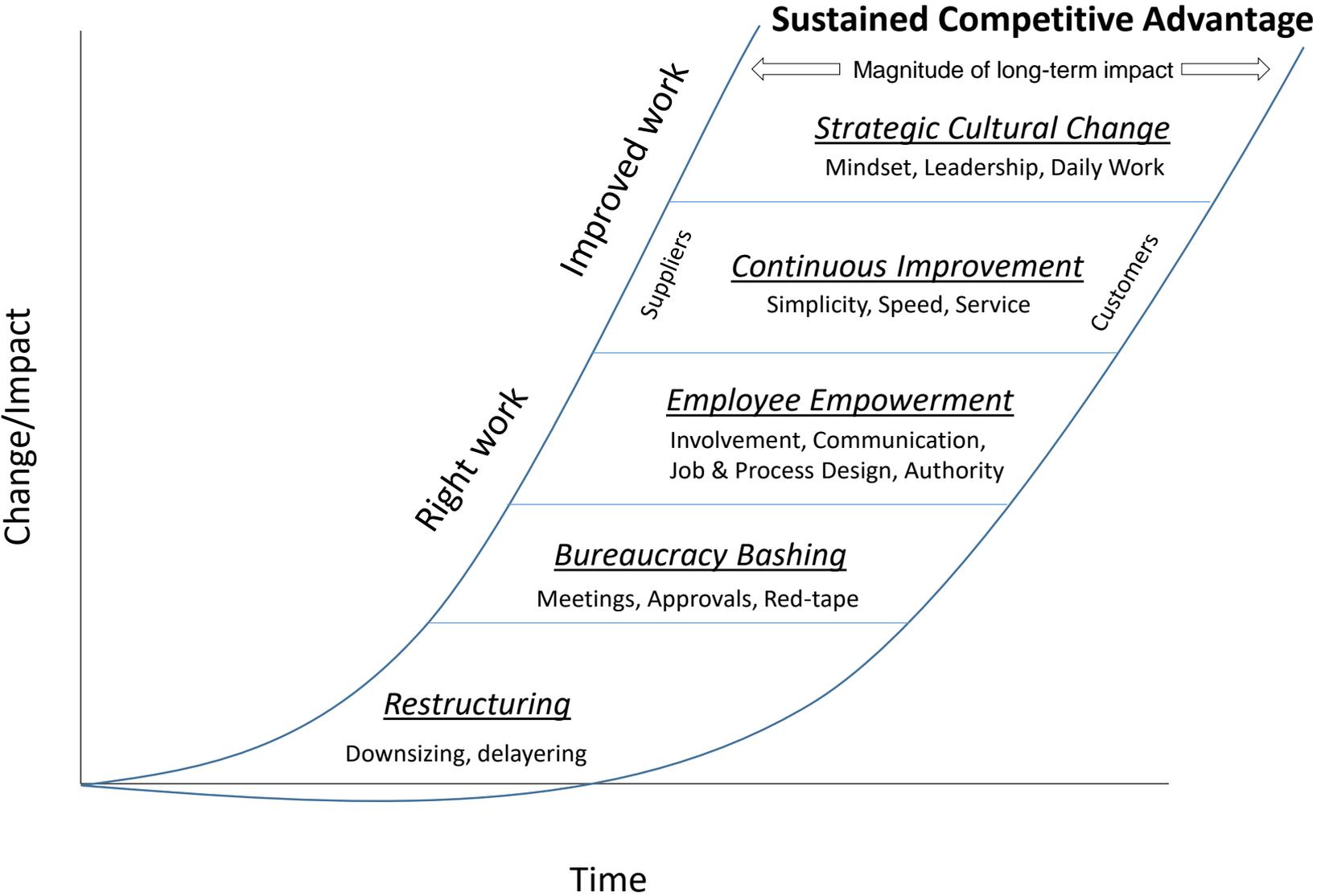
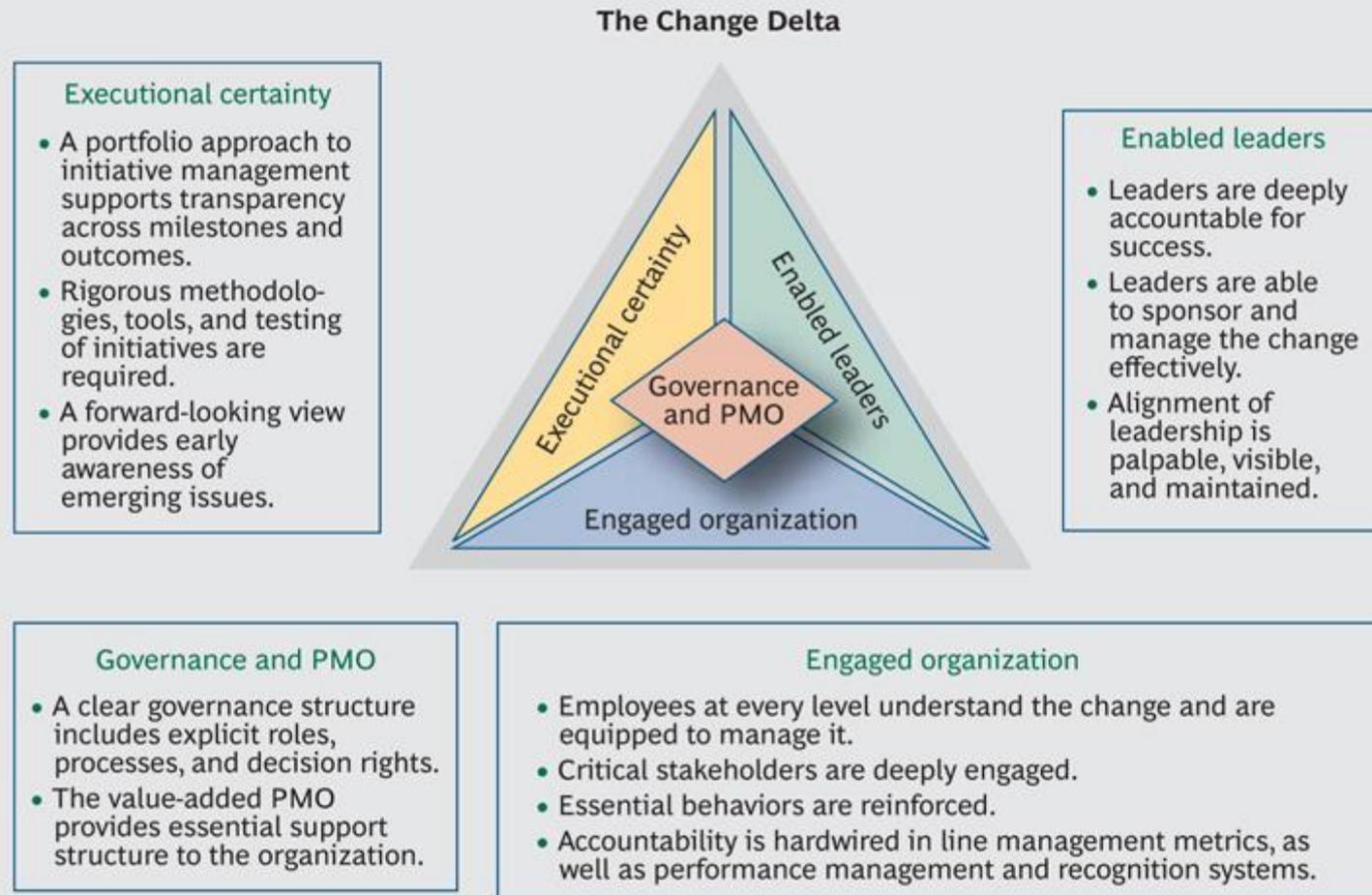


EXHIBIT 2 | The Change Delta Helps Organizations Achieve Sustainable Change Through an Integrated Approach

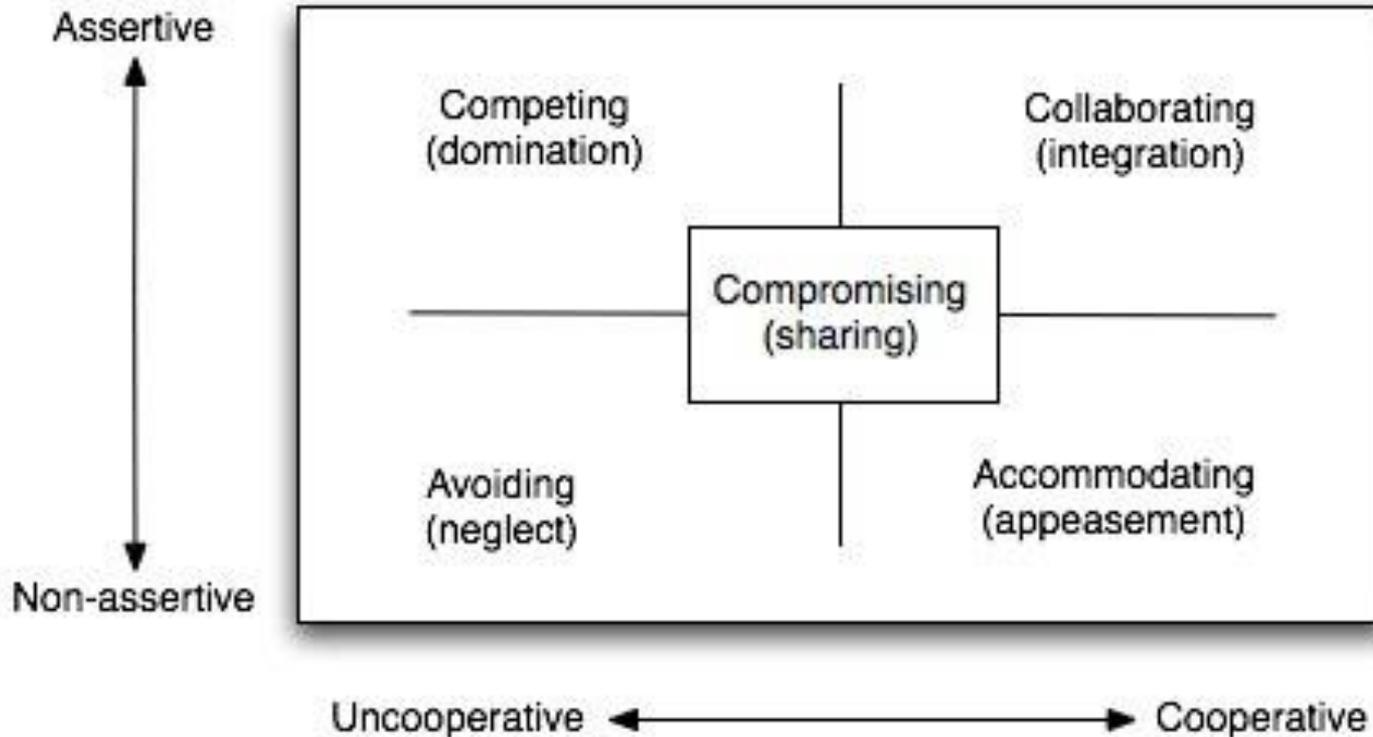


Source: BCG industry experience.

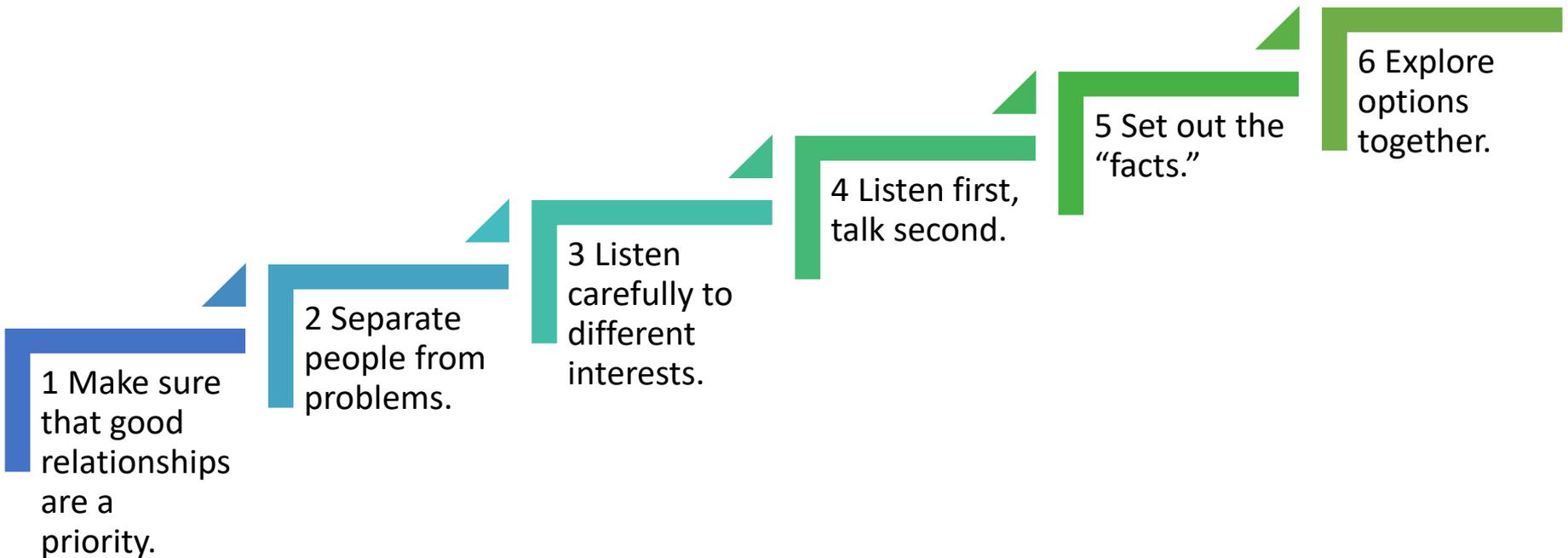
Note: PMO = program management office.

	Urgent	Not Urgent
Important	I (MANAGE) <ul style="list-style-type: none"> • Crisis • Medical emergencies • Pressing problems • Deadline-driven projects • Last-minute preparations for scheduled activities 	II (FOCUS) <ul style="list-style-type: none"> • Preparation/planning • Prevention • Values clarification • Exercise • Relationship-building • True recreation/relaxation
	Quadrant of Necessity	Quadrant of Quality & Personal Leadership
Not Important	III (AVOID) <ul style="list-style-type: none"> • Interruptions, some calls • Some mail & reports • Some meetings • Many "pressing" matters • Many popular activities 	IV (AVOID) <ul style="list-style-type: none"> • Trivia, busywork • Junk mail • Some phone messages/email • Time wasters • Escape activities • Viewing mindless TV shows
	Quadrant of Deception	Quadrant of Waste

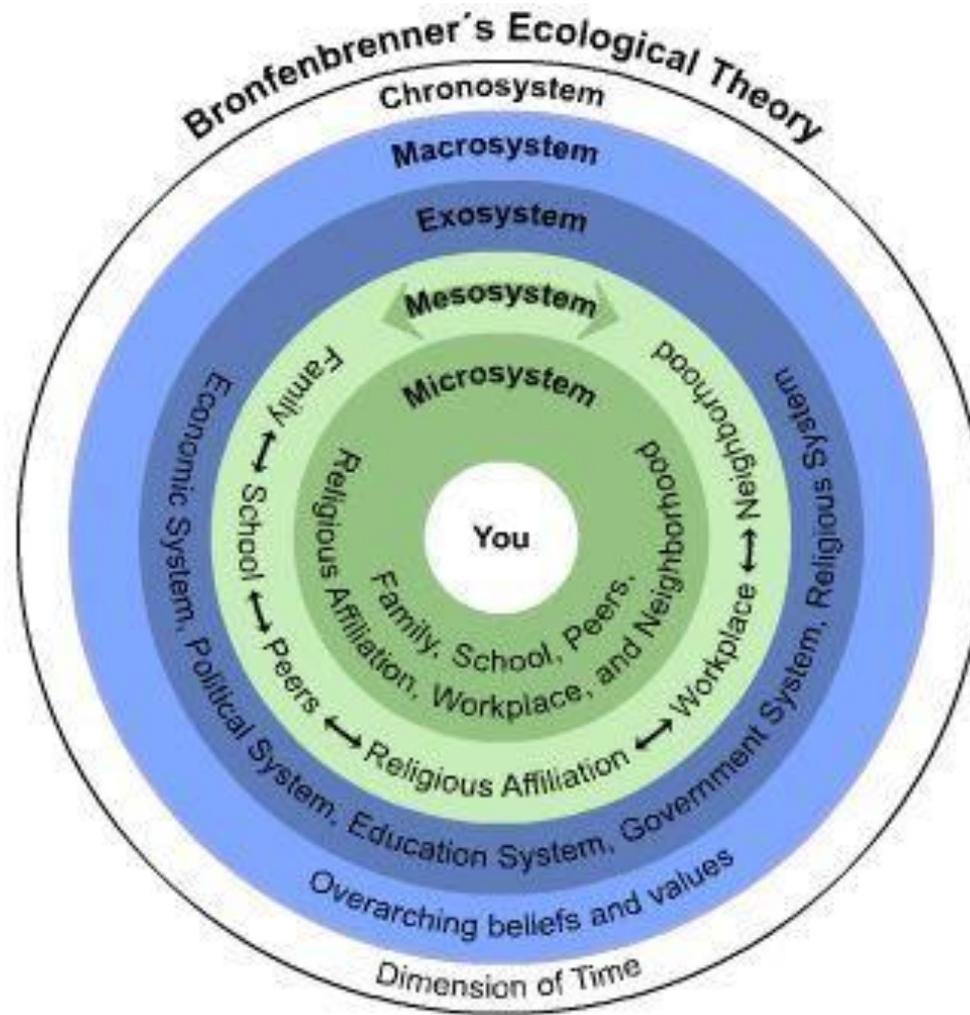
Conflict Mode Instrument



Interest-Based Negotiation

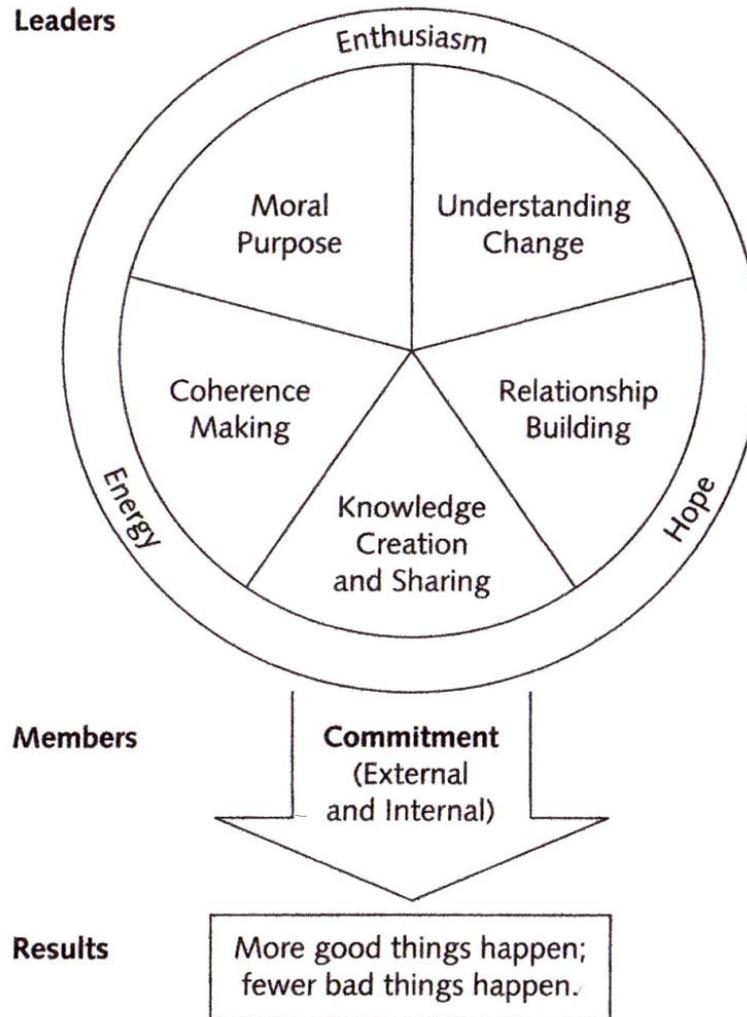


Person-in-Environment



Aren't we each more of an "embeddual" than an individual?

Framework for Leadership



Leadership Styles and Change

- Visionary: “Here’s the way.”
- Coercive: *“Do what I tell you.”*
- Affiliative: *“People come first.”*
- Democratic: *“What do you think?”*
- Pacesetting: *“Keep up – Let’s go!”*
- Coaching: *“Try this.”*

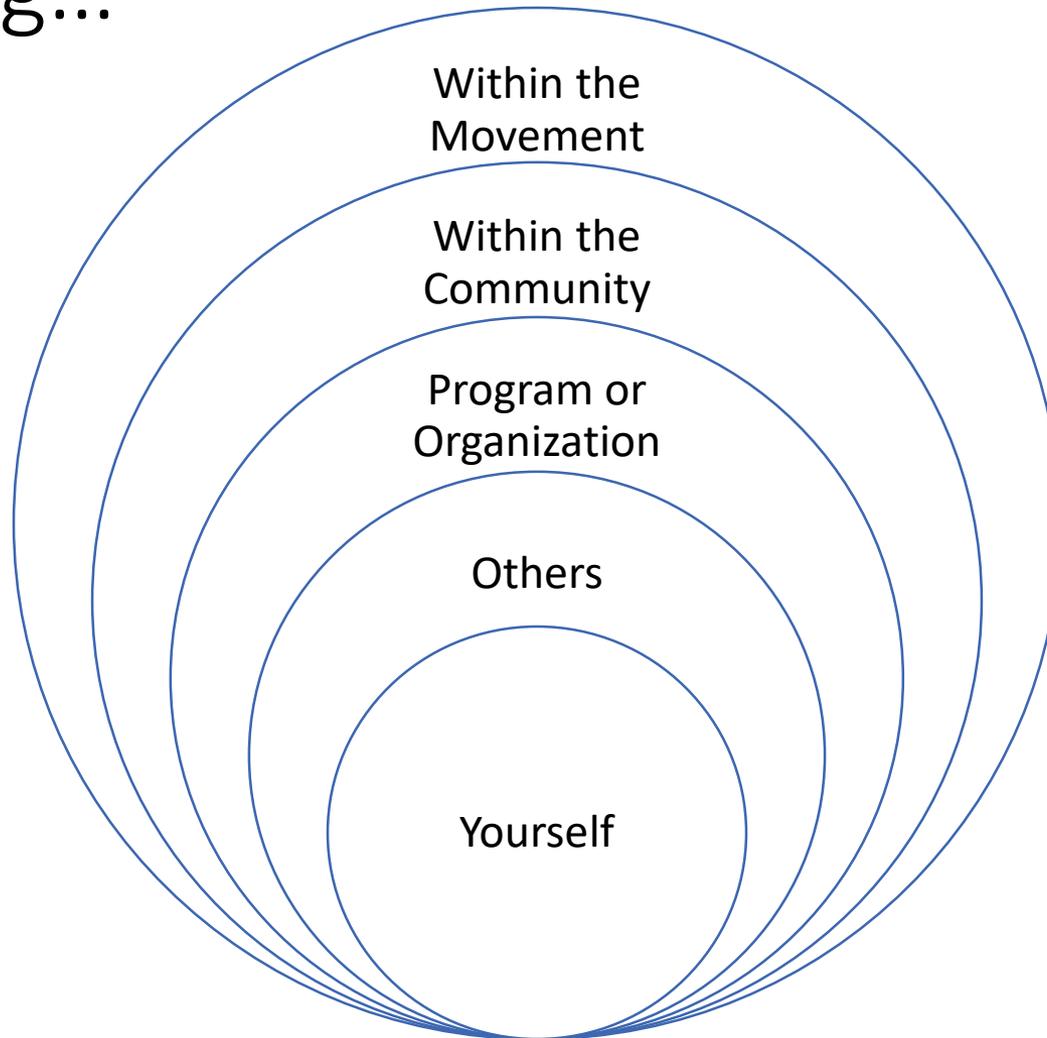
Leadership Competencies

COMPETENCY PREDICTED BY: **C** Curiosity **D** Determination **E** Engagement **I** Insight

LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5	LEVEL 6	LEVEL 7
RESULTS ORIENTATION C D <input type="radio"/> <input type="radio"/>						
Completes assignments	Works to make things better	Achieves goals	Exceeds goals	Improves firm's practices and performance	Redesigns practices for breakthrough results	Transforms business model
STRATEGIC ORIENTATION C <input type="radio"/> <input type="radio"/> I						
Understands immediate issues	Defines plan within larger strategy	Sets multiyear priorities	Defines multiyear strategy for own area	Changes business strategy in multiple areas	Creates high-impact corporate strategy	Develops breakthrough corporate strategy
COLLABORATION AND INFLUENCE C D E <input type="radio"/>						
Responds to requests	Supports colleagues	Actively engages with colleagues	Motivates others to work with self	Facilitates cross-group collaboration	Establishes collaborative culture	Forges transformational partnerships
TEAM LEADERSHIP C <input type="radio"/> E <input type="radio"/>						
Directs work	Explains what to do and why	Gets input from team	Inspires team commitment	Empowers teams to work independently	Motivates diverse teams to perform	Builds high-performance culture
DEVELOPING ORGANIZATIONAL CAPABILITIES C <input type="radio"/> E I						
Supports development efforts	Encourages others to develop	Actively supports team members' growth	Systematically builds team's capability	Aids development outside team	Builds organizational capability	Instills culture focused on talent management
CHANGE LEADERSHIP C D E I						
Accepts change	Supports change	Points out need for change	Makes compelling case for change	Mobilizes others to initiate change	Drives firmwide momentum for change	Embeds culture of change
MARKET UNDERSTANDING C <input type="radio"/> <input type="radio"/> I						
Knows immediate context	Knows general marketplace basics	Investigates market and customer dynamics	Deeply understands market	Generates insights about market's future	Identifies emerging business opportunities	Sees how to transform industry
INCLUSIVENESS C <input type="radio"/> E I						
Accepts different views	Understands diverse views	Integrates other points of view	Functions well across diverse groups	Facilitates engagement between factions	Strategically increases employee diversity	Creates inclusive culture

SOURCE EGON ZEHNDER
FROM "TURNING POTENTIAL INTO SUCCESS: THE MISSING LINK IN LEADERSHIP DEVELOPMENT,"
NOVEMBER–DECEMBER 2017, BY CLAUDIO FERNÁNDEZ-ARÁOZ, ANDREW ROSCOE, AND KENTARO ARAMAKI

Leading...



