

# **IMPACT AMPLIFIER PLAYBOOK**

**SPRING 2018 VERSION 1.0**

# Impact Amplifier

Three large trends enable a bold approach to amplify innovative, under resourced nonprofit programs.

1. Most nonprofits are small, unprepared, unable to think about or pitch big programs & big ideas
2. Wealth has greatly increased and now struggles to deploy into large enough programs
3. Every community has untapped people with the skills to scale that don't yet see opportunity to help these nonprofits think and act big

## Background Facts:

**Nonprofit sector:** There are 1.6 million nonprofits in the US, 96% < \$10M in size, 82% < \$1m. Nearly every nonprofit operates at a tiny fraction of the resource level needed to fulfill their missions.

**Wealth:** Since the millennium total US wealth has grown from 44 Trillion to [98 Trillion](#); that's \$50 Trillion of wealth creation in the last 18 years! We are also at the cusp of the largest transfer of wealth in the history of civilization. Over \$30 Trillion will transfer in the next 20 years. Through the [Giving Pledge](#) 174 families have pledged to give much of their wealth away, nearly a trillion dollars between them. Meanwhile [Donor Advised Funds](#) have grown to \$90 Billion in collective value and struggle to deploy that capital into nonprofits. All this wealth creates the predicament that giving it away in the typical \$25,000-100,000 grant sizes is nearly impossible. Many large philanthropies now have multimillion dollar floors. They can't afford to spend the time considering smaller grants.

**The core challenge:** None of those sub \$10M nonprofits are ever thinking of asking for \$10M, much less \$50M or \$100M for their work. They are used to spending 4 months on a 28-page grant application for a sustaining \$150,000 grant. There's literally billions of dollars seeking to deploy into real, scalable programs but an insufficient supply of ideas and operational plans in the \$10M-100M range.

**Talent pool:** Meanwhile, there's a class of people that have emerged across the nation whose success in the private sector has trained them to build and scale successful organizations. They often no longer work full time but have the means and the skill to think and scale \$100 million to billion-dollar operations. Some are SVP partners, others are part of local investment groups, or adjacent organizations like YPO, Vistage, CEO Forum, Alliance of CEOs or similar groups.

Like nearly all of us, they are unaware of the lack of scaled programs in their communities, the overwhelming supply of philanthropic wealth that is undeployed, and the way in which their skills could help unlock solutions in the sector.

**Concept:** Inspire and train 2-4 people from that cohort in 50 cities across North America to go into their local sector, find the programs and organizations with scalable potential, help them develop real scaled plans and pitches and bring 50 deals a year to the large funders and funding networks to show them deals in the \$10-100M range. Start with SVP, but also reach out to sister organizations to find these people. Share this playbook broadly and boot up 500+ programs at this scale over the next 10 years.

## Impact Amplifier Playbook

This playbook lays out a game plan to find these organizations, cultivate their plans and thinking, develop a scaled and properly resourced plan and a pitch that can sell that. Success would mean that after 10 years, 500+ organizations would have secured over \$25 Billion in resources and begun deploying that into their programs and been supported by a network of hundreds of *amplifiers*.

*This playbook assumes you already know much of what's necessary to think operationally about a \$10-100 million campaign and have some instinct for how to successfully pitch that scale of idea. If you are not there yet, then step zero is to assemble a team comprised mainly of people with those skills and experience. Aim for a team of 2-4 people.*

The rest of this playbook is initially a step by step recipe for doing this work and in the long run a repository of the best practices, learnings, strategies and tactics for doing this work. That means in its current form it is a work in progress that is meant to evolve from the contributions of others.

### Basic Game Plan & Time Commitment Required

1. Find the programs and organizations with the potential to scale
2. Cultivate those organizations to assess their readiness to do this work
3. Groom the idea, the management team, the plan and the pitch into readiness to pitch
4. Pitch, refine, adapt, raise the funds
5. Develop the organizational maturity to deploy, measure and manage growth and scale
6. Set the organization up for long term success

Be prepared to take **3-4 months** in the first 2 phases and spend about **40 hours collectively** on that. Phase 3 will likely take **6-12 months** and involve meetings, outreach, consultations that are **80-120 hours** of work for you/your team. We'll see what phases 4-6 take. Our current sample size is one.

