

Leadership in Change Management: The Story of SVP Boulder County Becoming an Independent 501(c)3

Describe the challenge driving the change.

SVP Boulder County struggled to stay open for a couple of years after losing just over 20% of partners as a result of the 2008 stock market crash. In 2010 the board and executive director utilized a 10th anniversary celebration, special fundraising campaign, and development of a three year strategy to re-energize SVP’s stakeholders. The new strategy identified a need to change our business model but focused most on programming additions. Thus we spent much of 2011 expanding programs for nonprofits and opportunities for partner engagement. Stakeholders were feeling very good about SVP but we still struggled with funding, awareness, and restrictions to our innovation. The board, including executive director (ED), gathered for a retreat in early 2012 to conduct both a SWOT analysis and lifecycle assessment. The emerging picture told us we still needed to make significant changes to our business model and we realized we didn’t yet know the solution. We began by developing a list of key problems, questions, and stakeholders. This exploration created three key board member champions who were well-respected, passionate, and represented different sets of stakeholders. We also identified just which partners and friends to engage in our investigation.

Describe the solution you thought necessary.

The Board and executive director believed we needed to expand and strengthen revenue opportunities, program innovations, and brand identity/strategic positioning. So we asked a small team of partners to research, gather input, conduct financial modeling, and explore our options. This team was comprised of folks who were well-respected, had relevant expertise, and represented diverse perspectives.

The answers that came back were clear and strong: SVP Boulder County needed to start investing in itself and transition out of acting like a small, exclusive giving circle. The single largest obstacle to this transition lay in our structure as a donor-advised fund of a foundation. This meant separating from our long-time parent organization, raising more money, spending our money differently, expanding our infrastructure, and doing capacity building in a new way. It meant doing all the things we help investees do (walking our talk) and becoming a mature organization.

Talk about the communication you used & what happened – the good, bad and ugly.

The solutions we saw before us were significant changes to how we were perceived and how we operated. Leadership recognized a need for significant change management and engagement from our partnership and key supporters. The task force, Board, and ED developed communications plans, a case statement, supporting documents, talking points, images, charts, and more. We crafted a series of activities, calls, in-person meetings, and house parties that would lead up to our Fall Partner Meeting and a vote on becoming independent. We found allies within and without the organization and prepared them to speak on our behalf. We believed in what we were proposing but we were honestly open to a different outcome if the process gave us new information (this attitude had mixed results as people look for conviction from their leaders).

Before unleashing these communications and processes, we scheduled a meeting with the president of our parent organization to share our challenges, goals, and perceived solutions. The president had been one of our co-founders in 2000 and felt a great deal of pride and ownership of SVP. She saw SVP as a tool for developing new donor-advised funds and as a way to position her foundation as a capacity builder. Meanwhile the foundation did not provide SVP with funding, staffing, or other resources beyond its reputation. She had the most to lose if SVP were to become an independent nonprofit.

We asked the president for her input and help in either fine-tuning our solution or providing alternatives that would allow us to continue as a donor-advised fund. This meeting was attended by the SVP executive director and two board member champions who are large local donors and who had long-term relationships with the president. We ended the meeting having agreed to specific deliverables and with another meeting scheduled. By the time of the second meeting we had received none of the deliverables and there were no alternative solutions offered. We left the meeting with the belief that we had no option but to move forward on becoming independent but knowing that the president was not in support of the decision. We continued to include the president in conversations and provide updates but it was a one-sided communication path.

Communication from the leadership was frequent, personal, and transparent. We talked about the impact to our mission, the experience of being a partner, the success of capacity building endeavors, and SVP’s position in the community. We found various ways to talk about why change was needed and how the proposed solution would affect stakeholders. This highly interactive and iterative process worked by and large. Most partners felt anxious and concerned about such significant change at first but were able to delve into and understand what was happening and what opportunities a change would create. Stakeholders felt heard and that the leadership was open to feedback.

During the process we actively recruited almost half of our partnership to help with the upcoming transition before we even held the vote. As a result, most people seriously bought into the change.

There were only three partner units who had a hard time getting behind the change. All of those individuals were being told inaccurate stories about the process we had used by the president of our parent foundation. Also, each of these partners had a basic belief that there are not enough resources available in the world and that SVP should not be competing with direct service organizations for any resources. One of these partner units actively campaigned to discredit the board, the ED, and the process. SVP leadership solicited the assistance of board and staff from our parent foundation who were willing to quietly let those partners know that we had tried to work with the president. These allies were very helpful. In the end, none of the naysayers left SVP.

What “leadership from within” did you demonstrate? (Your personal discovery?)

I absolutely believed in SVP, in our work, and in the changes we proposed and acted with the best interest of SVP in mind at all times. This was often not easy because it required an abundance of courage, humility, resilience, flexibility, political savvy, stamina, and strength. I was putting my reputation on the line, working a lot, and at times being treated rather poorly. I had to learn to better ask for help from allies and admit when I didn’t have the answers. Stakeholders said they appreciated my integrity, thoughtfulness, transparency, conviction, preparation, passion, and diligence. One of the most important things I did was exemplify and hold others to our culture and values.

What was the outcome (initial and to-date)?

The initial outcome was that all but two SVP partners voted to become independent. Within a few weeks of that vote we submitted our 1023 to become a 501(c)3, moved our offices, set up new infrastructure, and secured more than $300,000 in special gifts from a small group of partners to invest in growing and strengthening SVP. Over 20 partners ended up helping with some aspect of the transition. Partner recruitment immediately improved, community perception and awareness began to improve, and we began to get more impact work done throughout Boulder County.

Since that time we’ve added new services for nonprofits, improved partner engagement, added to staff capacity, transitioned from a micro-managing to a “governance” board, crafted all of the infrastructure we hadn’t needed as a fund of another foundation, completed a new three year strategic plan, completed a comprehensive sustainability plan which outlines how we will be supported by both contributed income and earned income that meets our mission, completed planning for a marketing reveal and ongoing awareness campaign, began auditing all of our existing programs and services, and have begun to lay the groundwork for being a thought-leader and convener in Boulder County. This organization is worlds beyond where it was just two years ago.

What did the timeline look like?

This significant change process started in February of 2012. A significant decision was made in late fall of 2012 and all of the implementation was completed by summer of 2014.

Lessons learned by you and your board and/or partners from the experience?

* Err on the side of communicating, and communicating more
* People want conviction and openness from leaders
* People truly cared about and valued my opinion as executive director but also really looked to our champions
* We can never do too much in-person communication
* Engagement leads to support and vice versa
* Do all you can with what you are able to control and let go of the rest

Our final discussion and vote on becoming independent was scheduled for a Tuesday night. The weekend before I went to Boston for a leadership weekend with Dan Pallotta and the city was shut down due to a hurricane. I couldn’t get out and had to miss the partner meeting. We were so well prepared that the board was able to lead the conversation just fine without me. And, the partnership was able to make a decision that felt like their own…. not just what the executive director wanted to do. It was one of the most difficult personal moments in my career, to work so hard for so long and then miss the big moment. But, putting my ego aside, it was good for our organization.

Bottom line: how do you rate the overall effectiveness of the effort?

Every day I see confirmation this was the right thing to do. SVP is having more impact for more people. There are little things we could have done better but overall I give us an excellent rating.