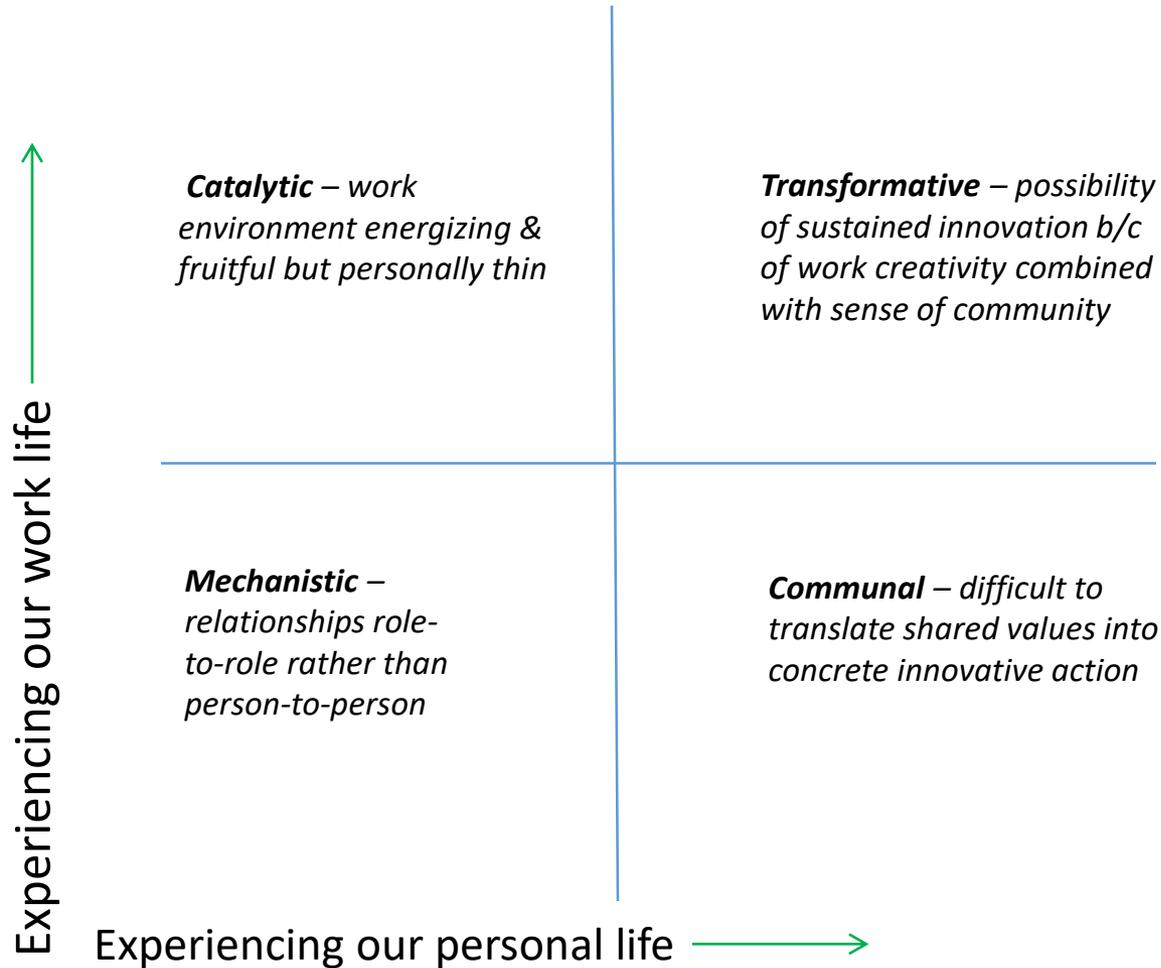
- The most fundamental need(s) our org exists to fulfill?



- How do I myself have this need fulfilled by the org's mission?

Organizations are inter-subjective, self-reinforcing patterns of practice (thought, action, rules, norms & beliefs)

Engagement of our whole selves at work...



Theory U

Downloading
past patterns

Performing by
operating from the whole

suspending

embodying

VoJ

Seeing
with fresh eyes

*Open
Mind*

Prototyping the new by
linking head, heart, hand

VoC

redirecting

Sensing
from the field

*Open
Heart*

enacting

Crystallizing
vision and intention

VoF

letting go

*Open
Will*

letting come

Presencing
connecting to Source

*Who is my Self?
What is my Work?*

An Executive Director wears many hats:

- Visionary
- Planner
- Evaluator
- Relationship Builder
- Advocate
- Change Agent
- Financial Manager
- Fundraiser
- Nurturer

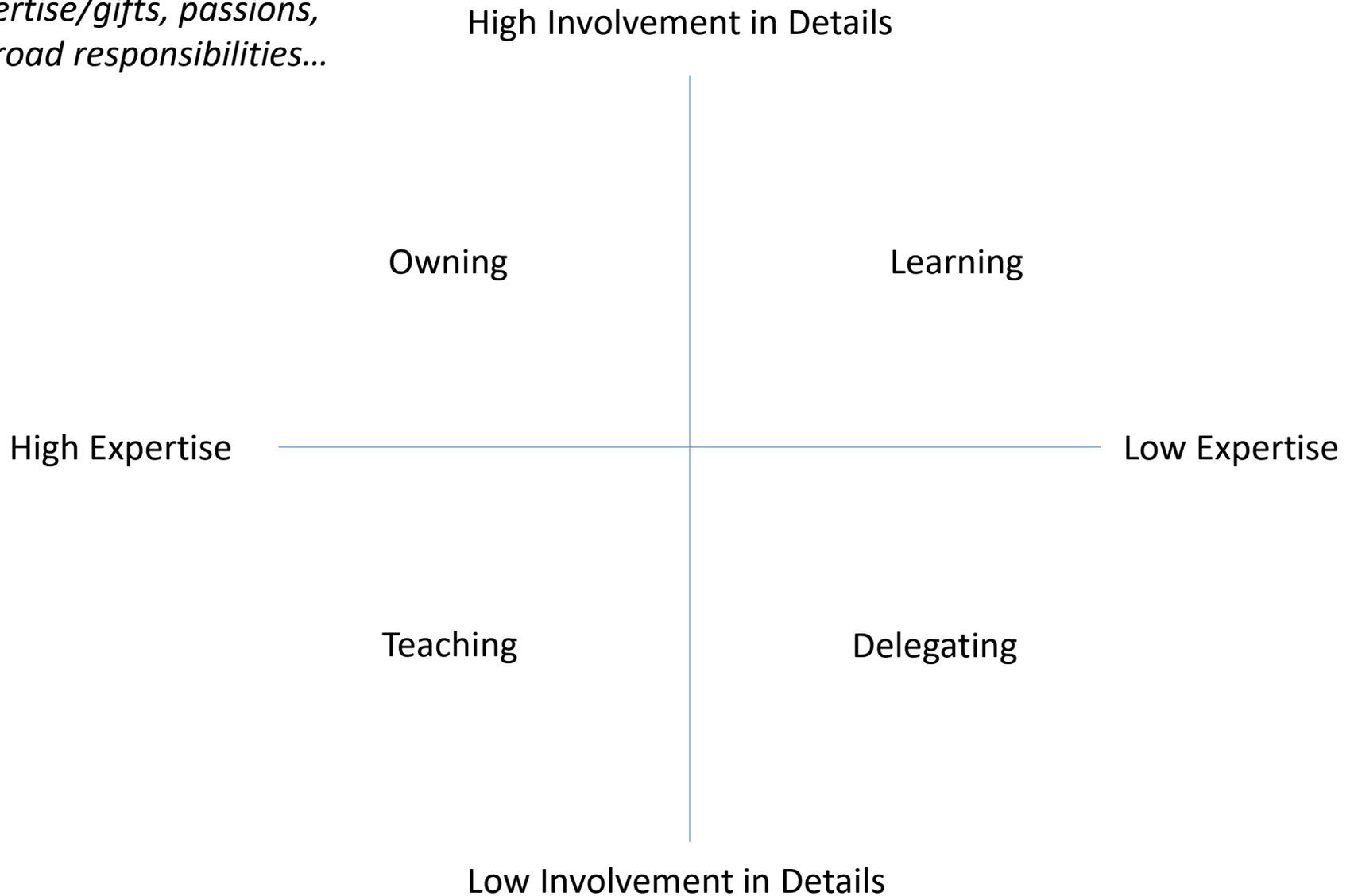
And effective ones...

- Engage stakeholders in org impact
- Decide, even with insufficient data
- Adapt proactively
- Architect the delivery of reliable results

4 predictors associated
with success:

- Curiosity
- Insight
- Engagement
- Determination

*As a leader with unique
expertise/gifts, passions,
& broad responsibilities...*



Adaptive Leadership Culture

Task	Technical	Adaptive
Direction	Provide problem definition & solution	Identify the adaptive challenge; frame key questions & issues
Protection	Protect from external threats	Disclose external threats
Order – orientation	Orient people to current roles	Disorient current roles; resist orienting people to new roles too quickly
Order – conflict	Restore order	Expose conflict or let it emerge
Order – norms	Maintain norms	Challenge norms or let them be challenged

The Johari Window

1 Open Known to self and to others	2 Blind Not known to self but known to others
3 Hidden Known to self but not to others	4 Unknown Not known to self or others

Our blind spots

Self-Protection Rackets

Rackets

The pleaser

The debater

The know-it-all

The know-nothing

The arguer

The martyr

The savior

The victim

The bully

The authoritarian

The pot-stirrer

The wall flower

The controller

The avoider

The talker

The say nothing

The blamer

The teacher

The provocateur

The joker

The perfectionist

The workaholic

The quitter

The rebel

The guilt tripper

The complainer

The liar

The diplomat

The peace-keeper

The cheerleader

The "Eeyore"

The confronter

The defender

Breakouts

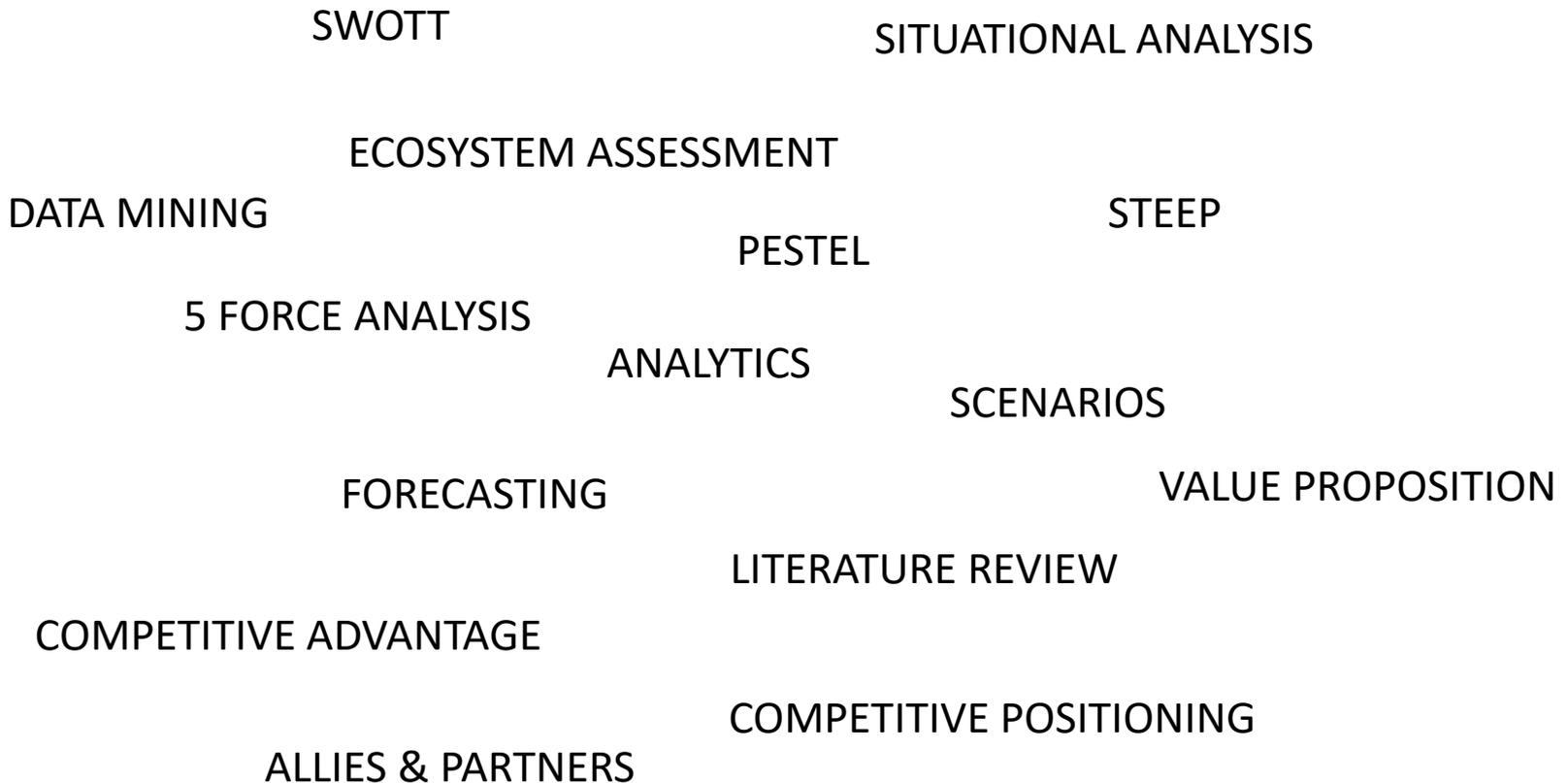
- Name one of the “rackets” you run
 - ✓ What benefit do you get out of running it?
 - ✓ What does it enable you to avoid?
 - ✓ What does it cost you or your relationships?



Brand Positioning

AARP – A Multi-Sector Approach to Social Change
HBR 2007 case study, James Phillips

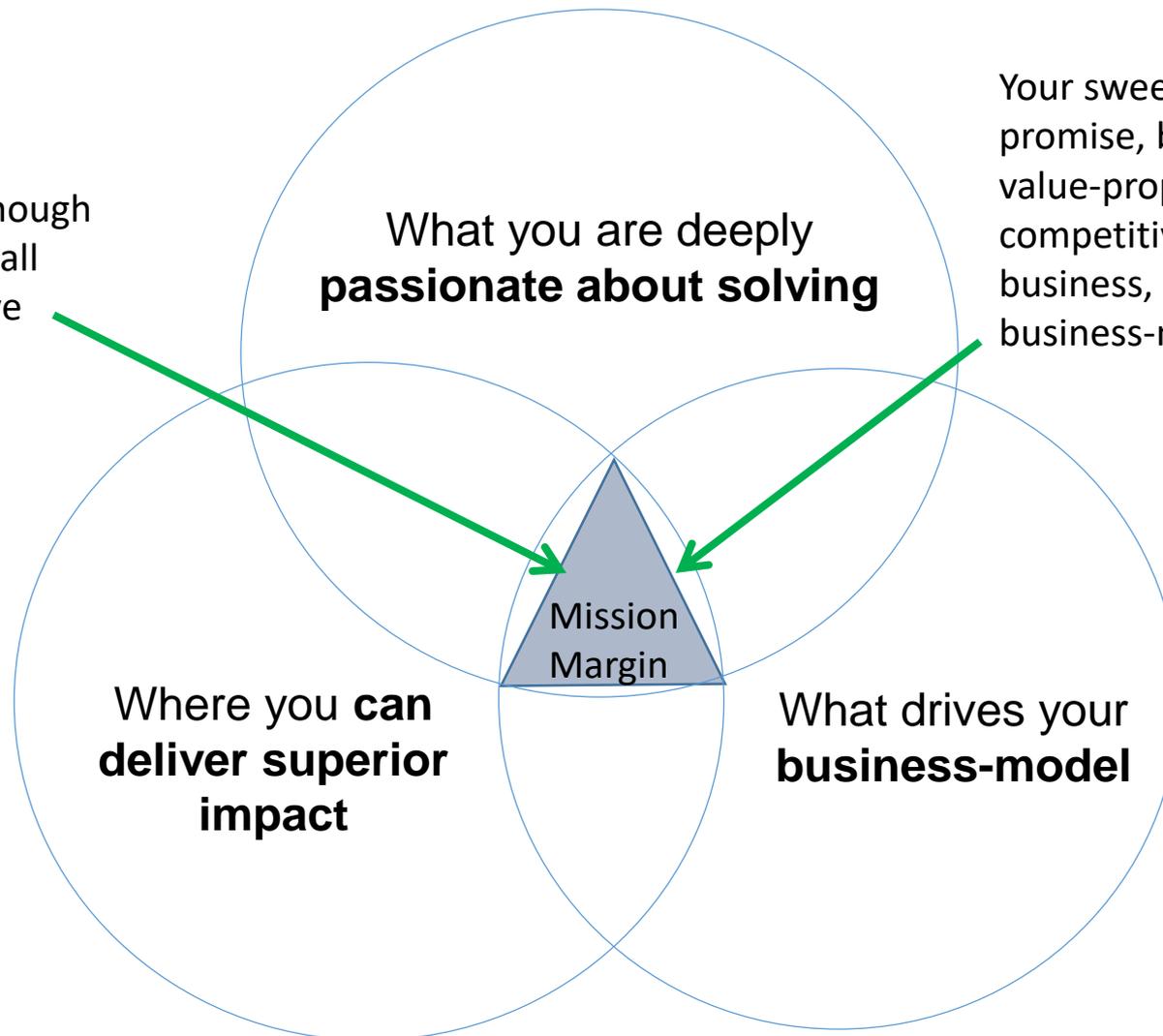
Environmental scanning



Good to Great

an NPO's expressive & instrumental dimensions
(expressive of values; instrumental in delivering value)

BHAG: Bold but
believable. Big enough
to matter, yet small
enough to achieve



Your sweet-spot of brand
promise, brand integrity,
value-proposition,
competitive positioning, core
business, sustainable
business-model, etc.

THE ROLE OF BRAND CYCLE



Investment spectrum

Primary driver is to create societal value

'Blended' societal and financial value

Primary driver is to create financial value

Social Purpose Organisations (SPO's)

Charities

Revenue Generating Social Enterprises

Socially Driven Business

Traditional Business

Grants only: no trading

Trading revenue and grants

Potentially sustainable >75% trading revenue

Breakeven all income from trading

Profitable surplus reinvested

Profit distributing socially driven

CSR Company

Company allocating percentage to charity

Mainstream Market Company

Impact Only

Impact First

Finance First

1. Venture philanthropy

2. Impact investing

Business Models

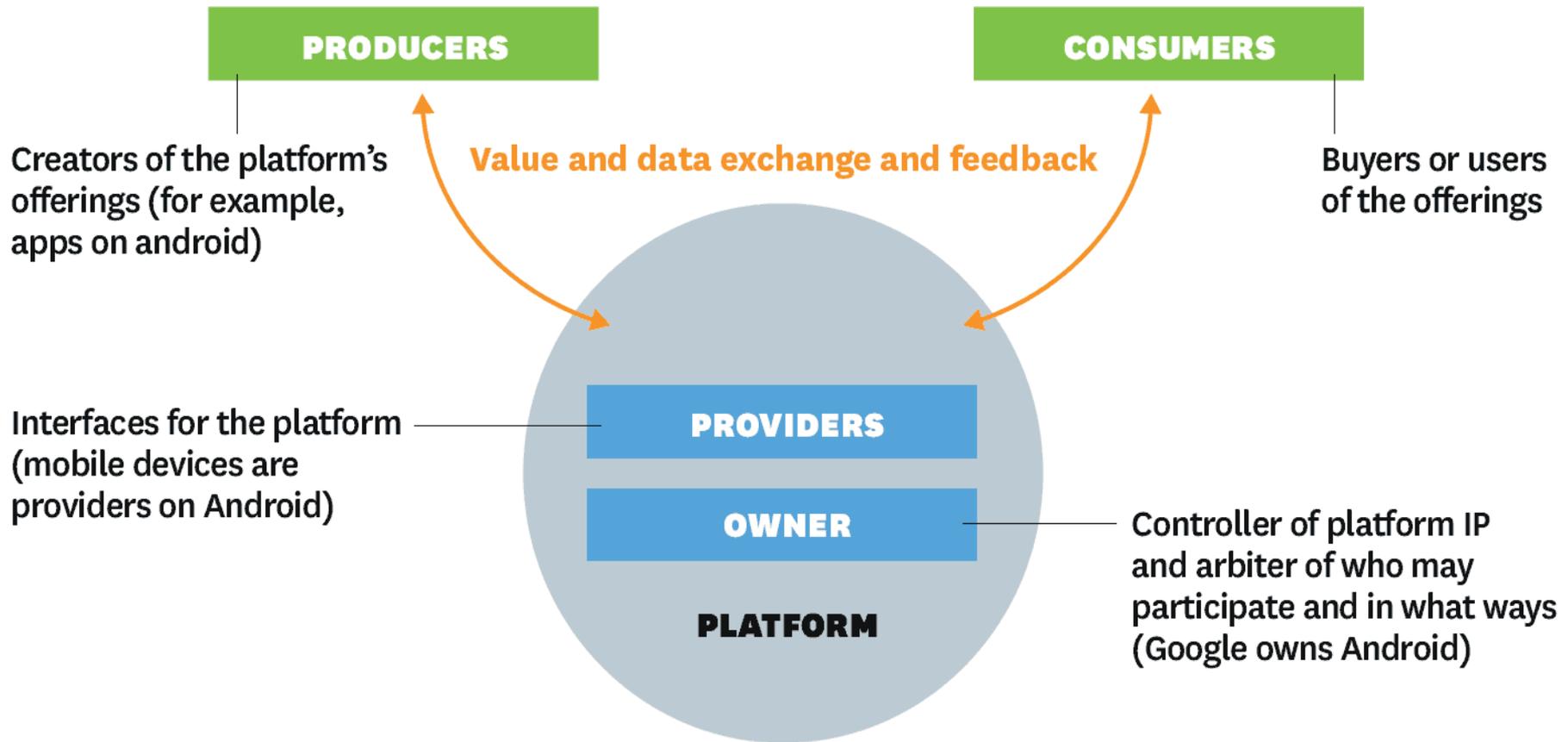
Create, Deliver, & Capture Value

<u>Types</u>	<u>Typical Funding Source; Funder Motivations</u>	<u>Examples</u>	<u>Tactics</u>
Heartfelt Connector	Individuals; Altruism	Disease awareness/ prevention	events
Beneficiary Builder	Individuals; Self-interest mixed with altruism	Universities	fees; major gifts
Member Motivator	Individuals; Collective interest	Religious congregations	fees; major gifts; events
Big Bettor	Family foundations/individuals; Collective interest	Scientific Research	Major gifts
Public Provider	Government; Collective interest	Human services	Contracts
Policy Innovator	Government; Policymaker interest; Collective interest	Social Impact Bond movement	Earmarks
Beneficiary Broker	Government funding decision maker; Self-interest	Student loans	Reimbursements
Resource Recycler	Corporations and individuals; self-interest and altruism	Food banks	In-kind giving
Market Maker	Mixed sources; self-interest & altruism	Organ donation	Fees
Local Nationalizer	Mixed sources; altruism	Youth development	events; major gifts