Currently there are 5 articles linked to in this playbook as recommended reading to be prepared. Read them.

## Impact Amplifier Organization

This project begins as a website, a playbook, and some people willing to share their stories and expertise and open their personal networks to enable this to work.

In time this will become a team of people working to do 4 things to support this:

1. Evangelize and recruit talented scale artists in at least 50 communities; 2-4 per community
2. Support those teams with know-how, resources, counsel, and best practices
3. Assess and prepare the nonprofits sourced in those communities for readiness to pitch
4. Recruit the funders to consider these pitches and pass their feedback back to the communities

## Finding the programs and organizations

**Mindset:** There will be vastly more nonprofits in your community than you'd expect. Hundreds, often thousand. Most tiny. A handful amongst the tiny to small organizations really have a great program, organizational maturity and the vision to amplify their results to the \$10-100 million level. Be a detached, clear eyed skeptic about their prospects and readiness. Take your time on this part.

**Background:** Read this Sandford Innovation [article](#) on the factors which lend themselves to scale for nonprofits. Have these 6 criteria in mind when evaluating the organizations. [\[Read the Article Twice\]](#)

### Candidate List

If you are in a community with an established Social Venture Partners organization start with past SVP investees. If not, or in addition, get the list of grantees from the local community foundation. Don't forget your Fast Pitch contestants as possible candidates.

If you want to start from first principals, start with the [NCCS Data Archive](#). Start with the 2015 data at <http://nccs-data.urban.org/data.php?ds=core> and use this [data dictionary](#) to understand the fields. You can use Excel's Data Filter to sort down to the metropolitan area, the size of the organization (i.e. \$1-12M), area of focus, and other Form 990 data that seems relevant. Sort to \$1m-12m expenses initially.

In Boulder CO there were 92 organizations that I began with, in Seattle there would be 412, in LA 624. Some quick pruning, check out their websites, and you can get a workable list in a few hours.

### Community Leaders

Seek to have 12-15 conversations with local community leaders that know the sector well. Especially seek out people who serve on multiple boards. Former mayors, former governors, former attorney's general, former city council members are well connected, especially knowledgeable and keen to share their perceptions and insights. Find them and interview them. If the current office holders are accessible, talk to them too.

Locate Community Leaders	Don't Forget
<a href="#">Community Foundation</a> board members	Current SVP ED, past SVP ED
<a href="#">Former mayors</a> (adjust city accordingly)	Current Community Foundation ED, past ED
<a href="#">City council members</a> current and past	Experienced SVP lead partners
Search <a href="#">city leadership</a> – scan those groups	Search <a href="#">city top nonprofits</a> = scan those
Search <a href="#">city foundations</a> – scan those	Senior & emeritus partners at <a href="#">local law firms</a>

Compile a list of 25 prospects and see who's easily reached from your network. Start with the easy ones. Let them know what you are up to. They'll be even more eager to help.

### Questions to Ask

- What city or regional initiatives are most in need of attention and have or could have momentum?
- Which nonprofit organizations in our community have programs, leadership and a model that is ready to scale?

- What nonprofits have impressed you with their savvy, impact and potential?
- If you were to pick a nonprofit to help scale, who would you recommend?
- Run your list by them and see if they have any thoughts about those organizations?
- Who else should I ask these questions of that knows the local sector well?

Note who was most useful, insightful or resourceful. They'll likely continue to be so. Narrow your list to 5-10 organizations. If further validation is useful to you, recirculate that with your community leadership team for their reflection on it.

## Cultivate the Organizations

**Mindset:** Nearly every organization wants to have resources and be bigger, many deserve it, only few have the right mix of programs, leadership, clarity of vision and the luck that will be needed. You'll be working with this organization for at least 6-12 months, likely longer. You are aiming to pick 1-2 that you can do the deeper work with. Be a detached, clear eyed skeptic about their prospects and readiness. As you explore gauge your enthusiasm to work with them. They will struggle and it will be challenging.