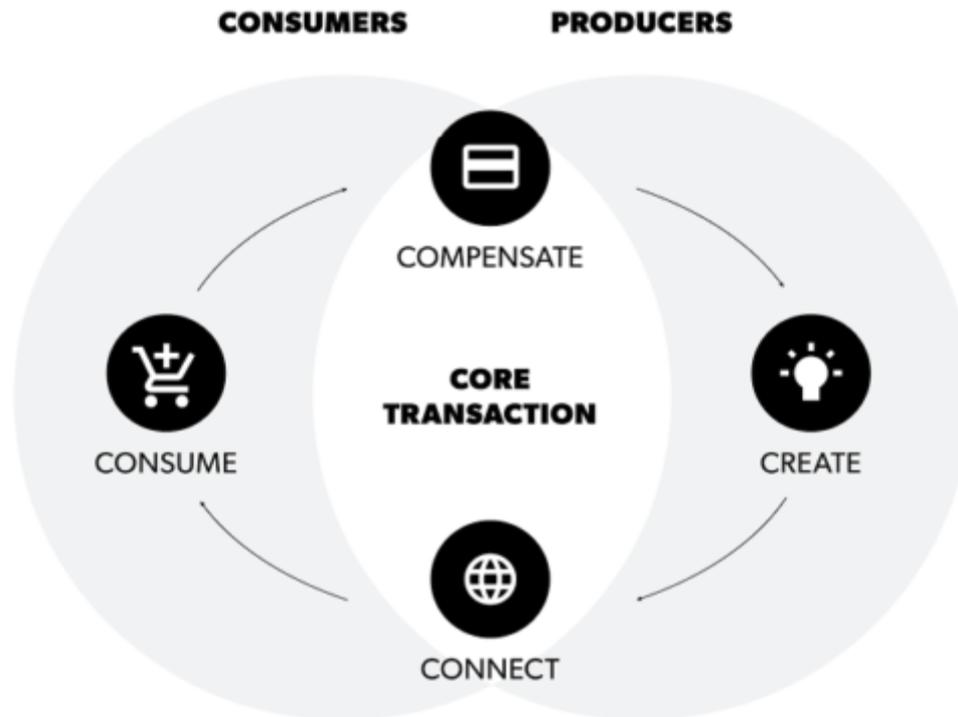
*Note: Foster's earlier research reveals that the largest NPOs focus on a single funding source to achieve scale, not revenue diversification

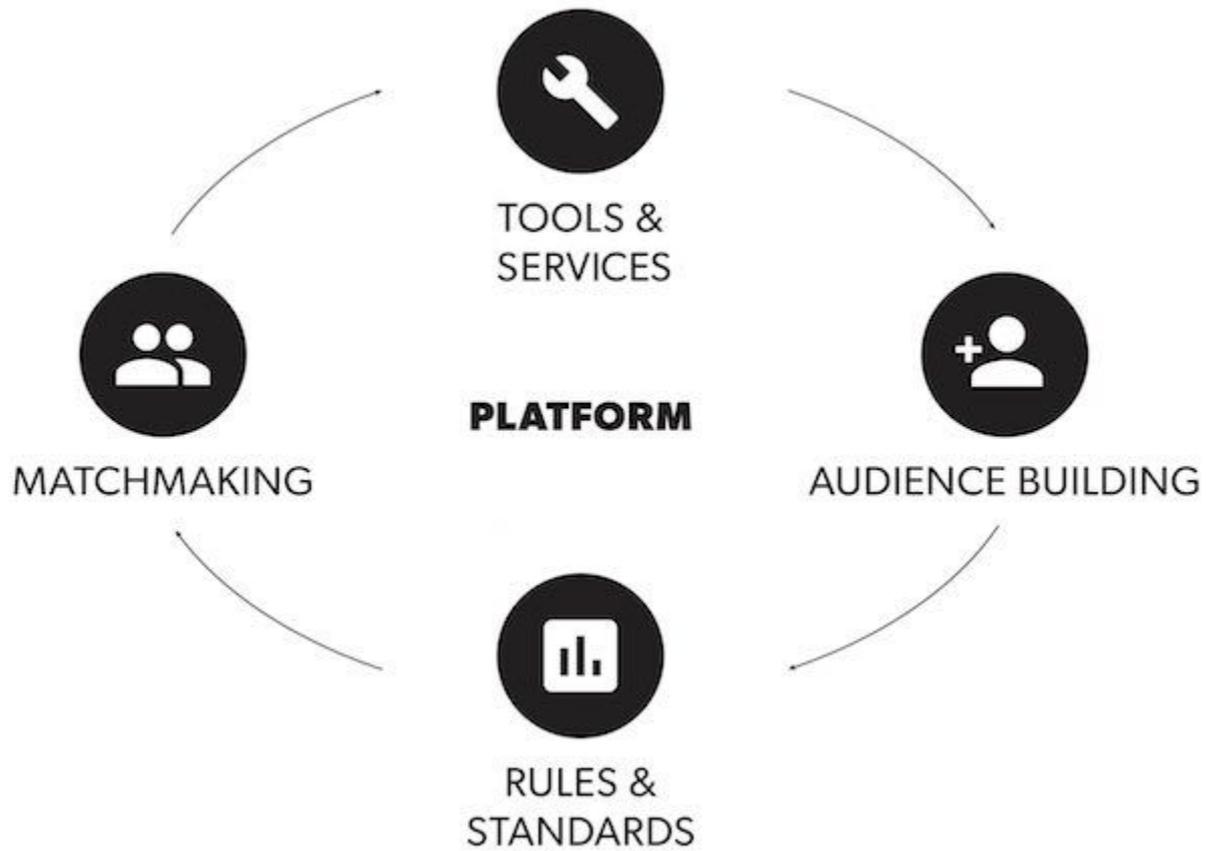
The Players in a Platform Ecosystem

A platform provides the infrastructure and rules for a marketplace that brings together producers and consumers. The players in the ecosystem fill four main roles but may shift rapidly from one role to another. Understanding the relationships both within and outside the ecosystem is central to platform strategy.



SOURCE MARSHALL W. VAN ALSTYNE, GEOFFREY G. PARKER, AND SANGEET PAUL CHOUDARY
FROM "PIPELINES, PLATFORMS, AND THE NEW RULES OF STRATEGY," APRIL 2016





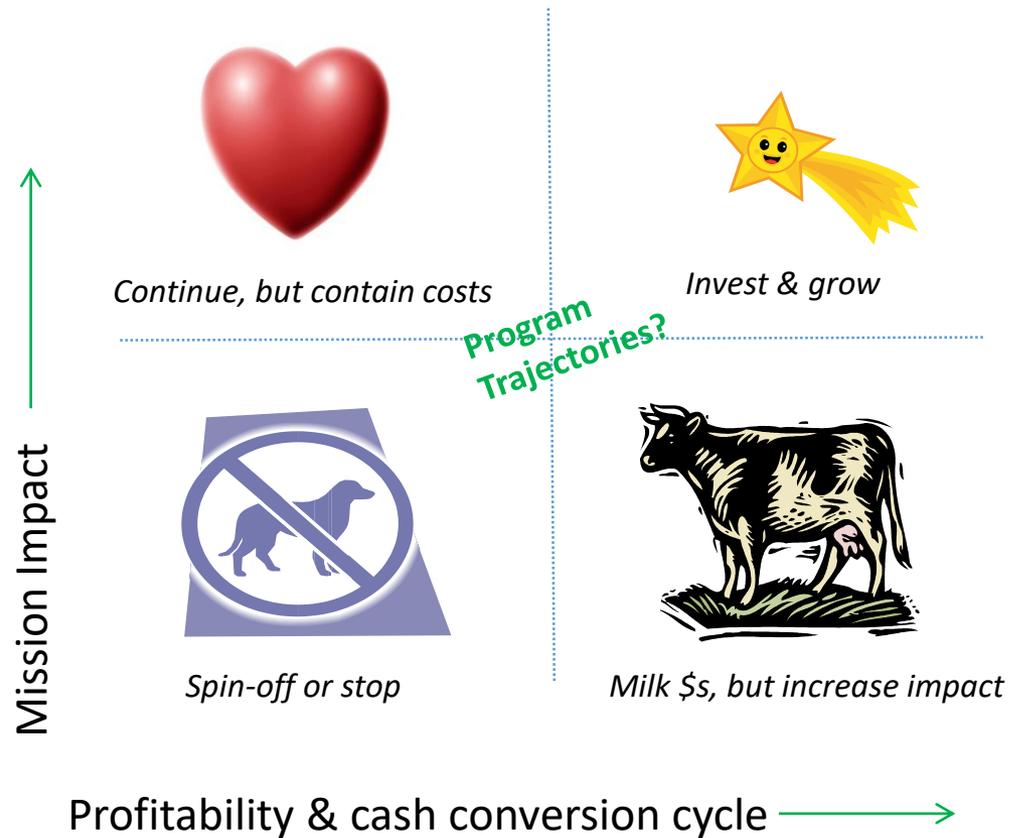
Org-Wide Level & Business-Line/Program Level (core business & exploratory)

Product	Customer/Stakeholder Key Problem (<i>pain</i>)	Key Solution (<i>gain</i>)	Competitive Advantage (<i>not easily replicated</i>)	Market
		Move the needle Metrics (<i>mission & margin</i>)	Scale Up vs Scale Out	
<u>Cost Structure</u> <ul style="list-style-type: none"> • Customer/stakeholder acquisition & servicing costs • Org's fixed vs variable vs outsourced • Business-line net margins 			<u>Revenue, Capital, Cash</u> <ul style="list-style-type: none"> • Customer lifetime value • Revenue model • Capital structure, needs, burn-rate • Cashflow 	



Ingredients of Social Enterprise

Contribution Margin & Portfolio Management



Assessing organizational opportunities & investments

	Low	Medium	High
Fit to Organizational Values – <i>How congruent is this program, service, product, project, or partnership to our core values?</i>			
Community & Client Need and Fit to Our Core Competencies – <i>Is there sufficient unmet demand for the program, service, product, project, or partnership? What tells us that? And relatively speaking, how uniquely positioned today are we to supply unique, substantive, enduring value vs. another org/supplier?</i>			
Today’s Brand Positioning & Brand Risk – <i>Relatively speaking, what’s the potential of this program, service, product, project, or partnership to enhance our brand? And what risks might it bring, and how do we mitigate those?</i>			
Tomorrow’s Brand Positioning, Brand Risk, and Mission-Impact – <i>Relatively speaking, what’s the potential for this program, service, product, project, or partnership to enhance our brand and mission-impact effectiveness in the future? And what risks might it bring, and how do we mitigate those?</i>			
Organizational Investment & Metrics of Success - <i>How much of our organization's resources (financial and human) is required to effectively deliver and realize the full potential of this program, service, product, project, or partnership? And how prepared are we today (or in the near-term) to measure success, quantitatively and qualitatively?</i>			
Opportunity Cost - <i>By committing to this program, service, product, project, or partnership, what’s the relative impact to our organization’s bandwidth to be able to successfully commit to other equally compelling possibilities?</i>			
Net Dollar Potential and Sustainability - <i>After the initial start-up of this program, service, product, project, or partnership, what is the potential for it to become self-sufficient and sustainable (from both a human- and financial-capital standpoint)?</i>			
Constituency-building Potential - <i>To what degree does this program, service, product, project, or partnership build and sustain ambassadors and allies for our mission & values for “needle-moving” long-term impact, with our without our long-term day-to-day involvement or control?</i>			
Killer Threats – <i>To what degree are there external or internal "killer threats" that could undermine the credibility/integrity of this program, service, product, project, or partnership? And how likely are we to be able to sufficiently mitigate those in relatively short-order?</i>			
Fun Factor - <i>To what degree does this program, service, product, project, or partnership contribute to our organization’s learning, innovation, energy, adaptability, agility, fun, and joy?</i>		60	

Customers & Revenue Segments

	<u>Volunteer sweat-equity</u>	<u>In-kind donations</u>	<u>Cash donations</u>	<u>Government contracts</u>	<u>Clients or partners</u>	<u>3rd party payor</u>	<u>Lenders & quasi-equity</u>	<u>Retained earnings</u>
Who?								
Value?								
Margin Driver?								
Competitive Advantage								

Revenue vs. Capital

Revenue:

- Revue is for routine operations
- Buys organizational goods
- Funds today's P&L activities
- Traditionally comes in the form of annual gifts, government contracts, and earned-revenue

Capital:

- Capital is for change (growth & adaptation & resiliency)
- Builds the organization's productive capacity (i.e. the "factory" that produces the org goods)
- Invests in today's Balance Sheet *and tomorrow's* assets & financial capacity
- Traditionally comes in the form of sweat-equity (donated) labor, capital campaigns, or debt financing

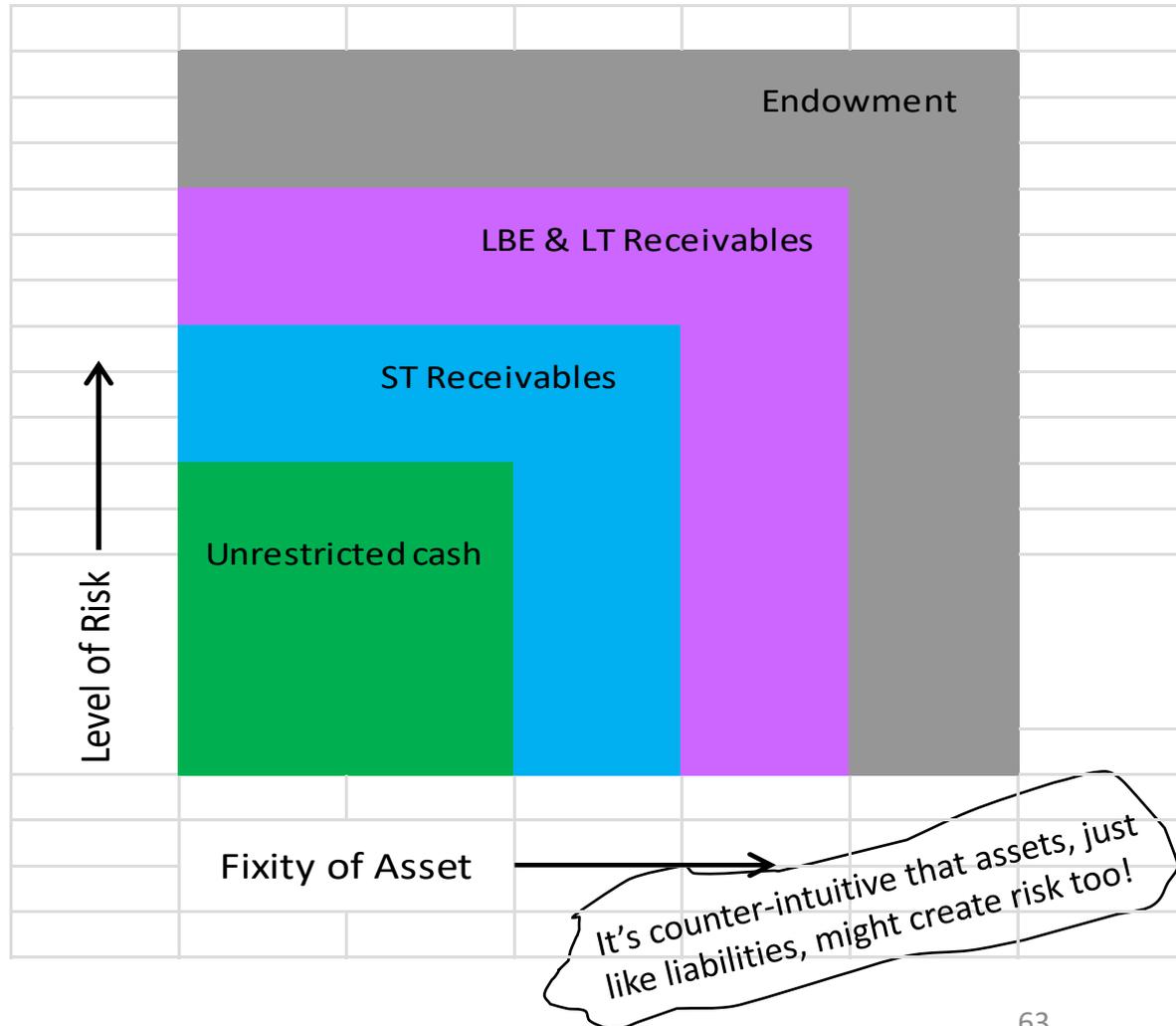
How much time do you have to convert your capital into sustainable revenue?

Restructuring your balance sheet

- for liquidity, adaptability, scalability, & durability

Given your org's life-cycle & Theory of Change operational complexity and needs...

- Assess your org's asset class risk.
- Consider asset *reallocation* (an intentional disruption of your status quo or "unbalancing your current balance sheet," e.g. factoring receivables, which will increase your debt-ratio, yet also accelerate your cash-conversion cycle, fueling operational/mission growth).



Types of Capital

Types of Capital	Uses of Capital
Working capital	Working capital smooths cash flow bumps that arise from predictable business cycles
Operating Reserves	Unlike working capital, operating reserves are held in order to protect against unexpected downturns, i.e. the “rainy day.”
Facility Reserves	A cash fund that organizations with facilities or significant leasehold improvements maintain to realize facilities replacement plans
Opportunity or Risk capital	Opportunity or risk capital gives organizations the freedom to try out new ideas such as product extensions, new marketing campaigns, earned income ventures, major growth, or a new strategic direction or business-model. Risk capital should be used to address large environmental shifts that demand a change in strategic direction
Endowment	Endowments ensure the longevity of organizations with long-term time horizons through investment earnings dedicated to ongoing fixed costs, such as labor agreements or maintenance of a historic building
Recovery capital	Recovery capital is necessary for an organization with negative net worth and structural deficits to recover and maintain operations. Recovery capital provides interim working capital, moves unrestricted net assets out of the red, and enables the organization to pay off past debts

Cost & Choice of Capital

Calculating the cost of capital (examples...)

- **Debt** (as well as such issues as availability of credit, use of collateral hypothecation, risk of management's expropriation of free cash flow)
- **Philanthropic equity** (i.e. the cost per dollar fundraised)

NPO capital acquisition pecking order:

- **Retained earnings** (including cash reserves & endowment income)
- **Monetized assets** (which may appear as a below market rate debt instrument)
- **Below market rate debt** (including PRIs)
- **Philanthropic equity** (including in-kind, capital campaign, SVP, etc.)
- **Market rate debt**

Financial Ratios (cash-basis) – trends & benchmarks					
Liquidity	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
Days Cash (cash/cash-basis expenses/365)	89	47	72	21	109
Business-model (cash-basis revenue mix & NPM)					
Contributed Revenue	72%	74%	68%	72%	50%
Government Revenue	21%	8%	18%	8%	46%
Earned Revenue	7%	18%	14%	20%	4%
Personnel Cost	53%	49%	59%	48%	51%
Revenue Diversity Index (1.0 no diversity)	0.6	0.6	0.5	0.6	0.5
Current <u>Net Profit Margin</u> for Plowback	10%	0%	16%	1%	9%
1 Year Cash-Basis Revenue Growth	15%	7%	2%	-10%	13%
3 Year Equity (net asset) Growth	24%	-5%	3%	-2%	15%
Capital Structure & Solvency					
Current Ratio	3.6	3.6	3.6	3.5	8.1
Total Debt Ratio	17%	20%	6%	5%	4%
Yrs Remaining Accounting Life on Property Plant Equipment (ppe/ depreciation exp)	11.6	10.2	22.5	18.5	18.2
Return-on-Investment					
Total Asset Turnover (cash-basis total revenue/total assets)	0.63	0.58	0.56	.64	0.72
Return on Equity (NPM * Asset turns * Financial leverage)	7%	0%	9%	0%	7%

Ratios useful for financial forecasting & scenario-planning, e.g. net asset growth a proxy for future sustainable growth-rate

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Theory of Change & Operational Strategy

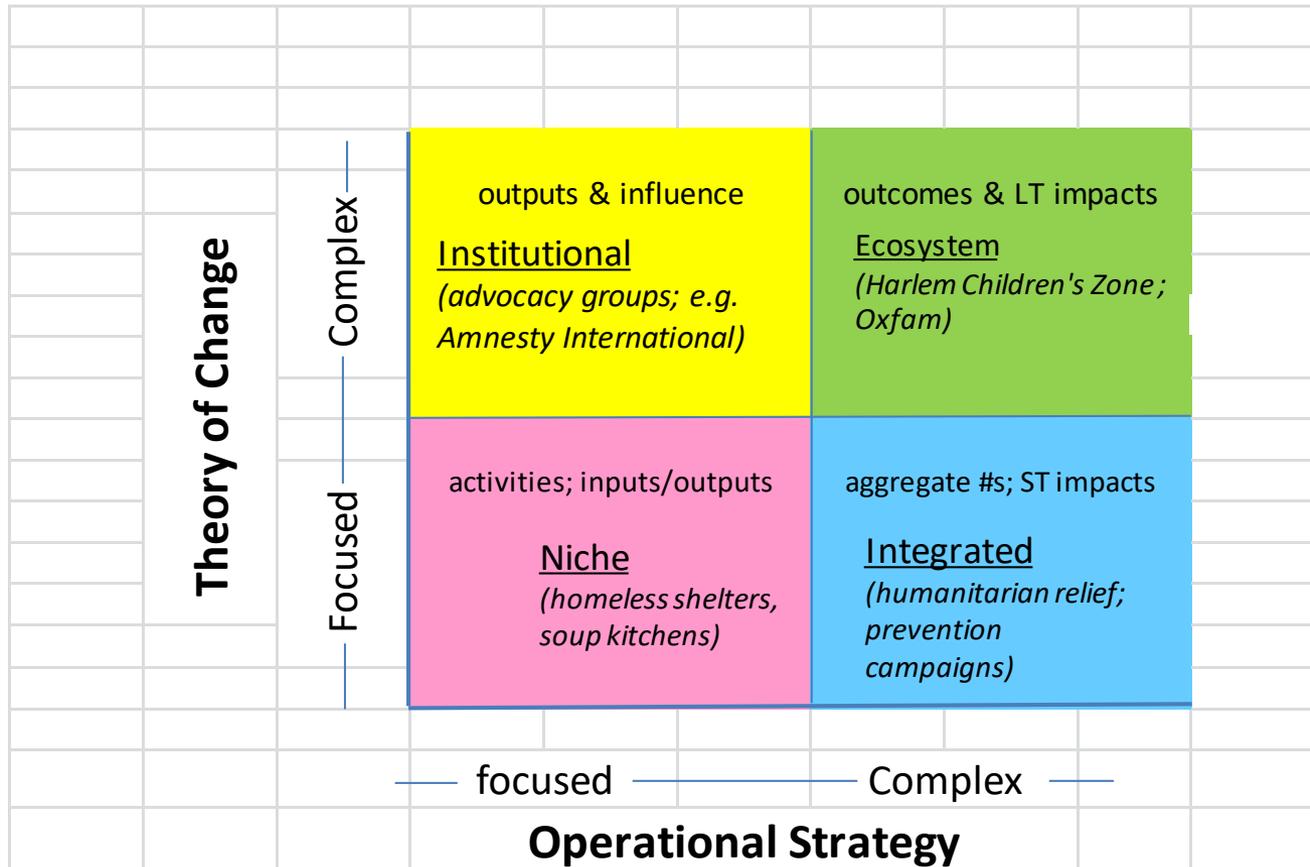


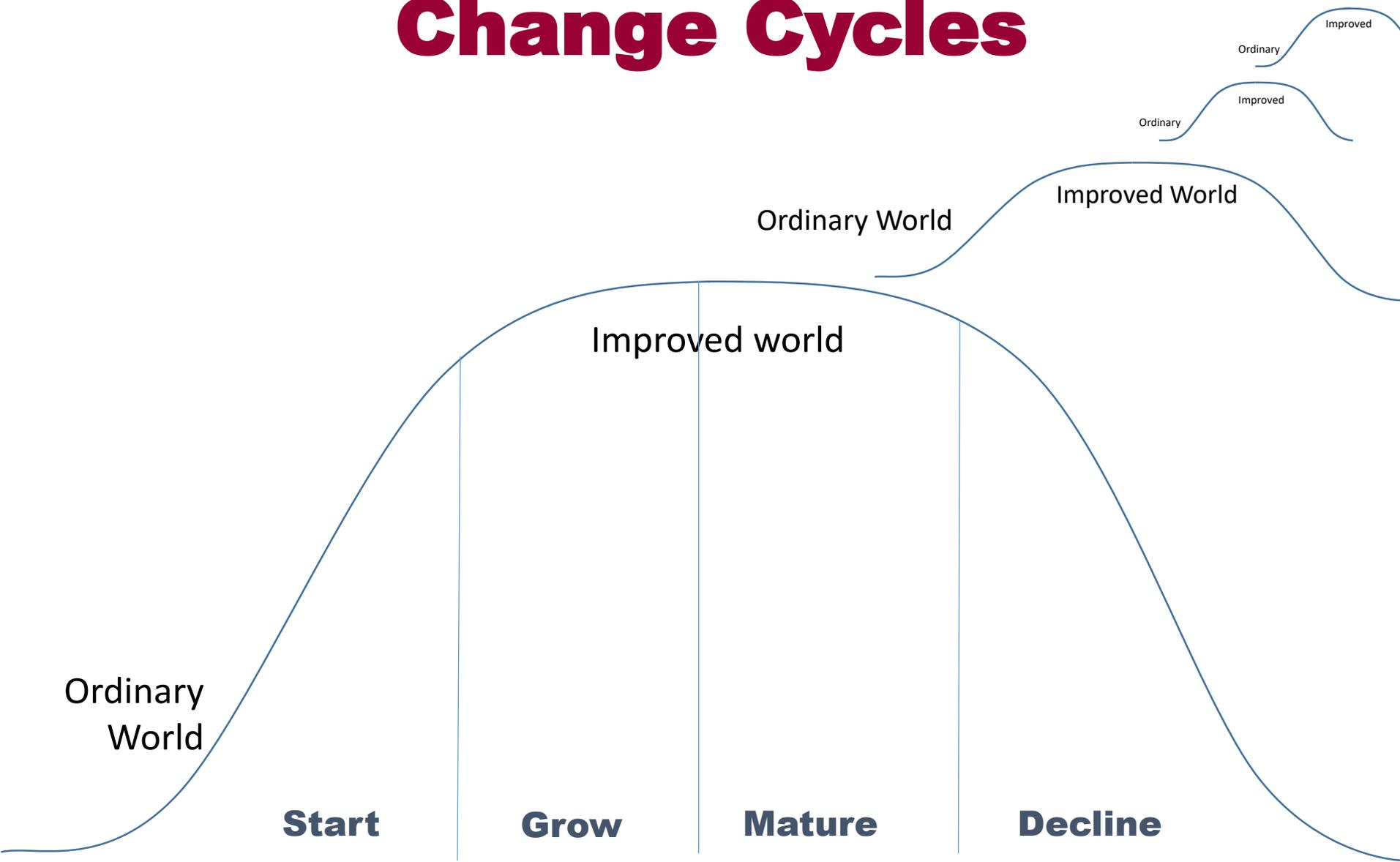
Table 1. Examples of Capacity Building as Multiple Capitals

Capital Category	Capacity Building Examples
Financial (resources represented on financial statements)	Development of new earned income revenue streams, enhancement of fundraising and financial practices, infrastructure improvements, technology upgrades, new and renovated facilities
Natural (soil, air, water, minerals, plants, animals, weather, biodiversity, ecosystem services)	Activities that reduce carbon footprint: implementing recycling programs, powering physical plant and operations with renewable energy, restoring land, improving air and water quality, using sustainable building practices
Human (potential and realized abilities of people)	Employee wellness programs, learning and professional development, board and volunteer development, employee engagement, developing critical thinking capacity, moral reasoning, values, ethics, sense of purpose, creativity, and imagination
Relational (number and quality of relationships with stakeholders)	Strengthening connections among people, groups, and networks, enhancing influence through formal and informal authority, promoting peer learning, communities of practice, advocacy, participatory governance, creating shared purpose, reflection and meaning making, political power, connection to mission, values, and purpose
Symbolic (productive capacity in figurative or representational form)	Organizational culture, creating shared values and mental models, marketing, branding, increasing social media presence, scenario planning, mapping of community assets and needs, developing compelling narratives, reframing issues, discourse, organizational code of ethics, collective aspirations
Structural (formative properties and processes that create system architecture)	Establishing cross-departmental teams, network collaborations, cross-sector partnerships, governance structures and policies, client representation on boards, distributed leadership, authentic communication, planning, evaluation, holding ourselves accountable, processes that promote cocreation with stakeholders

Strategy & Impact Scaling

Habitat for Humanity Egypt
HBR 2007 case study, Jane Wei-Skillern

Nonprofit Theory of Change Cycles



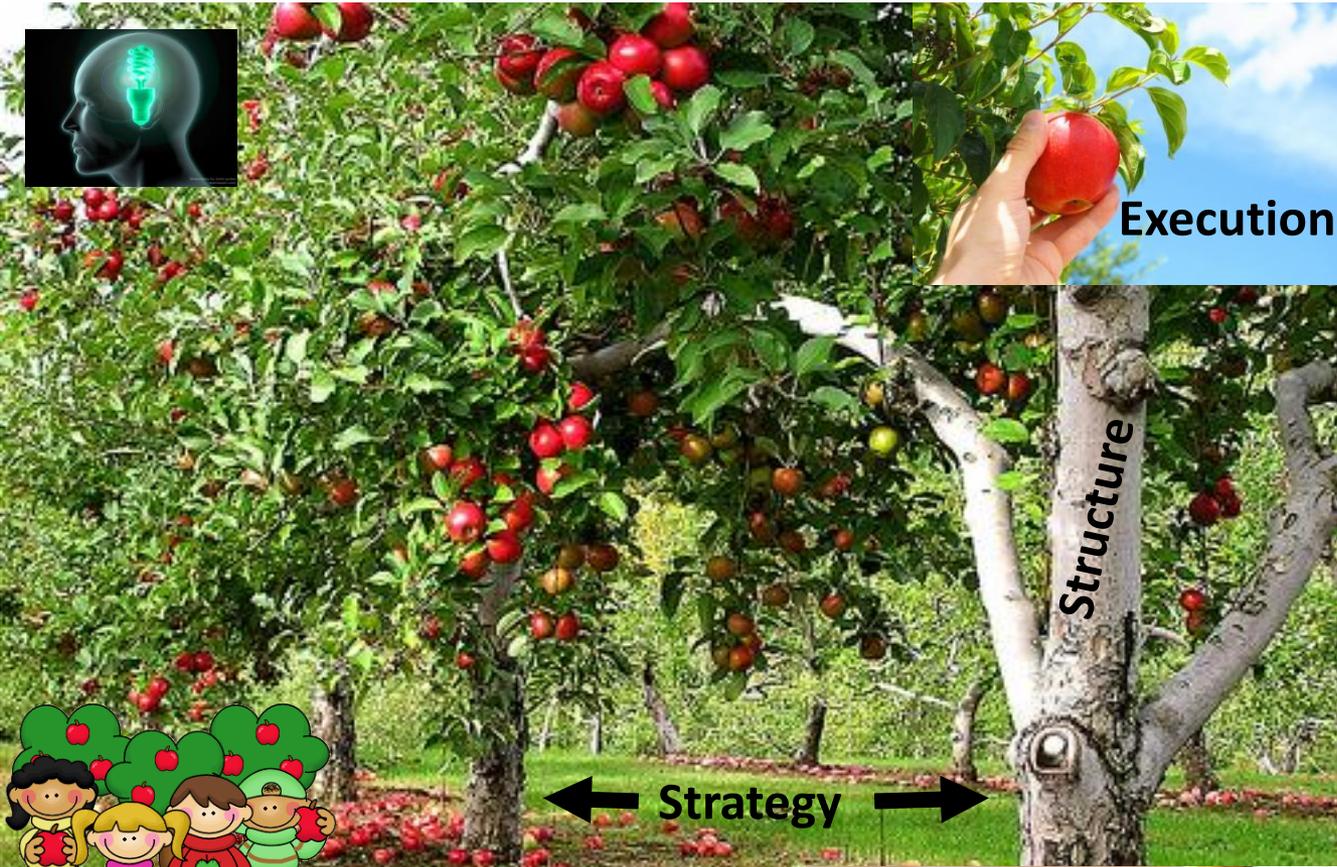
Innovation



Execution



Structure



Strategy



Partnerships

Culture



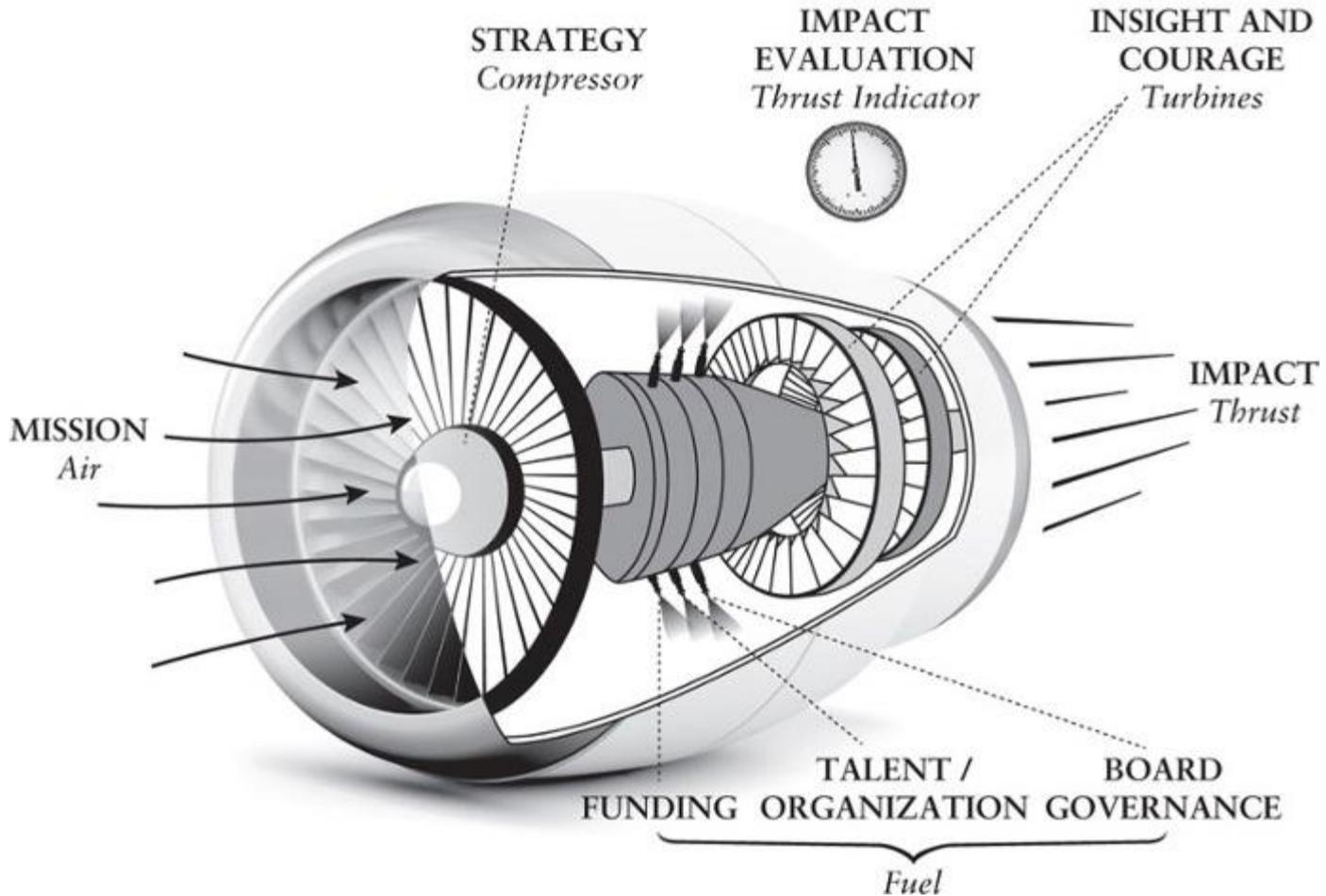
Talent & Leadership

Key Ingredients of Organizational Effectiveness

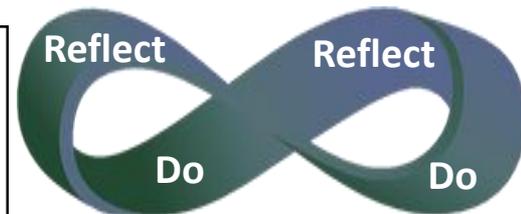
6 Traits of High-Impact Nonprofits

-
- 1. *Directly serve; and advocate for social and policy change*
 - 2. *Harness market forces and operate better than a business*
 - 3. *Convert individual supporters into evangelists for the cause*
 - 4. *Build and nurture nonprofit networks, investing in partners*
 - 5. *Adapt to the changing environment*
 - 6. *Share leadership, empowering others to be forces for good*

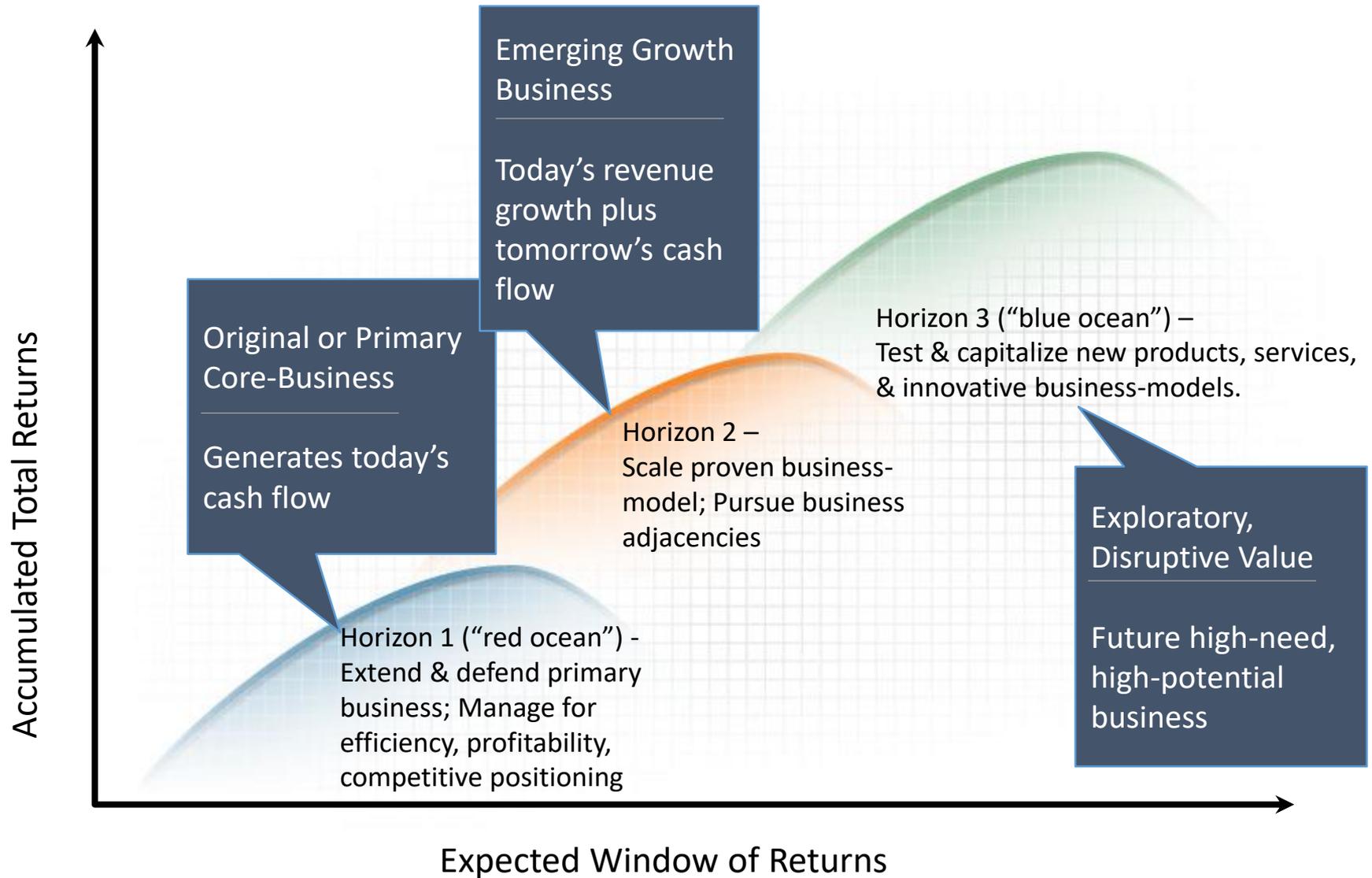
ENGINE OF IMPACT



Strategic Thinking (mission, strategy, impact evaluation, insight, & courage)
+ Strategic Management (funding, talent, organizing structure, governance)
= Strategic Leadership



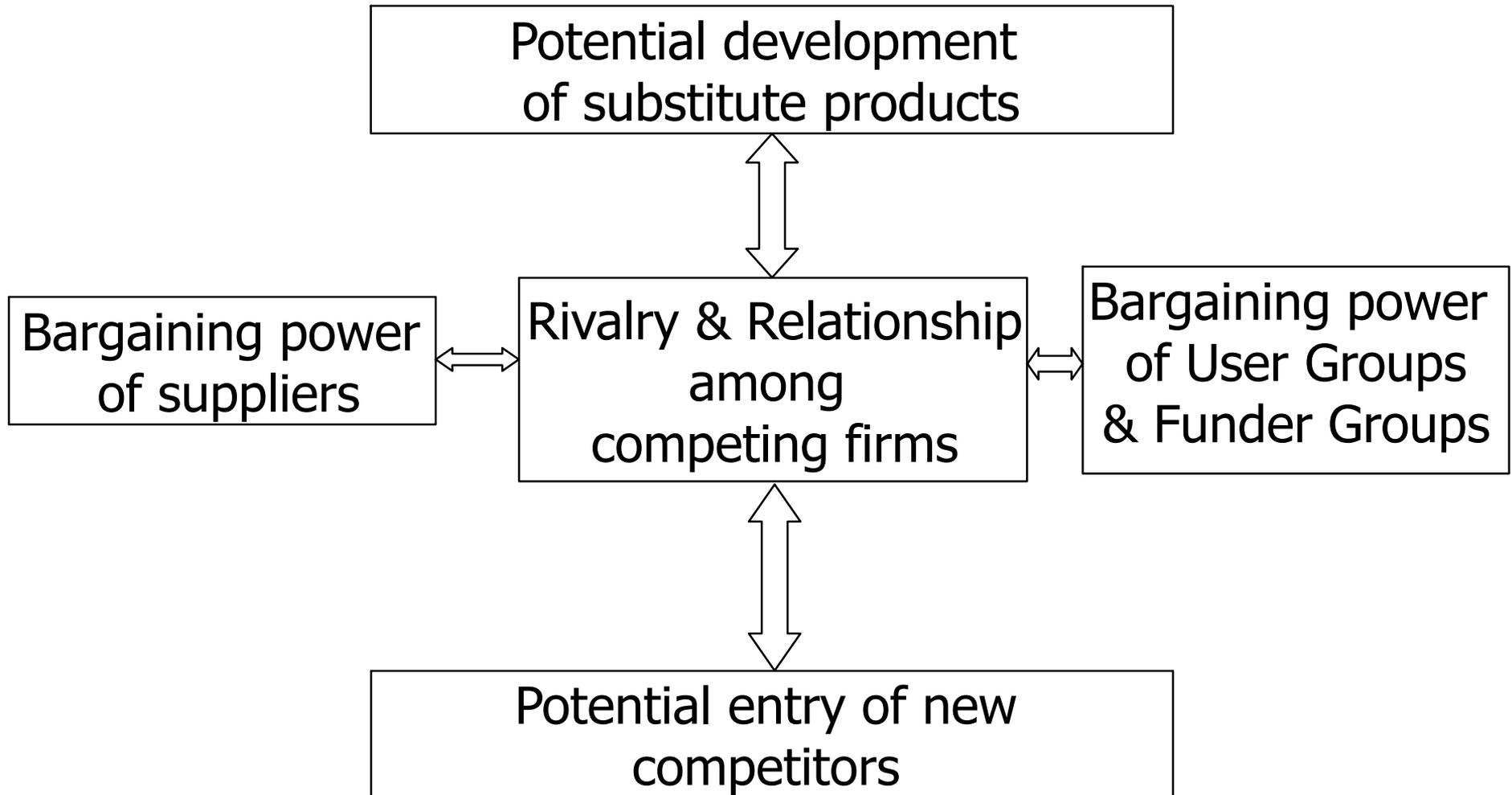
Growth Horizons



Basic Growth Strategies

	Current Products	New Products
Current Markets	1. Market-penetration strategy	3. Product-development strategy
New Markets	2. Market-development strategy	(Diversification strategy)

Strategy & the Five-Forces Model of Competition



“Red & Blue Ocean” Competitive Strategy Framework



Defend Current Position

- Compete in existing marketplace
- Beat the competition
- Exploit existing demand
- Make the value/cost trade-off
- Align the whole system of org activities with strategic choice of differentiation OR low cost



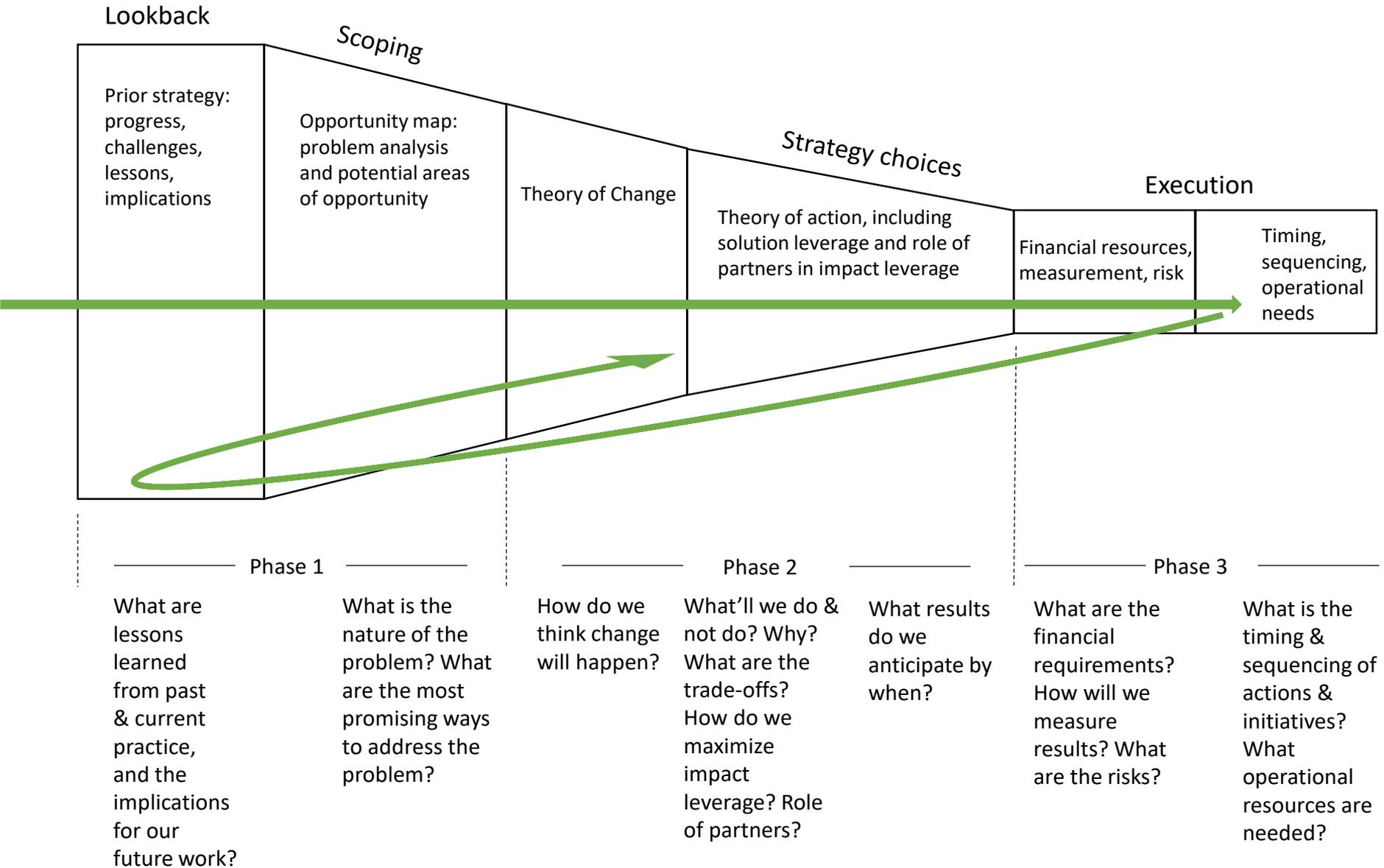
Innovate & Pursue New Opportunities

- Create uncontested market space
- Make the competition irrelevant
- Create and capture new demand
- Break the value/cost trade-off
- Align the whole system of org activities in pursuit of differentiation AND low cost

Threats to Relevancy & Sustainability of Robustness

<u>Threat</u>	<u>Protection</u>
<p>Imitation – the drive of competitors to replicate your successful business model</p>	<ol style="list-style-type: none"> 1. Long-term investment of inelastic consequences hard to replicate, including virtuous cycle reinforcement elements 2. Complexity and causal ambiguity
<p>Holdup – customers, suppliers, complementary orgs, or other industry participants capture value through their bargaining power</p>	<ol style="list-style-type: none"> 1. Governance of assets & activities – may be difficult with relationship-specific assets 2. Vertical integration and/or contracting can minimize the risk of holdup due to dependencies
<p>Slack – or organizational complacency</p>	<ol style="list-style-type: none"> 1. Right mix of incentives & monitoring
<p>Substitution – decreased value, as perceived by customers/payors, b/c of the presence of other similar product/org offerings</p>	<ol style="list-style-type: none"> 1. Competitive environment “sensors” 2. Business model plasticity (i.e. minimal non-core value proposition inelastic consequences)

Strategy Lifecycle



Some go/no-go advice for NPO M&As...

- Creates value (to mission, clients, communities, investors, balance-sheet, P&L, etc.)
- Adjacent market-spaces vs diversification strategy (core competencies and management bandwidth concerns)
- Acquisition of assets (financial, physical, talent/skill-sets, business-model innovation – e.g. platform vs pipeline – relational/social, political, risk-hedging capability, etc.)
- Cultural fit (opportunity cost concerns)
- Manageable barriers & risks

The Problem with *Impact*...

Impact implies...	The reality is...
Cause & effect	Open system
Positive, intended results	Unexpected positive & negative results occur
Focus on ultimate effects	Upstream effects are important
Credit goes to a single contributor	Multiple actors create results & need credit
Story ends when program obtains success	Change process never ends

Scaling Impact – scale up or out?

CFBSA organizational pathways

Expand integrated services
(hunger-relief & community health)

Leverage technology for
more mobile or
decentralized distributions

Drive efficient impact
through economy-of-scale
solutions

Incubate program
innovation

Partnership Network pathways

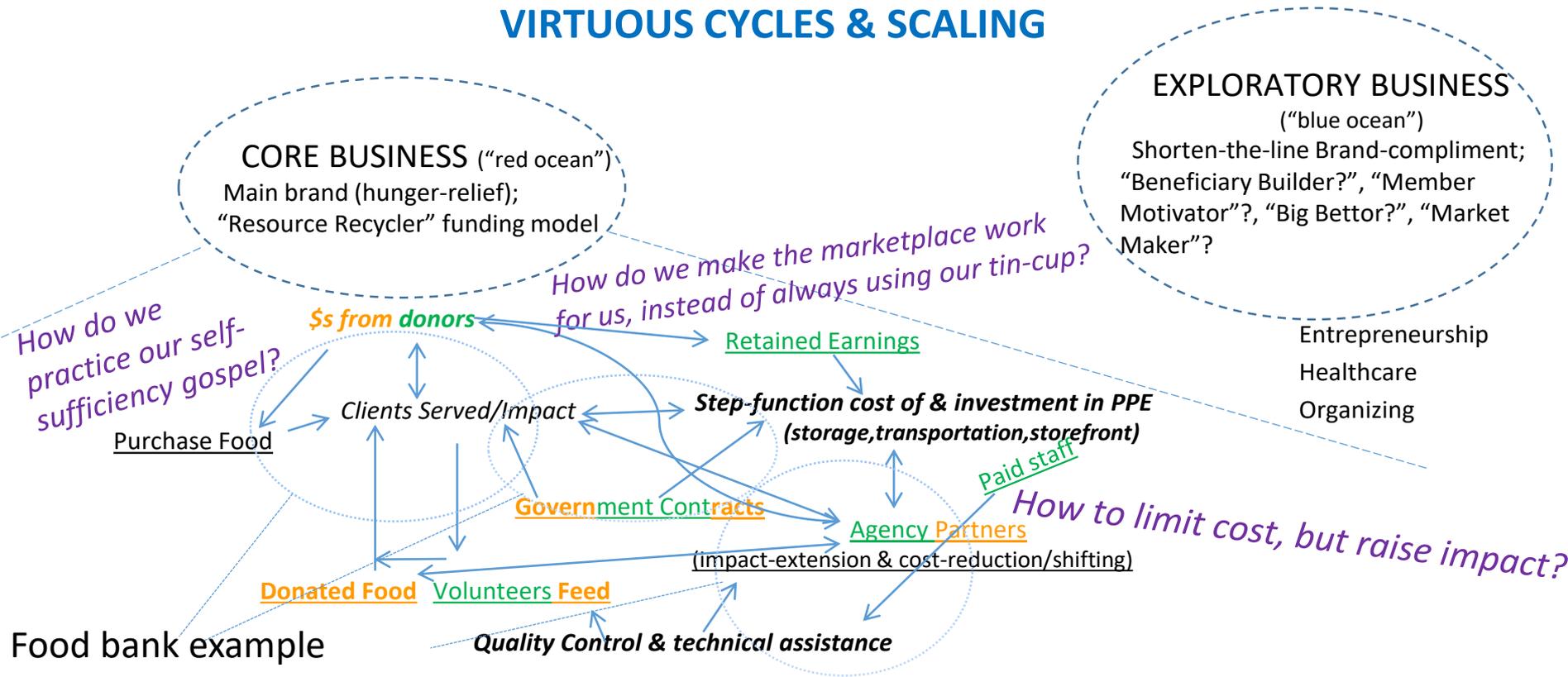
Continue to invest in
key partners

Continue to encourage both
hunger-relief and
diet-related health services

Be supportive of
food-related economic
development

Facilitate social
determinants of health
partnerships

VIRTUOUS CYCLES & SCALING



Core business model’s key constraint: Intensive capital need for PPE, combined with very little earned-revenues or debt-capital/financial leverage/quasi-equity investors. Exploratory business model’s key constraints: Intensive capital need for PPE, plus customers.

Core Solution: What can the marketplace (earned revenues; marketplace capital) subsidize in revenue and capital, rather than donors continuing to subsidize? Exploratory Solution: Share core-business assets, including PPE and key customer relationships.

Core Secret-sauce: Donated food. **Plus... The more we feed, the more they feed & fund – the virtuous cycle that increasing impact generates increasing support.** Exploratory Secret-sauce: Shared assets hedge business-launch risk and speed capitalization and profitability cycle. **Risk/return opportunity for CFBSA to invest (in the form of equity and/or debt-capital) in supply-chain of client-business & business-partner producers.**

Note: “Equity”-capital; debt-capital; “sales” revenue (inkind too). Choices underlined. *Elastic consequences* italicized. **Inelastic consequences** in bold italicized type.

Readiness-to-Scale Matrix

Scale-up
(i.e. "pipeline")?
Or scale-out
(i.e. "platform")?

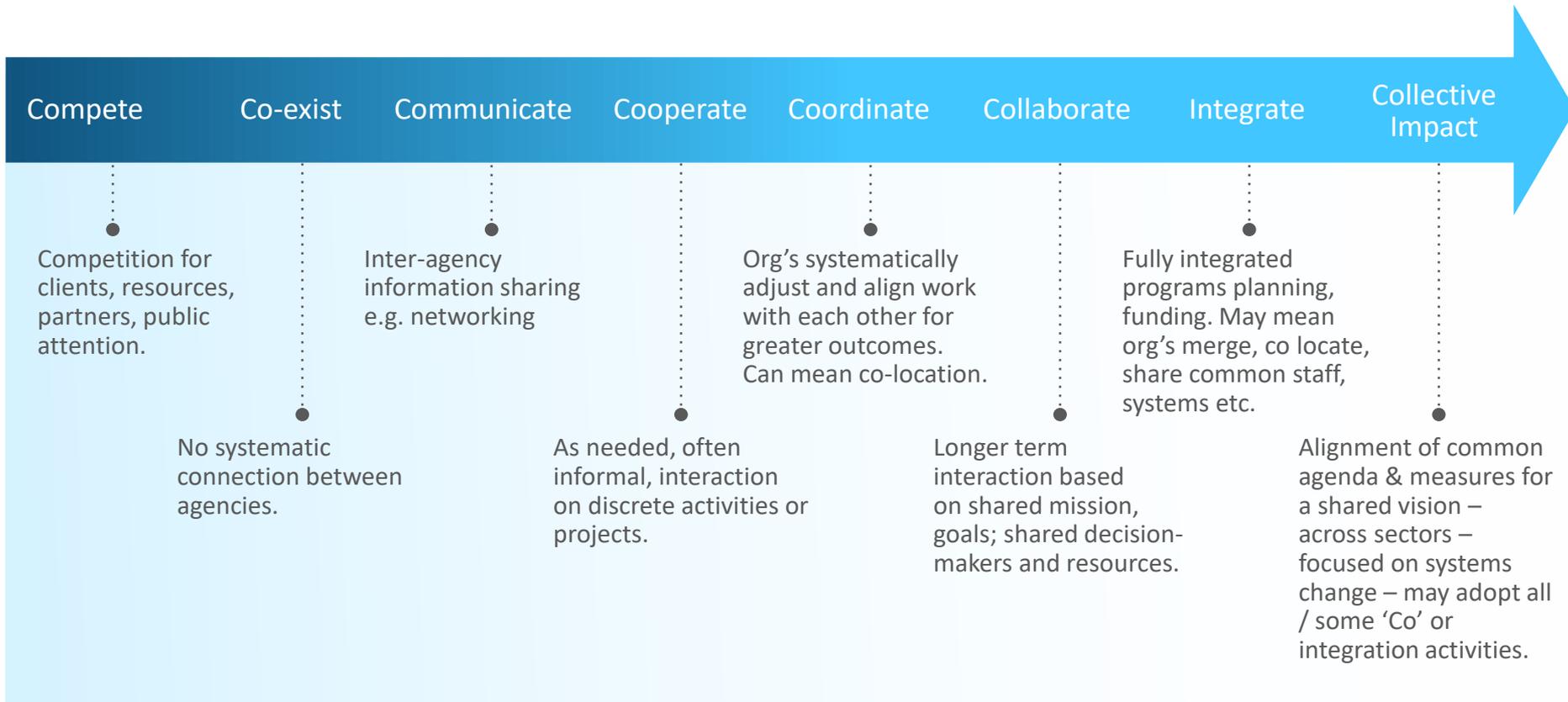


Building & Tuning Your Engine of Impact

Differentiated, value-added offering

Estimated % of NPOs
in each category

The Collaboration Continuum



Turf Trust

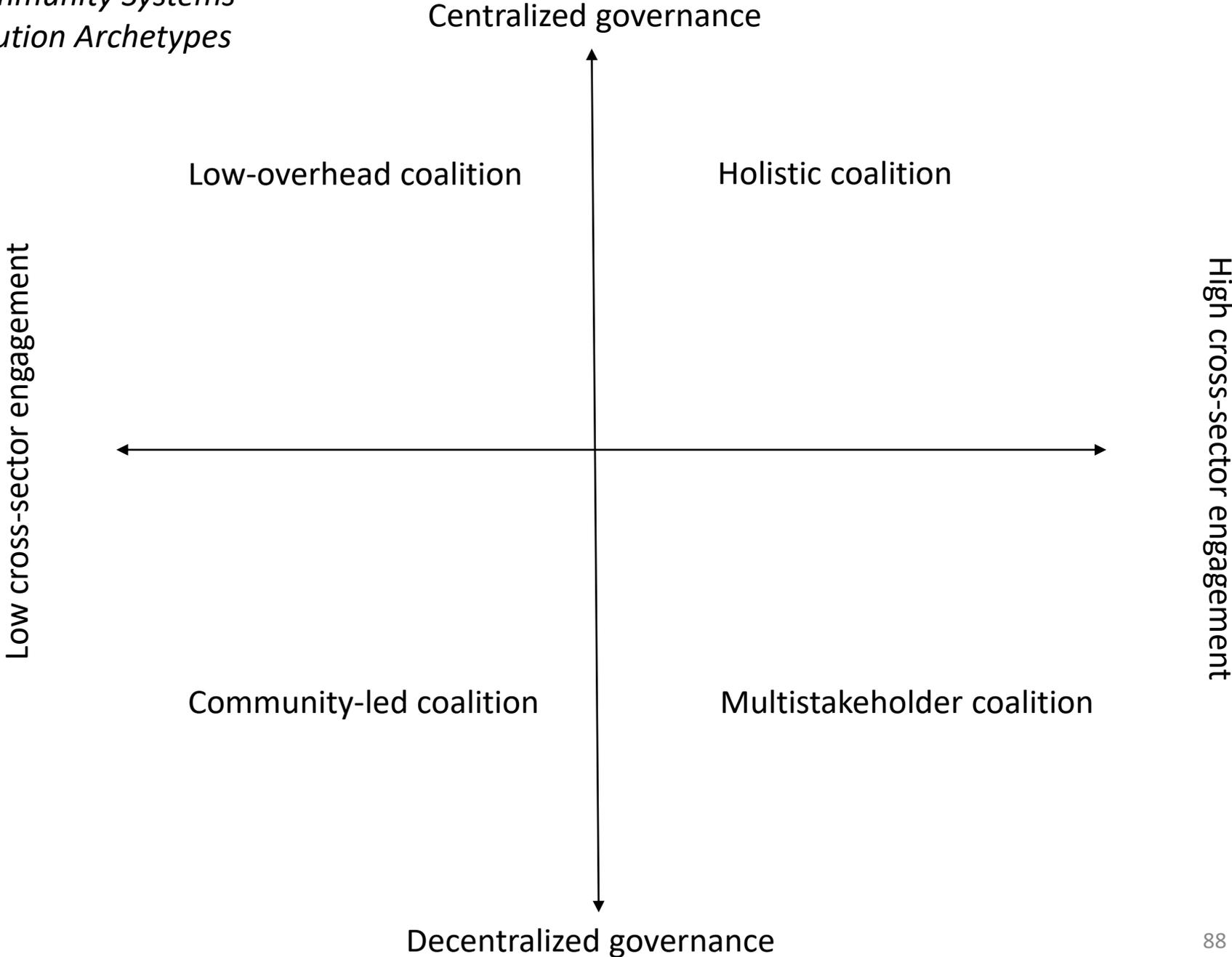


● COLLABORATION

● ALLIANCE

● STRATEGIC
RESTRUCTURING

*Community Systems
Solution Archetypes*



Four Types of Field-Building Intermediaries

TYPE	WHAT IT DOES	EXAMPLES
Field Catalyst	Deploys different capabilities, quietly influencing and augmenting the field's efforts to achieve population-level change	<ul style="list-style-type: none"> ■ Roll Back Malaria Partnership ■ Campaign for Tobacco-Free Kids ■ The National Campaign to Prevent Teen and Unplanned Pregnancy ■ Freedom to Marry ■ Community Solutions
Capability Specialist	Provides one supporting capability to the field	<ul style="list-style-type: none"> ■ Civitas Public Affairs ■ MDRC ■ NAACP Legal Defense and Education Fund
Evidence-Action Lab	Focuses on research and development, advising policy makers, and helping the field's practitioners learn, improve, and scale solutions	<ul style="list-style-type: none"> ■ Ariadne Labs ■ Character Lab ■ ChildObesity 180
Place-Based Backbone	Coordinates local and regional cross-sector stakeholders and supports them in collectively transforming a fragmented field	<ul style="list-style-type: none"> ■ Memphis Fast Forward ■ Chicago Jobs Council ■ StrivePartnership

The Bridgespan Group has identified four types of field-building intermediary organizations, but we are beginning to discover other types that overlap with one or more of these four, yet have their own distinct characteristics.

Early example of field catalyst: Southern Christian Leadership Conference in the Civil Rights Movements

Bridgespan's list of catalysts in 15 fields: Alliance for Green Revolution in Africa; Campaign for Tobacco-Free Kids; Community Solutions; Freedom to Marry; Global Alliance Vaccine Initiative; Global Polio Eradication Initiative; National Campaign to Prevent Teen Pregnancy; Roll Back Malaria; Center to Prevent Childhood Obesity; Coalition to Transform Advanced Care; Energy Efficiency for All; Generation Citizen; Healthy Food America; National Youth Employment Coalition; Share Our Strength (No Kid Hungry Campaign).

Ecosystem-influencer role possibilities...

Convener & catalyst

Learner, thought-leader, communicator

Advocate

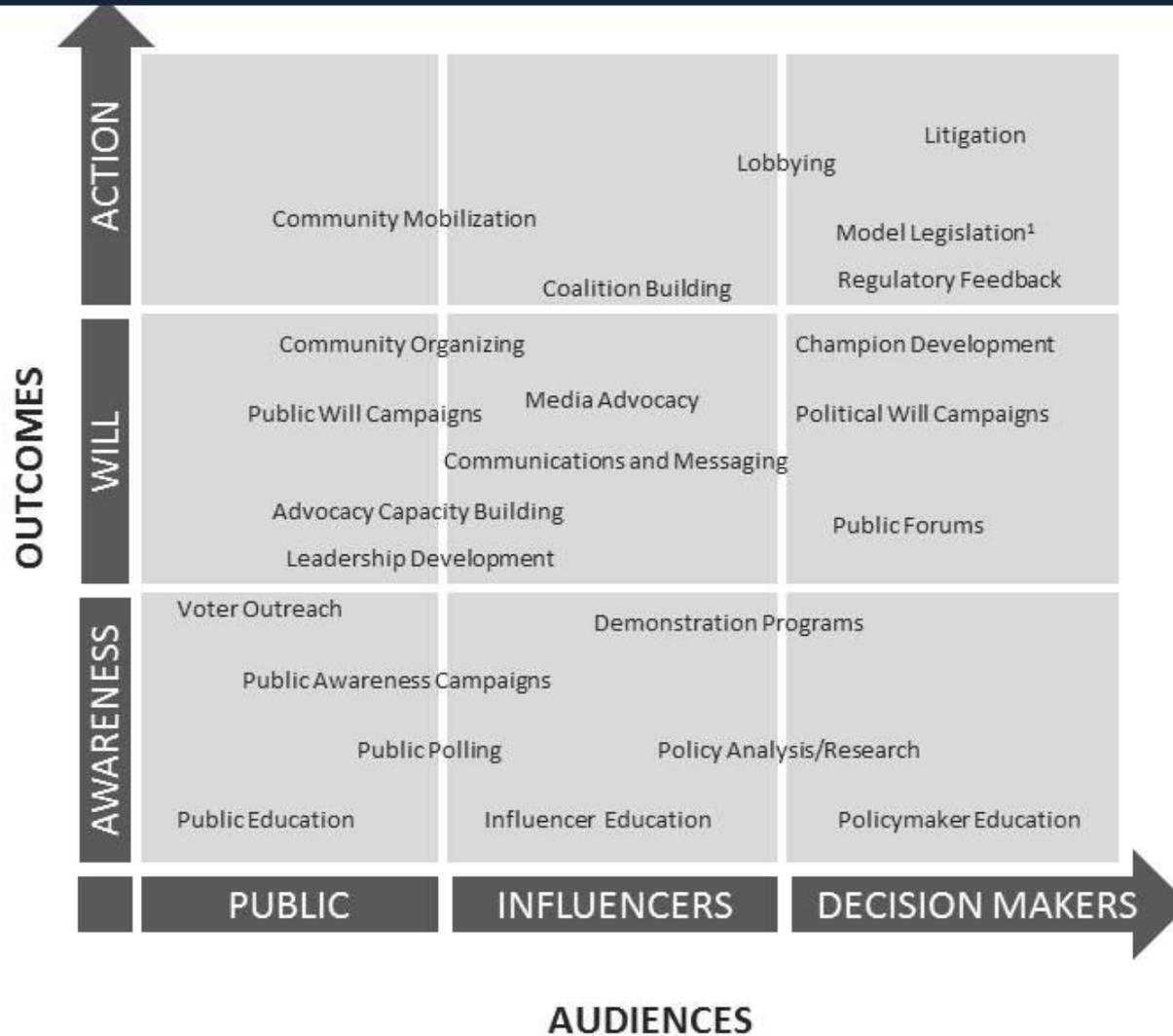
Fundraiser & funder

Ecosystem Builder & Solution scaler

Innovation incubator

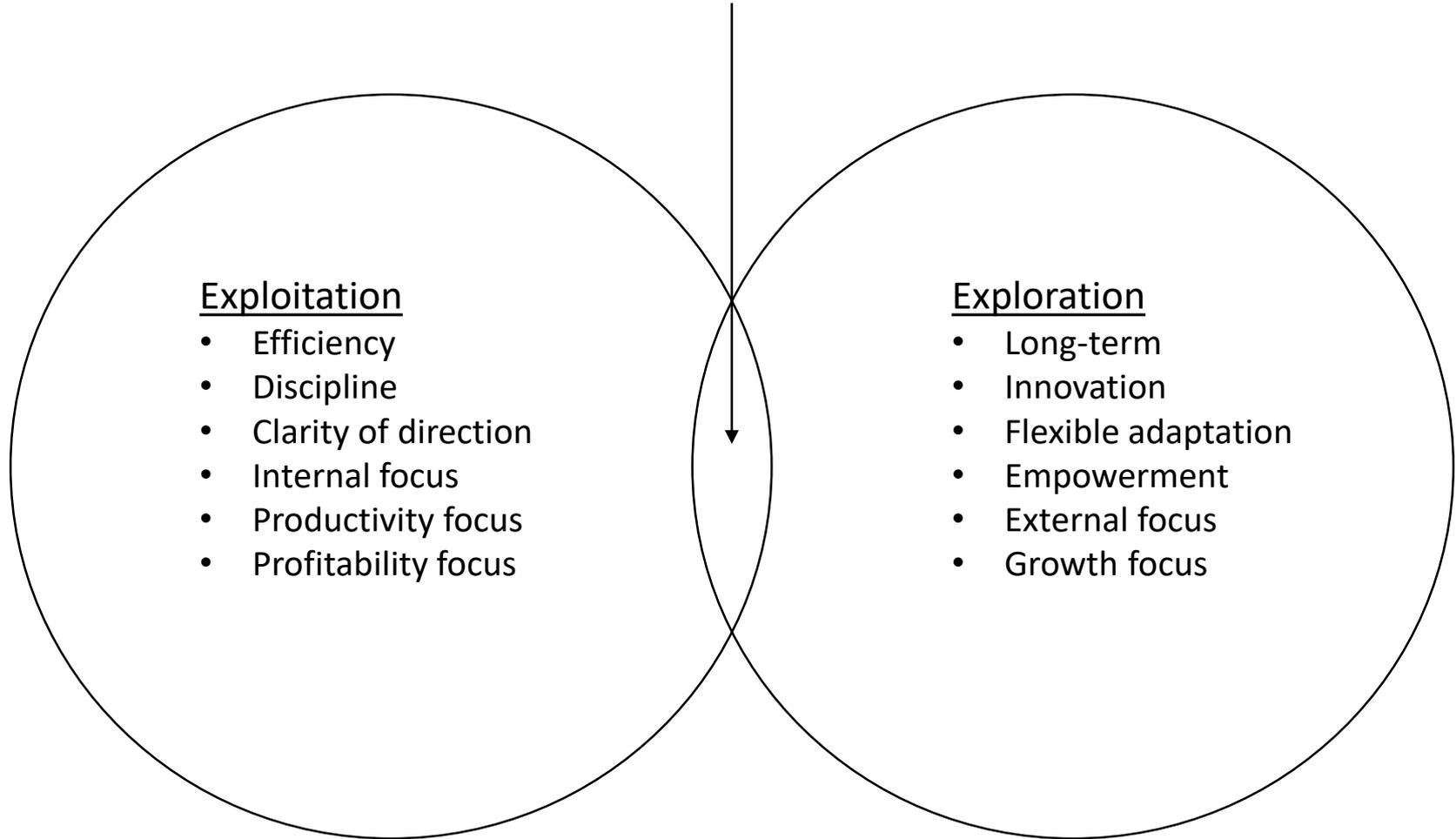
M & A broker

Where Do Your Strategies & Tactics Fall?



ADVOCACY

2% companies *excel* at Economy-of-Scale efficiency exploitation **and** Innovation exploration



Exploitation

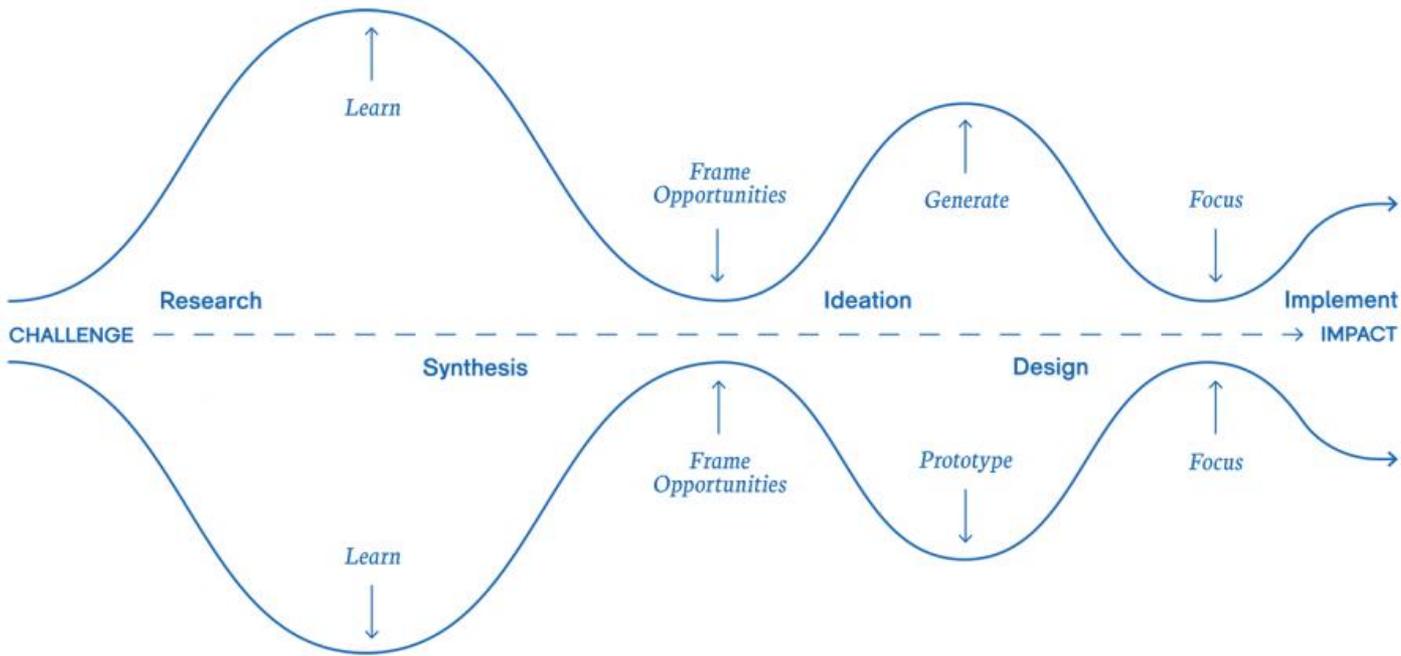
- Efficiency
- Discipline
- Clarity of direction
- Internal focus
- Productivity focus
- Profitability focus

Exploration

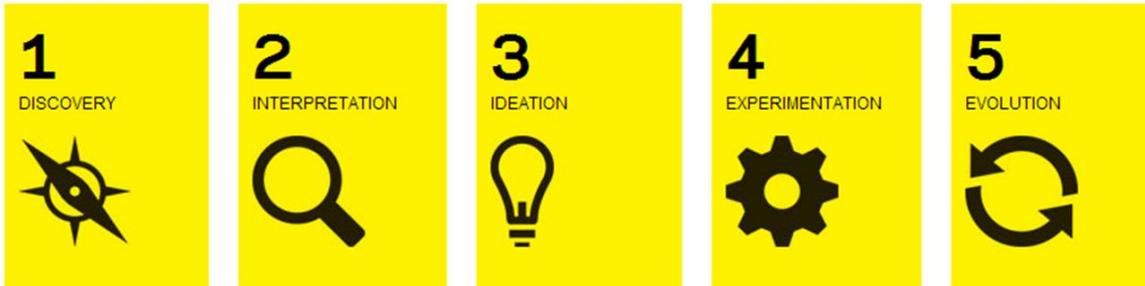
- Long-term
- Innovation
- Flexible adaptation
- Empowerment
- External focus
- Growth focus

B2B; B2C
platforms; pipelines

Innovation & Adaptation



The five phases of the design process:



I have a challenge.
How do I approach it?

I learned something.
How do I interpret it?

I see an opportunity.
What do I create?

I have an idea.
How do I build it?

I tried something.
How do I evolve it?

W.L. Gore – A Culture of Innovation
HBR 2012 case study, Jay Rao

Are You Robust Enough?

Different risk environments call for different approaches.

THESE STRUCTURAL FEATURES

HETEROGENEITY Diversity in people, ideas, innovations, and endeavors

MODULARITY Barriers or loose connections between components of the business system and between business systems

REDUNDANCY Duplication that creates buffering capacity in components of the business system

THESE MANAGERIAL LEVERS

EXPECT SURPRISE, BUT REDUCE UNCERTAINTY Collect signals, detect patterns of change, imagine plausible outcomes, and take precautionary action

CREATE FEEDBACK LOOPS AND ADAPTIVE MECHANISMS Monitor change, promote variation, experiment, amplify innovations, and iterate rapidly

FOSTER TRUST AND RECIPROCITY Act in ways that benefit other participants in the overall system, and establish mechanisms that ensure reciprocity

ADDRESS THESE THREATS TO THE FIRM

COLLAPSE RISK: Change from within or outside the industry renders the firm's business model obsolete

CONTAGION RISK: Shocks in one part of the economy or business ecosystem spread rapidly to other parts

FAT-TAIL RISK: Rare but large shocks, such as natural disasters, terrorism, and political turmoil

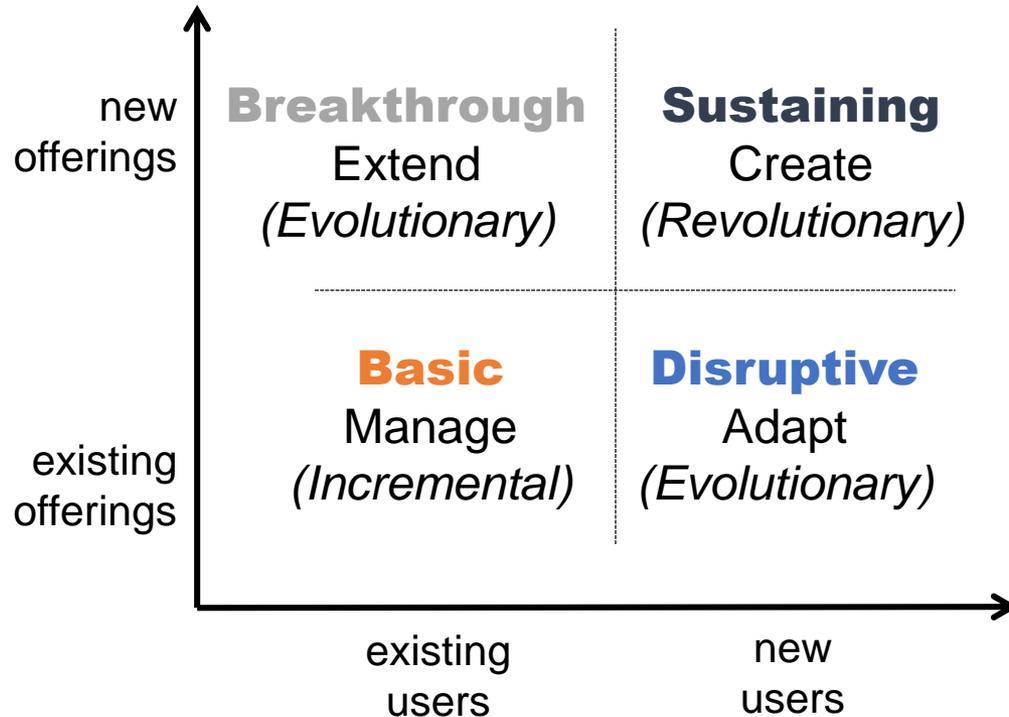
ADDRESS THESE THREATS TO THE FIRM

DISCONTINUITY RISK: The business environment evolves abruptly in ways that are difficult to predict

OBSOLESCENCE RISK: The firm fails to adapt to changing consumer needs, competitive innovations, or altered circumstances

REJECTION RISK: Participants in the business ecosystem reject the firm as a partner

Innovation

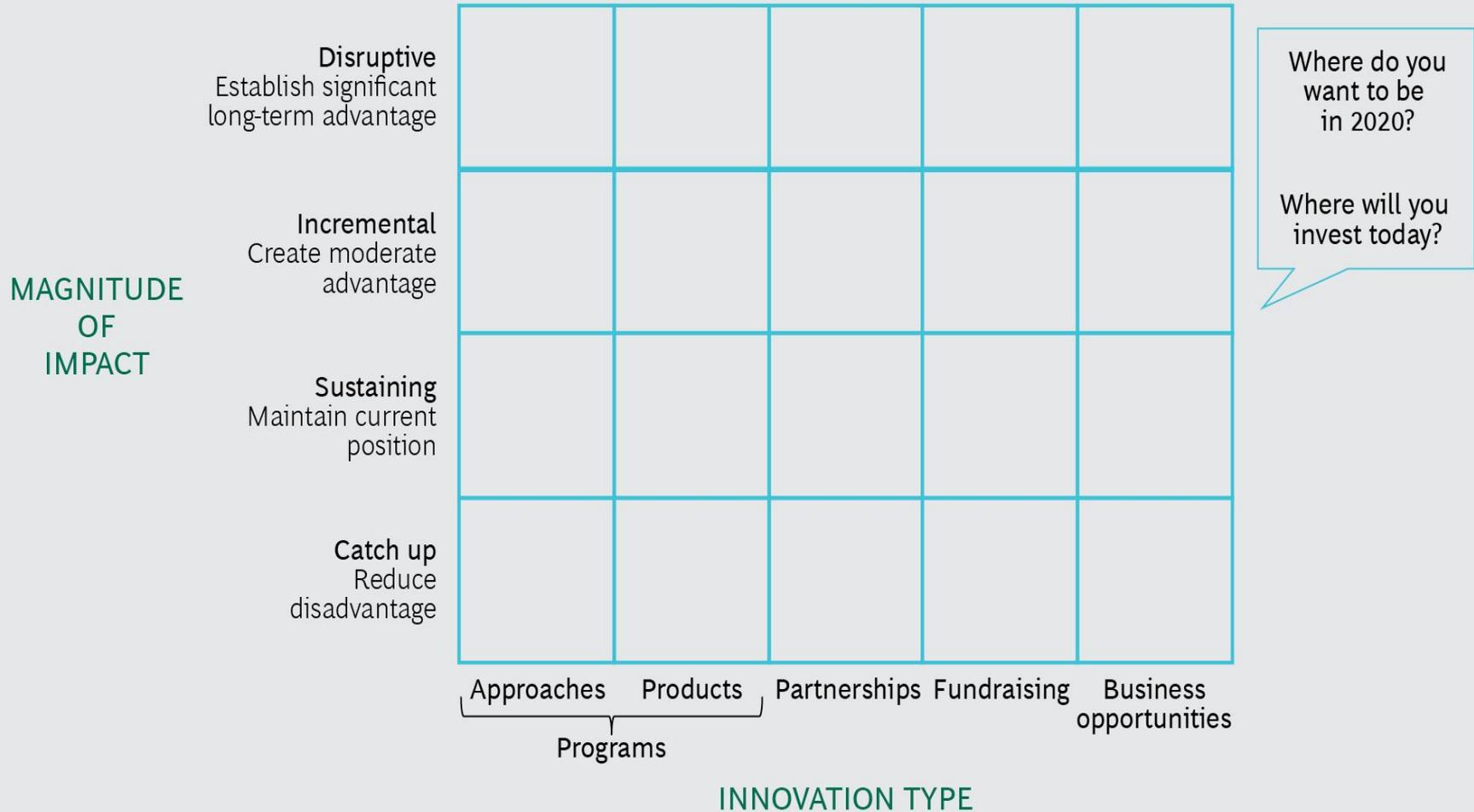


Types of innovation:

- Technology & products
- Solutions
- Processes
- Tools
- Business-models (e.g. “pipelines vs. platforms”)
- Governance or organizing philosophy

“If I had 20 days to solve a problem, I would spend 19 days to define it.” – Albert Einstein

Determine the Types of Innovation to Pursue and the Level of Impact Desired



Source: BCG analysis.

Exit strategy – to transition out of a program or to plan the end-game of a launch

Open source

Replication

Government
adoption

Commercial
adoption

Mission
achievement

Sustained
service

Organizational transformation & change management in the pursuit of value-creation

Quest	Enablers	Blockers
<p>Scaling – either geographically and/or breadth/depth</p>	<ul style="list-style-type: none"> Rewiring systems & networks to leverage capabilities, knowledge, & ideas from inside/outside org boundaries Preserving org principles while remaining flexible on practices Using diversity as source of competitive advantage 	<ul style="list-style-type: none"> Acquiring weak programs & partners in haste to expand footprint Honoring the dominant aspects of org culture while paying lip service to other aspects Failing to integrate talent across silos
<p>Customer Focus – provide tailored solutions to user problems by reconfiguring the customer experience</p>	<ul style="list-style-type: none"> Organizing, equipping, training, & rewarding the workforce to better understand & solve customer needs Redefining relationships with vendors, intermediaries, & partners Reframing customer relations to learn rather than simply to transact 	<ul style="list-style-type: none"> Failing to reshape an entrenched org culture of transaction & entitlement Continuing to depend on intermediaries & partners to innovate, add-value, challenge status quo Not coordinating front- and back-office units to deliver seamless solutions
<p>Innovation – tap multiple sources of R&D ideas, approaches, & partners</p>	<ul style="list-style-type: none"> Navigating the full innovation spectrum, from value chain partners to competitors to lead users & crowdsourcing Collaborating to convert new ideas into tangible innovation Articulating innovation needs clearly & creating win-win outcomes with partners 	<ul style="list-style-type: none"> Relying too much on one or two parts of the innovation spectrum Resorting to rigid contracts with innovation partners Lacking oversight that ensures frugal investment
<p>Nimbleness – become more strategically, operationally, & culturally agile by reconfiguring business processes</p>	<ul style="list-style-type: none"> Developing the capability to detect & respond to major changes in the environment Leveraging diversity to realize opportunities Learning to prototype rapidly & institutionalizing what works 	<ul style="list-style-type: none"> Allowing blind spots to produce an incomplete picture Responding too slowly because of red tape Taking too long to cut your losses when something doesn't work
<p>Sustainability – become long-term viable & robust across all dimensions</p>	<ul style="list-style-type: none"> Engaging all stakeholders in sustainability initiatives (whether financial, socio-political, human, environmental, or mission-impact capital) Communicating top-team commitment to sustainability 	<ul style="list-style-type: none"> Undermeasuring or reporting sustainability initiative progress Failing to balance efficiency and long-term sustainability goals

Measuring Success

Measured Approach – TEGV
Assesses its Performance
HBR 2014 case study, Nathalie Laidler-Kylander

S.M.A.R.T. Framework – for goal setting

S

Strategic

M

Measurable

A

Attainable

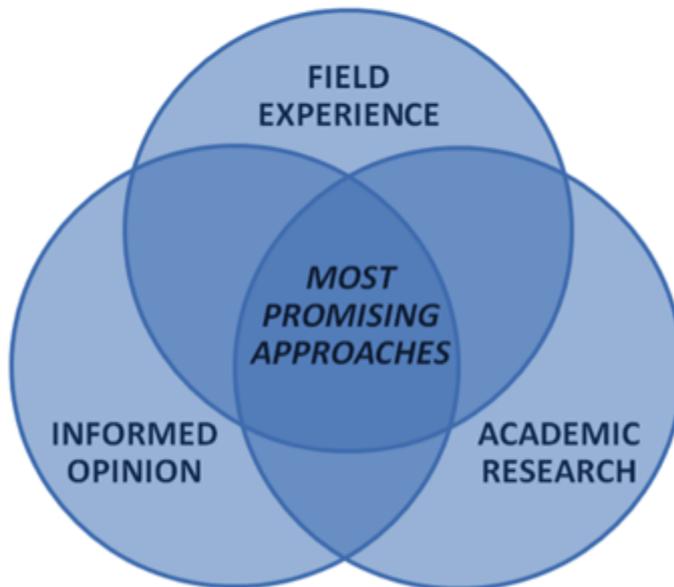
R

Realistic

T

Time-bound

Sources of Information



FIELD EXPERIENCE

- Practitioner and beneficiary insights
- Performance assessments
- In-depth case studies

INFORMED OPINION

- Stakeholder input
- Expert opinion
- Policy analyses

ACADEMIC RESEARCH

- Randomized controlled trials and quasi-experimental studies
- Modeled analyses (e.g., cost-effectiveness)

Theory of Change template

DOMAINS OF STRATEGIC PRACTICE

Because of our efforts & success...

Problem Statement: what is the fundamental problem we're trying to solve, including any of its root-causes?

Domain 1:

Domain 2:

Domain 3:

Expected Outcomes (short-term & mid-term)

Desired Impact (long-term)

Opportunity Areas for Problem-Solving

Interventions,Activities,Outputs

Interventions,Activities,Outputs

Interventions,Activities,Outputs

Area 1:

Area 2:

Area 3:

Area 4:

Observable changes in constituents' lives & community life.

4 dimensions of change: individual, relationships, institutional, societal.

The overarching, long-term improvement we want to see in the world, akin to a vision statement.

PROPOSED SERVICES & PROGRAMS – THOSE WE DIRECTLY PROVIDE, THOSE WE INDIRECTLY PROVIDE THROUGH PARTNERSHIPS, AND THOSE FOR WHICH WE CATALYZE SOCIAL & POLITICAL WILL/ACTION.

Foundational Imperatives: Bullet-list key success factors that will ensure mission-success , Theory of Change success, strategic success, business success, influence success, and people/stakeholder success. Includes key business & operational non-negotiables.



**COMMUNITY
FOOD BANK**
OF SOUTHERN ARIZONA

Organizational Health

Underlying conditions that allow CFB to do its work well

Mission-Oriented Capacity

		Target	FY17 Q3	FY16 Q3	Var. (Qrt.)	FY17 YTD	FY16 YTD	Var. (FYTD)
Financial Capacity	Days Cash (or non-food assets/ex							
	Training Hours per Staff							
Staff Health and Development	Staff Turnover							
	Com. Representation							

Stewardship

		Target	FY17 Q3	FY16 Q3	Var. (Qrt.)	FY17 YTD	FY16 YTD	Var. (FYTD)
Operational Efficiency	Op. Cost per Pound Delivered							
Administrative Efficiency	Admin. Expense Growth							
Fundraising Efficiency	Cost to Raise a Dollar							

Community Support

		Target	FY17 Q3	FY16 Q3	Var. (Qrt.)	FY17 YTD	FY16 YTD	Var. (FYTD)
Donor Support	Donors per 1,000 Pop.							
	Fundraising Dollars							
Volunteer Support	Vol. Hours per 1,000 Pop.							
Partners and Social Capital	(Unmeasured)							

Notes:



Programs and Services

CFB's mission represented through its service

Health and Food

		Target	FY17 Q3	FY16 Q3	Var. (Qrt.)	FY17 YTD	FY16 YTD	Var. (FYTD)
Efficiency	Cost per Meal Delivered							
	Meals per Person in Need							
Impact	Percent F2E							
	County Equity Ratio							
Accessibility								

Community Education

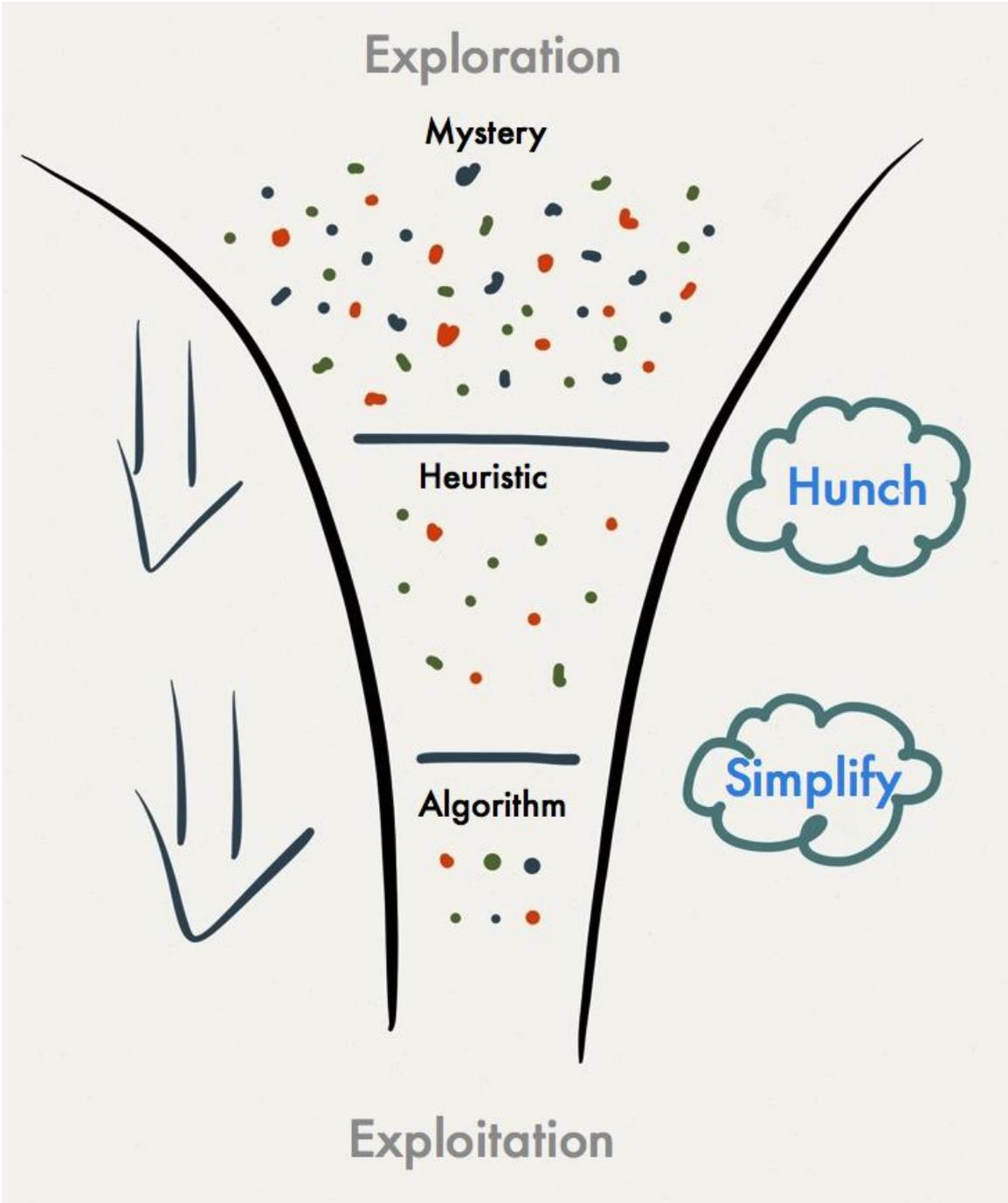
		Target	FY17 Q3	FY16 Q3	Var. (Qrt.)	FY17 YTD	FY16 YTD	Var. (FYTD)
Efficiency	Cost per Student Hour							
	Student Hours							
Impact	Learning Assessment Average							
Accessibility								

Community Development

		Target	FY17 Q3	FY16 Q3	Var. (Qrt.)	FY17 YTD	FY16 YTD	Var. (FYTD)
Efficiency	Cost per Dollar Output							
	Dollars Invested							
Impact	Social Capital Dev. Index							
Accessibility								

Common Commitments

		Target	FY17 Q3	FY16 Q3	Var. (Qrt.)	FY17 YTD	FY16 YTD	Var. (FYTD)
Efficiency								
	Advocacy Index							
Impact								
	Spanish Language Index							
Accessibility								

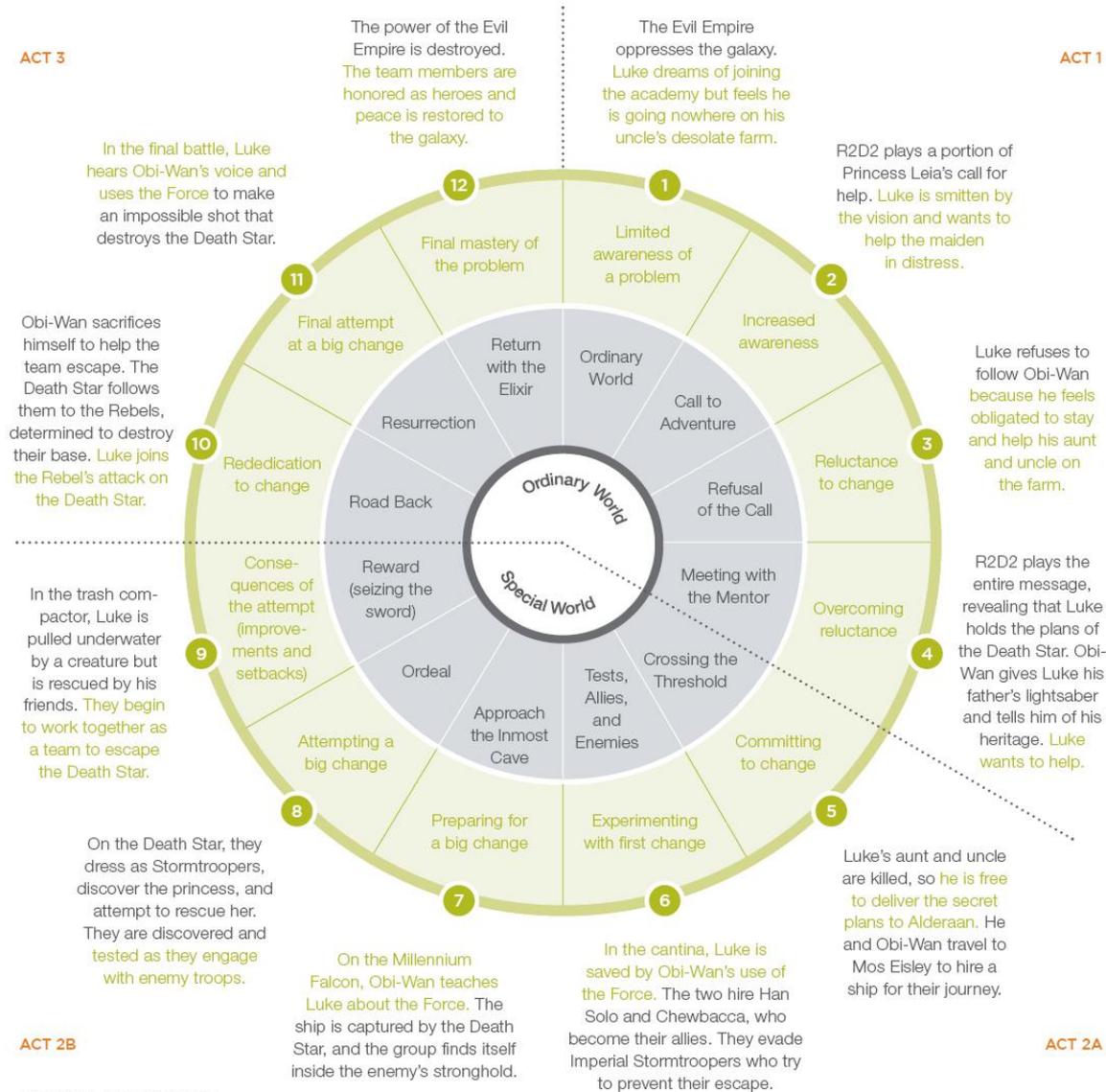


Governance, Voice, Power

"The extraordinary accumulation of philanthropic resources in the last thirty years and the steadily growing power of nonprofit institutions have not been matched by an expansion of our moral imagination. Huge donations from the titans of technology and finance have not produced any great new institutions (comparable to the modern research university) or initiatives (like the anti-slavery movement) that would make the world more just. Rather, they have served primarily to burnish the public reputations of donors, to promote market triumphalism, and to remove regulations that historically limited the public influence of private wealth."

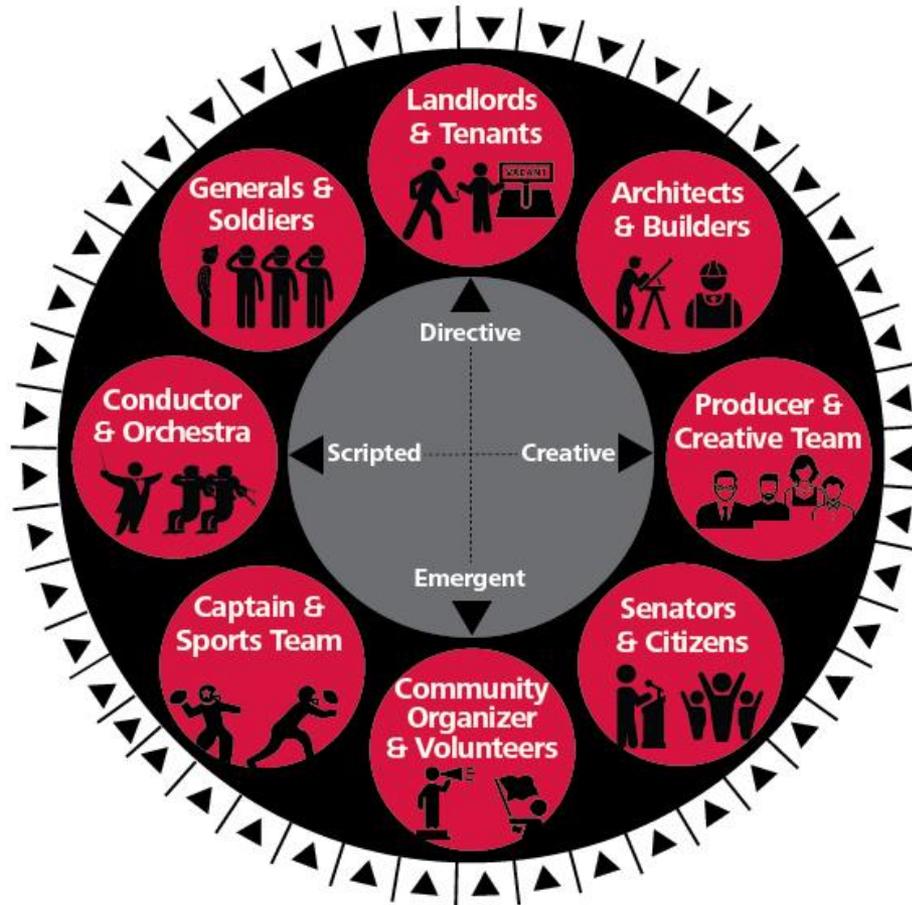
- Peter Dobkin Hall in *Philanthropy & the Democratic Dilemma*

The Hero's Journey



gray text = inner journey
 green text = outer journey (character transformation)

Factoid: when George Lucas came across Joseph Campbell's work, he modified *Star Wars, Episode IV* to map more closely to this model.



Graphic: Deloitte University Press | DUPress.com

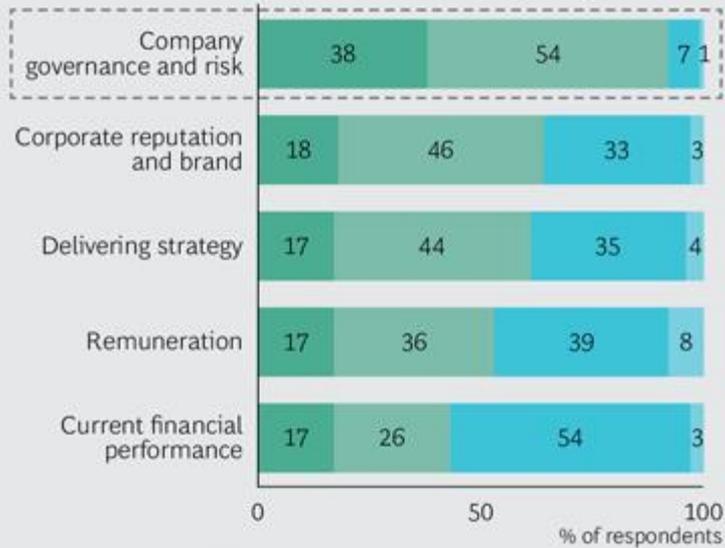
What's the Problem with Board Leadership?

Traditional	Diagnosis	<i>Problem of performance</i>
	Response	Codify board's role, clarify tasks.
	Objective	Do the work better.
Reframed	Diagnosis	<i>Problem of purpose</i>
	Response	Enrich the job, engage the board.
	Objective	Do better work.

EXHIBIT 2 | Board Time Is Devoted to Compliance and Risk at the Expense of Strategy

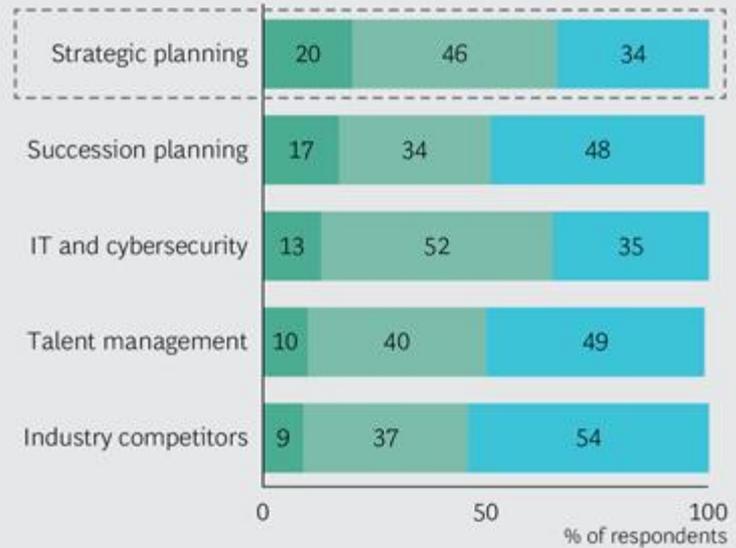
BOARDS ARE FOCUSING ON COMPLIANCE AND RISK...

Time and focus devoted to these issues compared with three to five years ago



...BUT WANT TO FOCUS MORE ON STRATEGIC ISSUES

Time and focus that should be devoted to these issues



■ Much more
 ■ More
 ■ No change
 ■ Less

Sources: Harvey Nash Board Survey, 2014–2015; PwC Annual Corporate Directors Survey, 2015.

Three Modes of Governing

Fiduciary Governance

- Legal responsibilities of oversight & stewardship

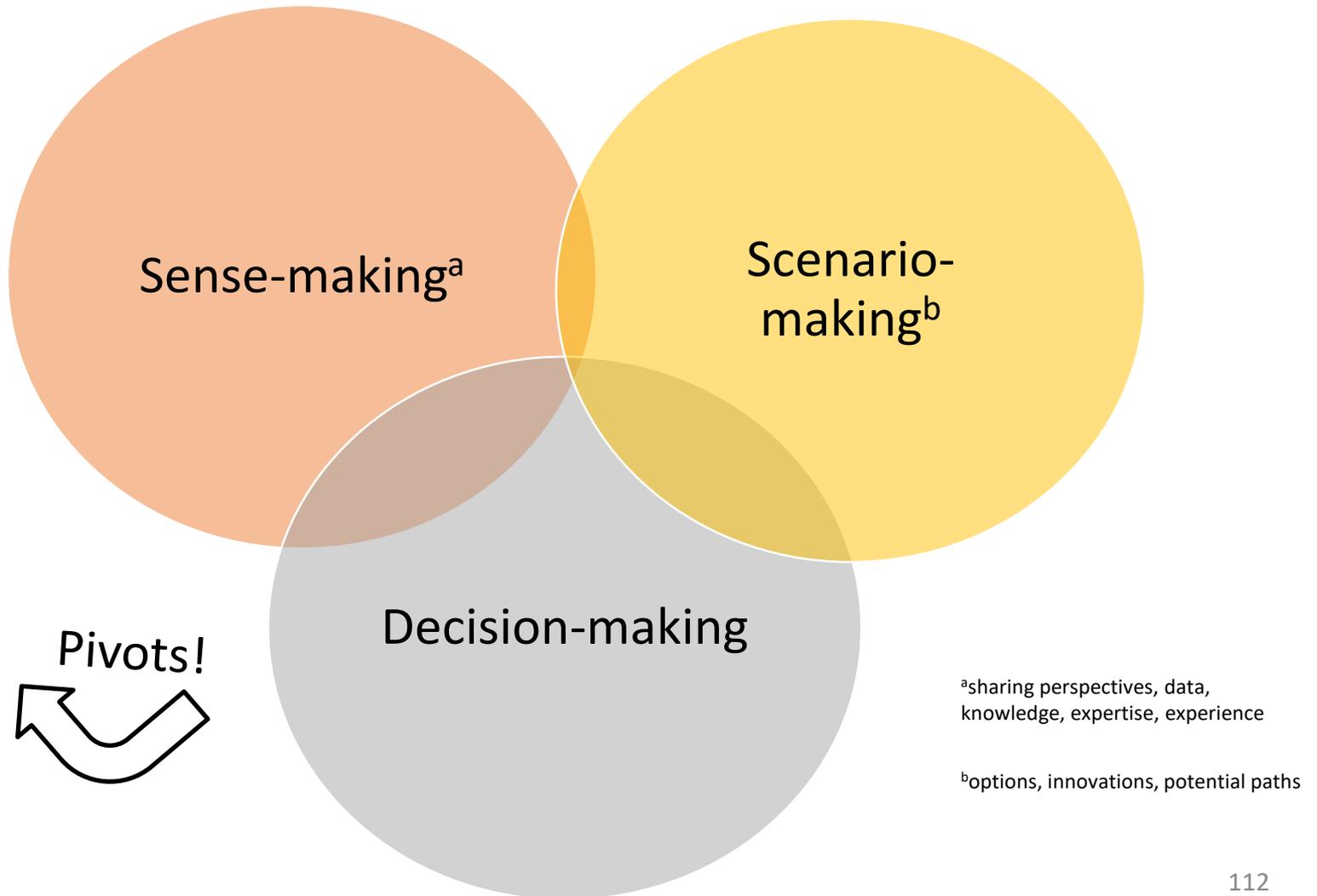
Strategic Governance

- Major decisions about resources, programs, services

Generative Governance

- Deeper inquiry, exploring root causes, values, optional courses and new ideas

Governance as Co-Creating, Strategic Leadership



	Generative	Strategic	Fiduciary
Board's purpose	Source of leadership for organization	Strategic partnership w/ management	Stewardship of tangible assets
Role	Sense maker	Strategist	Steward
Core work	Find and frame challenges, reconcile values and choices	Scan environment, shape strategy, create comparative advantage	Set mission, oversee operations, deploy resources, ensure compliance
Conducive process	Inclusive conversations	Task forces, ad hoc work groups	Standing committees
Power base	Ideas, insights	Technical expertise	Legal authority

Governance (Boards) & Accountability

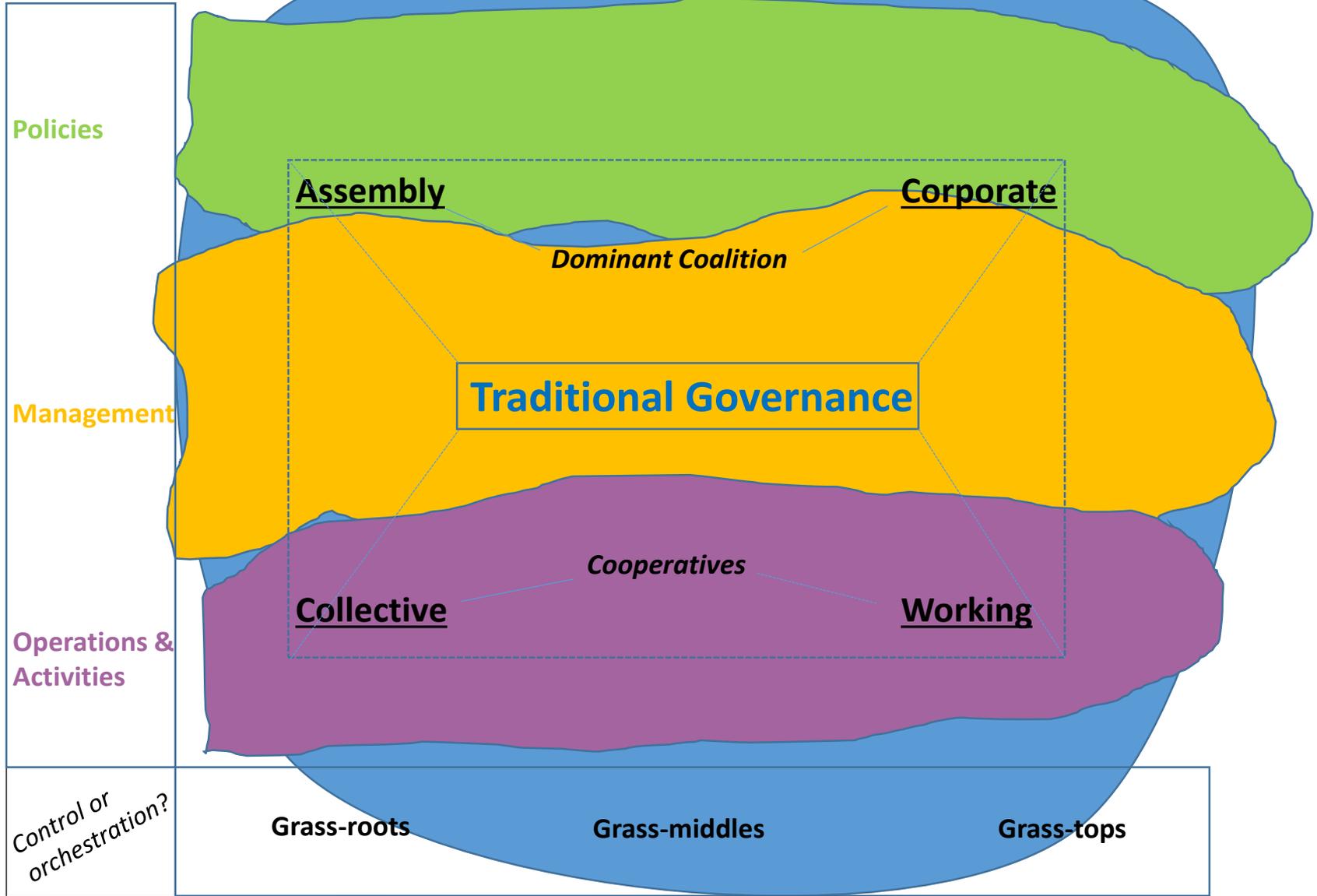
Dimension	Centralized Power & Accountability	Distributed Power & Accountability
Identity & theme	Corporate Agent – stewardship	Community Stakeholder – democracy
Approach	Systems-control	Process-relational
Structure	Principals/Agent	Organizational stakeholders & societal members
Process	Monitoring	Negotiation
Mission appropriateness	For transactional purpose & services; symptoms microsystem focus	For transformative purpose; root-cause macrosystem-focus

Coule (2015), McDonald (2021)

In spaces of institutional power, whose voices are centered & prioritized in our decision-making?

- Organizational elites removed from the front-line?
- Donors/Funders?
- Media (brand-risk fear of “being on the front-page” of the paper)?

Impact – deployment of strategy



Influence – engagement of stakeholders

“Ultimately, our effectiveness might depend more upon our exercising our non-jurisdictional power, than our control of resources at hand.” – J.Gardner

Status quo institutional
political system & org structure

Us

*Org elites' forms of resistance
to status quo include firewalling
their emotional vulnerability, being
emotionally detached,
and delegating the emotional labor
& repressive actions to
subordinates*

Saviors

The powerful,
privileged
& advantaged.

Surveillance

Stuckness

*Who are we institutional elites
repressing and oppressing, perpetuating
our institutions' propensity for
intersectional oppression and structural
violence*?*

Stuckness

* an avoidable
impairment of
human needs by
institutions

Scapegoats

The marginalized,
disadvantaged & oppressed,
experiencing structural violence.

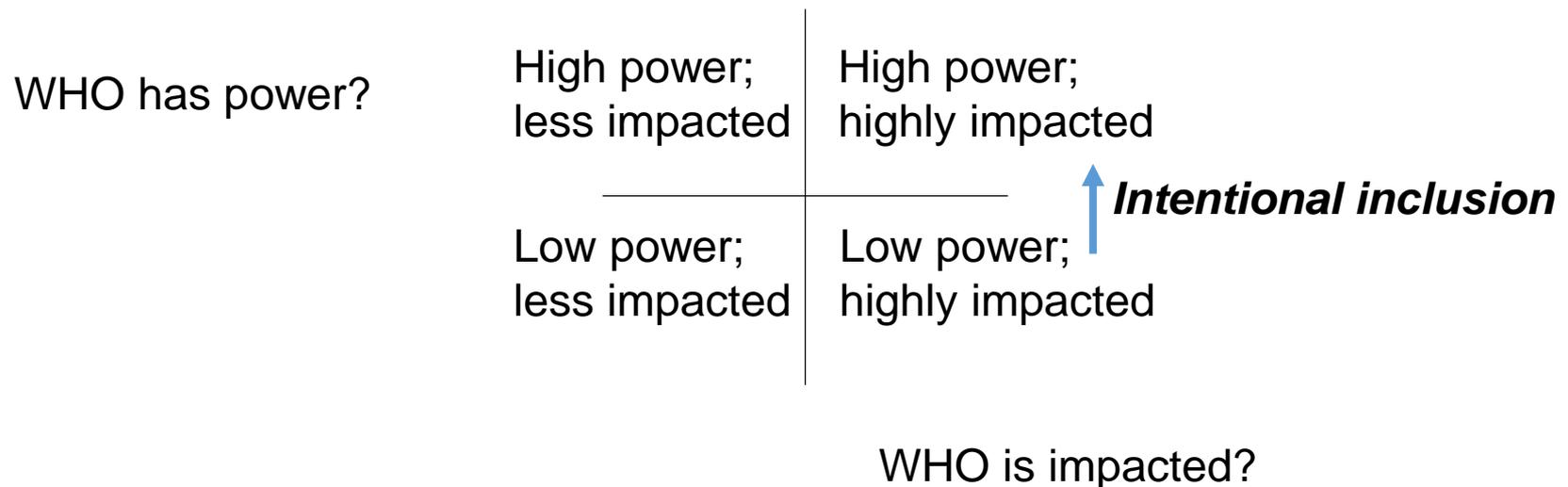
Forms of resistance to status quo include cynical "misbehavior."

- Johan Galtung bell hooks

Them

Advancing Inclusion & Equity

Animating Generative Energy



For the sake of a shared vision of the future, and a vision of a shared future.

Giving Power Away...

...to the lowest appropriate level

To the **resident**,
when something can be done individually and which mainly has an individual benefit

To the **frontline professional**
when they are responsible for delivering services or acting on behalf of an individual

To **local groups**
when a group wants to take action that will have wider benefits

To the **community**
when decisions need to be made collectively and locally

To a **local democratic institution** to take action at a higher collective or specialist level

Nationally
where there can only be one 'provider', facilitator or enabler

Community Engagement Continuum

Transactional

“Community Investment”

E.g. Public “report cards”
Information/training sessions
Awareness Campaigns
Social Media

Communication: One-way to the community

Sample Metrics: # of people reached

Transitional

“Community Involvement”

E.g. Community Advisory
Community calls to action
Social Media

Communication: Two-way

Sample Metrics: # of activities to involve members

Transformational

“Community Integration”

E.g. Issue specific workgroups
Joint decision-making, Co-creation
& co-ownership of outcomes

Communication: Multi-dimensional
& peer-to-peer in the community

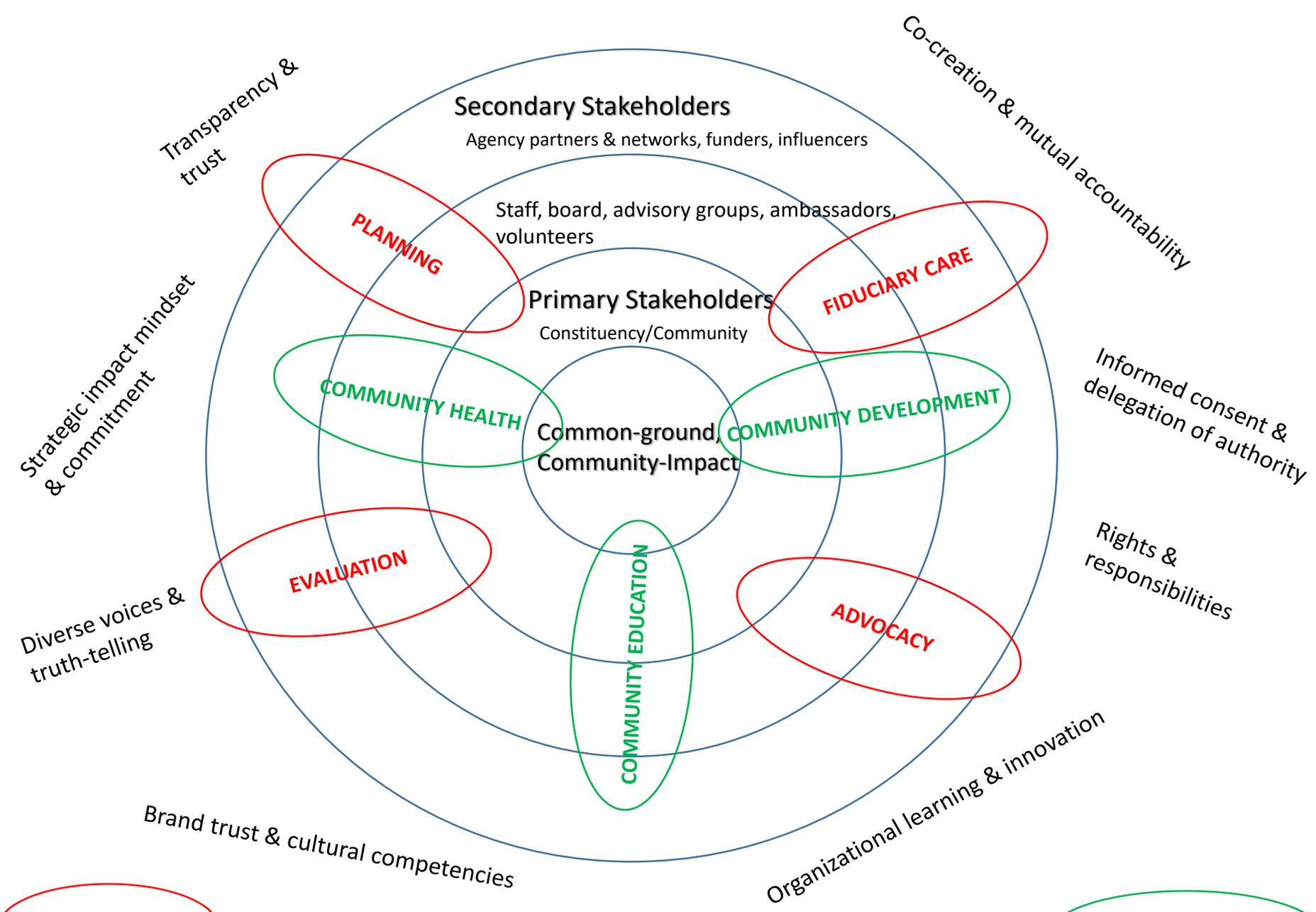
Sample Metrics: # of community projects completed

Ease of measurement

People Involved

Depth of Engagement

Active Engagement

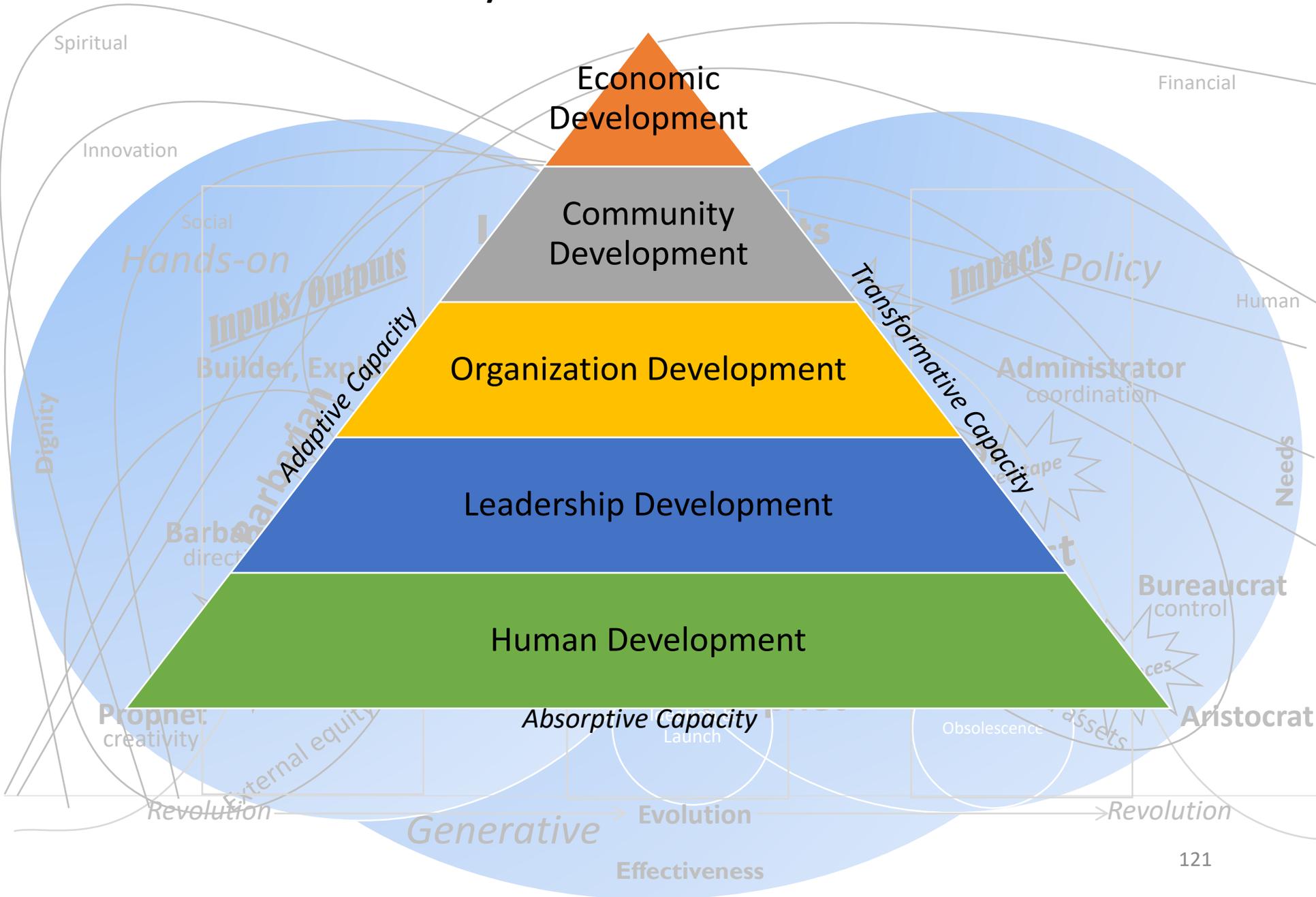


= Standard Governance Function

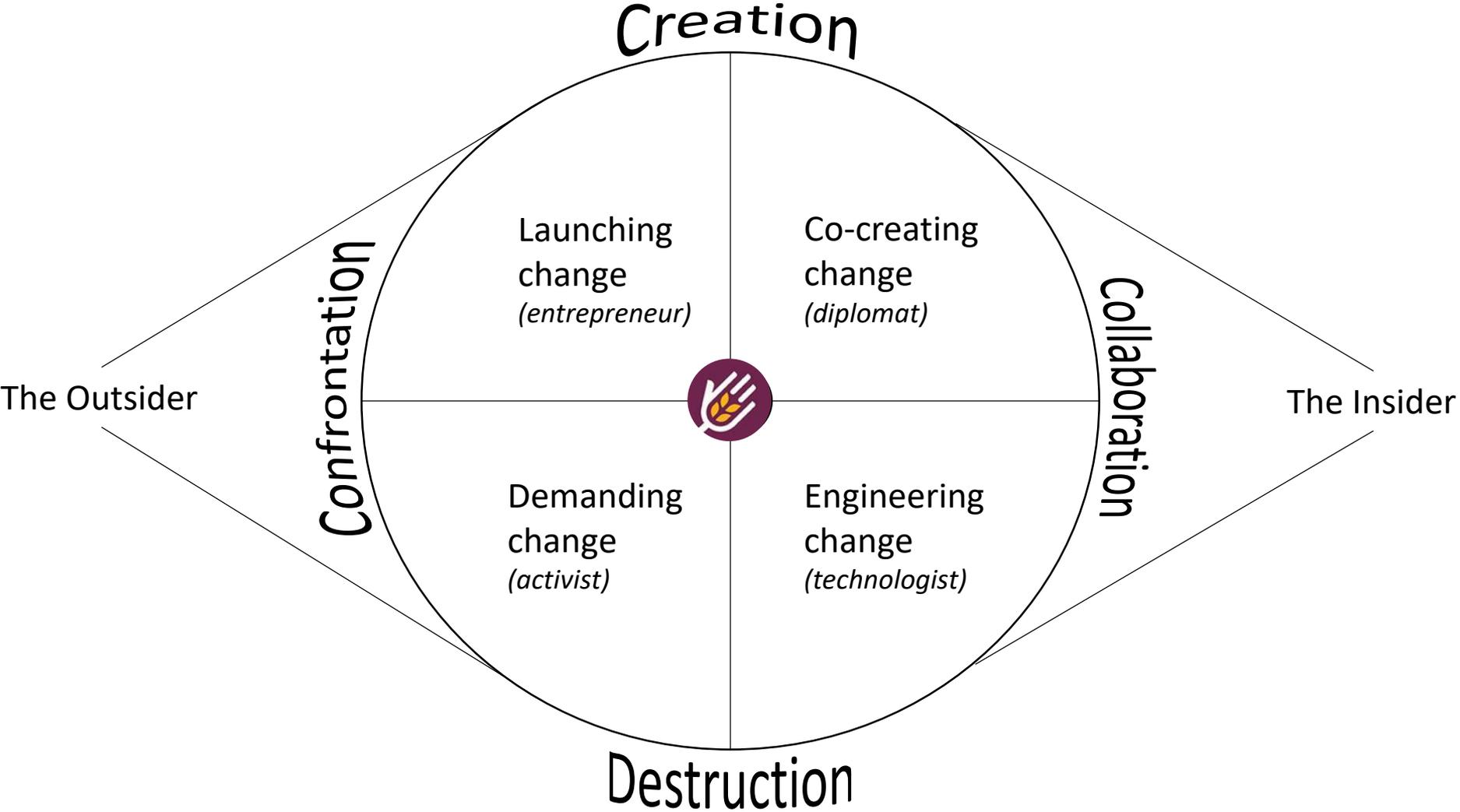
Shared Leadership & Shared Governance

= Org-specific Strategic Practice Domain
120

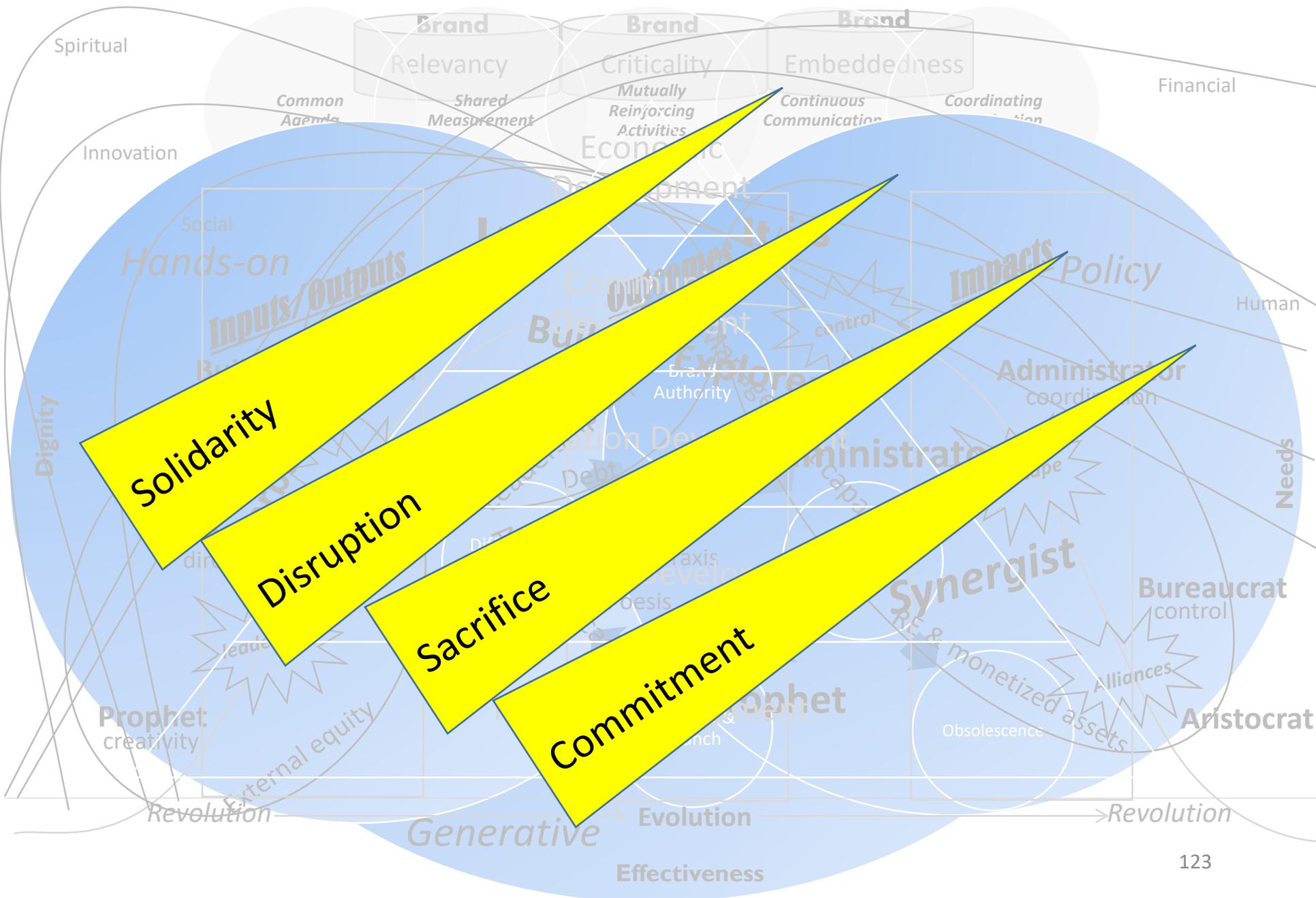
Community Revitalization & Resilience

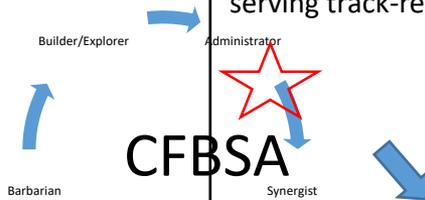


Scaling Mission-Impact



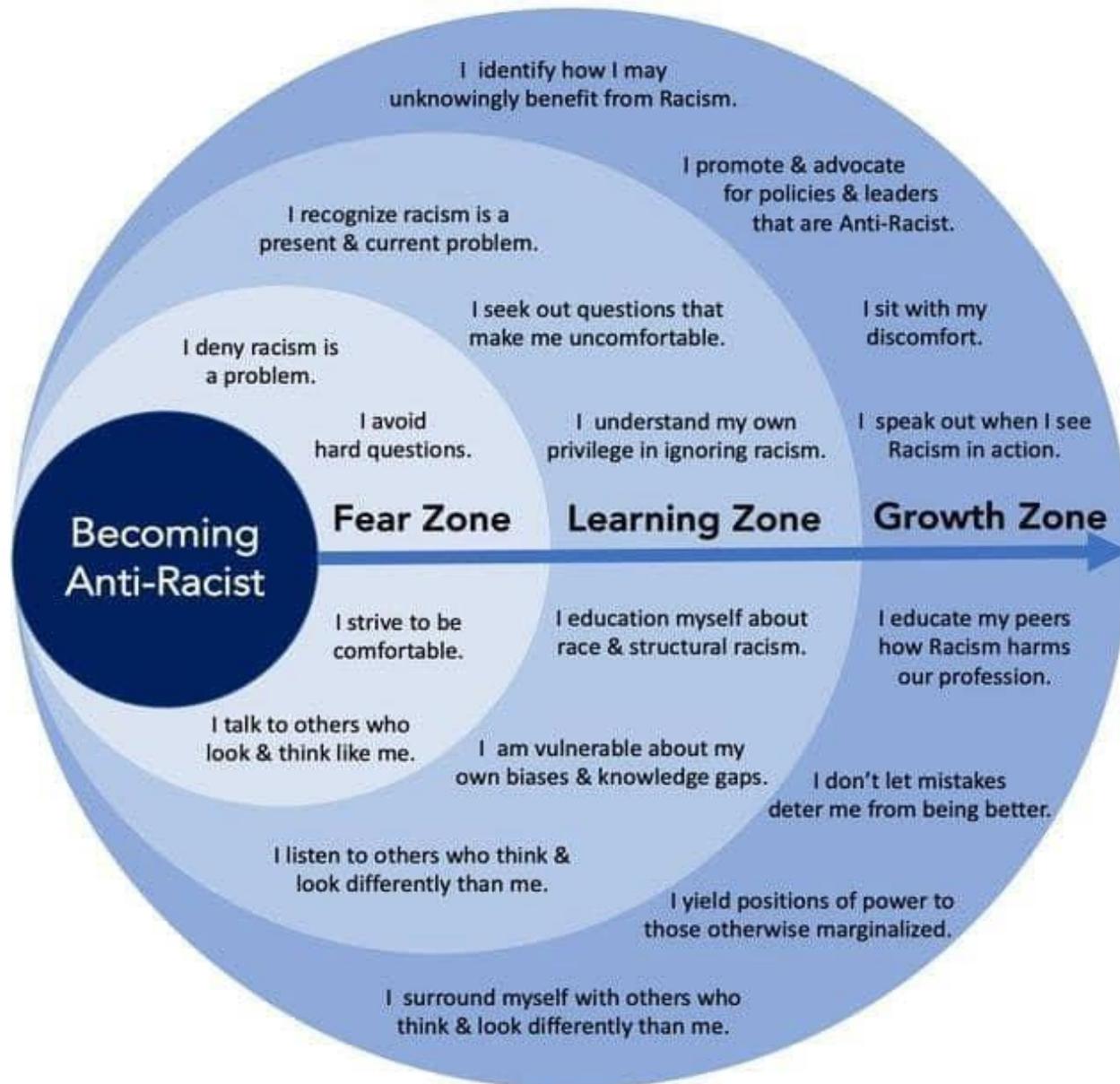
Social Movements – moving beyond a brand



	Leadership	Culture	Financial
Yesterday	Bureaucratic: Procedures (process control) take precedence over problem-solving. Threat of aristocracy, in which appearance is more important than dealing with reality.	Us vs. Them silos. Unexamined taboos and sacred cows. Lack of productive conflict (creative abrasion, creative resolution, creative agility). Avoidance of or under-the-radar innovation/risk. Biggest internal complaint: favoritism/patronage. Biggest external complaint: org is 800 lb. gorilla with partners.	Large capital and asset base, some of which created by M&A activity. But unrecognized flattening trend of support (both annual revenue and diverse, new sources of external equity).
Today	Mix of autocratic (aka “barbarian”) & entrepreneurial leadership strategies. Luckily – because it’s facing the need for business-model renewal/overhaul vs. decline – the CFBSA is in a change-management sweet-spot. Need to substitute the lure of excessive administration (red-tape crisis) for the lure of a renewed builder-explorer phase.	Focus on programmatic contribution margin and portfolio management, with goal to increase innovation, accountability, effectiveness, & efficiency. Biggest internal complaint: insufficient communication across org and insufficient resources/time. Biggest external complaint: lack of agility. <i>Creative destruction pivot: Can org get “far enough fast enough” (a sense of missional urgency) in simultaneously building effective external alliances for greater community/network impact, & grow programmatic intrapreneurship and quality at the same time?</i>	Increasing costs upon diminishing returns, requiring improved efficiency. Competitors are securing innovation, social, and spiritual capital, requiring CFBSA to renew value-proposition & the ability to attract new equity capital. What’s at stake: the relevance, influence, embeddedness, and criticality of the brand’s influence. Mix of the barbarian drive towards efficiency and scale, and the builder/explorer drive towards risk, innovation, and new value-creation (and their financial analogues: economy of scale costs and diversifying earned revenues & monetized assets).
Tomorrow	Synergistic leadership, combining entrepreneurship & administrative control. Key question: can org invest in ecosystem & sacrifice its self-serving track-record? 	Accelerate change-management (learning, experimentation, continuous improvement). For ecosystem alliances: Skilled diplomacy/negotiation in complex/evolving internal & external environment. Productive tension and interdependence between centralized services, strategic portfolio management of diverse programs, and autonomous intrapreneurship.	Core business to optimize efficiency, asset-utilization, & org influence for greater network/ecosystem impact; outsourcing some services; developing new frontiers/horizons of innovation/value and exploratory business opportunities (e.g. healthcare and social determinants of health). Need to invest in partners’ capacity & capability & business-model, including use of diverse capital sources. Development of robust ecosystem alliances and partner innovation.

Advancing racial equity...

Advancing Intersectional Equity



Great by Choice

- 
- Enduring purpose & values
 - Learning culture
 - Exemplary core business
 - Professional will & disciplined approach
 - Return-on-investment mentality
 - Network or partner ecosystem
 - Shared leadership
- Adapt to change
 - Exploratory businesses
 - BHAG
 - Metrics & milestones
 - Personal humility
 - Empirical creativity
 - Innovate small, then scale
 - Productive paranoia
 - Return-on-luck

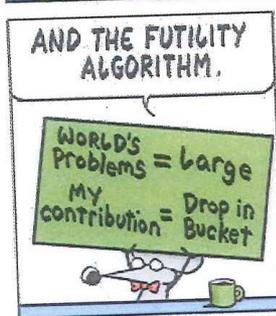
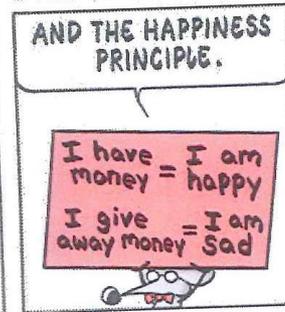
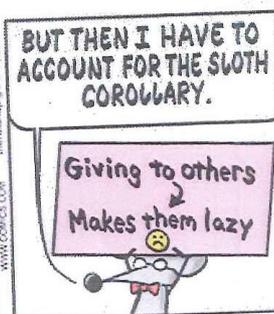
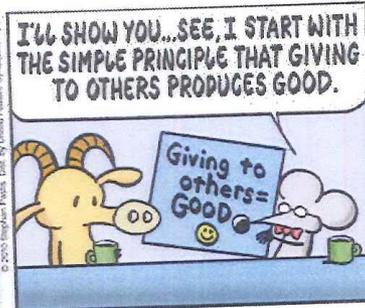
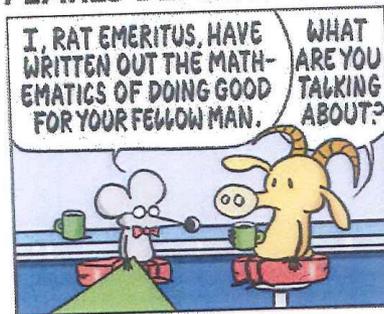
Poets make
available
a future
that does not, as yet,
exist;

they are
eschatologically oriented.

From this environment,
a missional imagination
emerges.

PEARLS BEFORE SWINE

BY STEPHAN PASTIS



- Slides 2-5: Lester Salamon, Peter Frumkin, & Elinor Ostrom, as augmented and elided by M. McDonald. Gov: 36% US GDP; Civil Society: 10%
- Slides 6 & 7: M. McDonald, original research
- Slide 9: Susan Kenny Stevens adaptation of Miller & Greiner & others' frameworks
- Slides 10 & 11: Larry Miller & Larry Greiner, as elided and augmented by M. McDonald
- Slide 12: Jim Collins
- Slide 13, 14, & 21: Martin Reeves, Boston Consulting Group
- Slide 16: RE Quinn
- Slide 17: RE Quinn, as augmented by M. McDonald
- Slide 18: B. Groysberg, J. Lee, J. Price, J. Yo-Jud Cheng
- Slide 20: Bain Consulting's adaptation of A. Maslow
- Slides 21, 22, & 24: M. McDonald, as synthesized from the general literature*
- Slide 23: American Productivity & Quality Center
- Slide 25 Boston Consulting Group
- Slide 25: Stephen Covey
- Slide 27: Kenneth Thomas & Roger Kilmann
- Slide 28: Roger Fisher & William Ury
- Slides 29: Michael Fullan
- Slide 30: Daniel Goleman
- Slide 31: Egon Zehnder
- Slides 32-34: Warren Nilsson
- Slide 35: Scharmer, O; Glasl, E. & Lemson, D.
- Slide 36: Roger Rosner, Apple, Discretionary Leadership matrix
- Slide 37: Mim Carlson and Margaret Donohoe; E.L. Botelho, K. Rosenkoetter Powell, S. Kincaid, D. Wang
- Slide 38: R. Heifetz
- Slide 39: J. Luft & H. Ingham
- Slide 40: Jim Collins & Jonathan Kozol, as elided by M. McDonald
- Slide 43: Nathalie Kylander and Christopher Stone
- Slide 44: Lisa Hehenberger, ESADE Business School
- Slide 45: Joan Magretta; William Foster, Peter Kim, Barbara Christiansen
- Slide 46-48: Sangeet Paul Choudary
- Slide 49: Eric Reis, Ash Maurya, Steve Blank
- Slide 50: Alec Osterwalder, as adapted by Bryann Alexandros, E. Reis, A. Maurya, M. McDonald
- Slide 51: M. McDonald from the general literature
- Slide 52: Jan Masaoka's NPO translation of Bruce Henderson's 1970 Boston Consulting Group's growth-share/competitive positioning matrix
- Slides 53, 54, 59, 60: M. McDonald
- Slides 55-58 Clara Miller, as augmented by M. McDonald
- Slide 61: Alnoor Ebrahim & V. Kasturi Rangan
- Slide 62: Elizabeth Castillo
- Slide 64: Bridgespan
- Slide 65: William F. Meehan III & Kim Starkey Jonker
- Slide 67: McKinsey Consulting, inspired by Schumpeter, J.
- Slide 69: Igor Ansoff
- Slide 70: Sharon Oster's nonprofit adaptation of Michael Porter
- Slide 71: W. Chan Kim & Renee Mauborgne
- Slide 72: Pankaj Ghemawat
- Slides 73 : Bill & Melinda Gates Foundation
- Slides 74-76: M. McDonald, as synthesized from the general literature*
- Slide 77: Ramon Casadesus-Masanell & Joan Ricart, as particularized by M. McDonald
- Slide 78: Meehan & Jonker adaptation of BCG growth-share matrix; augmented by Sangeet Paul Choudary and M. McDonald
- Slide 79: Mark Kramer and John Kania
- Slide 80: La Piana Consulting
- Slide 81: Network for Nonprofit & Social Impact at Northwestern
- Slide 82: Bridgespan
- Slide 83: Diana Aviv of Independent Sector; Urban Institute; M. McDonald
- Slide 84: Julia Coffman and Tanya Beer
- Slide 85 & 87: Martin Reeves, Simon Levin, & Daichi Ueda
- Slide 88: Clayton Christensen, with augmentation by S.P. Choudary
- Slide 89: Boston Consulting Group
- Slide 90: Alice Gugelev & Andrew Stern
- Slide 91: M. McDonald's adaptation of N. Anand and Jean-Louis Basoux's change management framework
- Slide 93: George Doran
- Slide 94: Bridgespan
- Slide 95: M. McDonald
- Slides 96 & 97: Mike Ryckman, Community Food Bank of Southern Arizona
- Slide 98: Roger L. Martin
- Slide 100: Nancy Duarte adaptation of Joseph Campbell
- Slide 101: Deloitte Consulting
- Slides 102,104,105,106: Richard Chait
- Slide 103: Harvey Nash
- Slide 107: David Renz & Fredrik Andersson Jane Wei-Skillern & M. McDonald
- Slides 108 & 109: M. McDonald, as synthesized from the general literature*
- Slide 110: Judy Freiwirth, as particularized by M. McDonald
- Slide 111: Tim Frankenberger
- Slide 112: Steve Waddell; Marshall Ganz; as augmented M. McDonald
- Slide 113 & 114 M. McDonald, as synthesized from the general literature*
- Slide 115: M. McDonald, as appropriated from J. Collins and as synthesized from the general literature*
- Slide 116: Alan Roxburgh
- Slide 117: Stephan Pastis

*In addition to the above citations, the general literature includes, among others, the research and writings of: H. Anheier; L. Bernholz; J. Bradach; P. Brest; A. Bugg-Levine; G. Dees; B. Drayton; P. Drucker; R. Farson; P. Frumkin; A. Grossman; P. Dobkin Hall; R. Heifetz; G. Hamel; H. Ibarra; IDEO.com; J. Kotter; J. Kretzmann; J. Mair; J. McKnight; W. Meehan III; T. Peters; C.K. Prahalad; W. Ryan; L. Salamon; C. Otto Scharmer; K. Starr; B. Taylor; M. Tran; J. Zietlow.