**Background:** It's useful to be familiar with the McKinsey Organizational Capacity Assessment Tool ([OCAT](#)) and with their [Dynamic Boards](#) model. This is worth a couple hours of study or review. Have these factors in mind in your evaluation in addition to the [Stanford SSIR article](#).

Set up meetings with their leadership (ideally ED and board) and explore this with them.

### Questions to Ask

- What's your best \$50 Million idea?
- If you were to tackle your mission at the scale it would take to win, what would that look like?
- If you were to combine with the other similar organizations to become a unified force on your mission, how might that look?
- If you were to form a coalition of groups that could truly tackle your mission, how might that look?
- If policy was changed and aligned better with your mission, what would that look like?

Listen for the compelling, actionable concept and observe their sophistication, savvy and resilience with these questions. Explore the how and the why. Is there a theory of change that is credible? What would you need to research or discover to validate that? Could some of the community leaders you recruited earlier offer useful reflection?

## Note about Mergers and Acquisitions

There is no easy mechanism to facilitate mergers in the nonprofit sector. Since it's not easy to raise debt capital, there's no equity and there are no shareholders, acquiring a competitor's assets to consolidate and scale is not an option. Instead nonprofit M&A is a board to board negotiation. But, in every community, there is likely to be numerous groups working on the same mission, competing for the same charitable dollars, talent and mindshare. Sometimes the big idea is to put more wood behind the ball and seek to combine the groups with overlapping missions. This [SSIR article](#) had some good resources.

If you have a team that is up for M&A, then try a honeypot model. If there was \$1M, \$5M or \$10M available to the combined group that emerged from a successful M&A in the sector, what groups would

that motivate to combine. Would that be good and would that be materially better? Would your team want to do the work to midwife that? [SVP Tucson](#) has direct successful experience to learn from here.

### The Big Pitch

**Mindset:** Ironically the most successful pitches for \$5M, \$10M or \$50M are done in 10 minutes or less. They get to the heart of the concept and they convey the core elements for capacity, vision, chutzpah and operational savvy very efficiently.

When they give you their best idea, is there the nugget of a good pitch here?

Prototype Example

*For the prototype group I worked with in Boulder, they were a \$4M a year organization that had spent 13 years and \$10M to succeed in Colorado. After some analysis they deemed their model to be applicable to 5 additional states and 7 large energy companies in those states. The big idea was to expand their coalition, adapt their approach and spend \$10 million/year over 7 years to achieve 1.5x the results they'd just earned in Colorado across that region.*

### Develop their Pitch and their Plan

All the training and intelligence we've distilled into Fast Pitches applies here. Get the narrative right so that the model for change and the key reason this organization is uniquely suited to tackling this task and the big bet and big outcome are clear. Add to that a well thought out plan to operationalize that scale, acquire the resources, align the market and policy and careful considerations of the risks and ways to handle them and you've got something worthy of big money.

#### Notes about Operationalizing the plan:

Dig into the plan to scale. Does the hiring make sense? Are those people available at the salaries planned? Are they considering smart and relevant automation? Does the game plan have enough of the right local customization to match the circumstances it plans to expand into? Do those local customizations pass the sniff test (ideally with the right experts)? Are they thinking smartly about the likely future trends and scenarios? Are the back-office systems and processes ready for this, how would they need to be upgraded? What natural milestones and read outs of progress are there and how would they know this is working or not working?

This will likely take 6-12 months to do well. Watch if the organization takes the feedback, does their homework and deeper thinking, and if the board gets behind the effort. All those are necessary for this to work. If it's missing, bring that up, and [move on to another organization](#) if it isn't addressed immediately.

**Note:** This is NOT a wordsmithing exercise. It is operational planning, risk assessment, resource alignment, coalition building, policy analysis, market and trends assessment that takes real effort, intellect and will power.

They might need some consulting support. Can you get that pro bono, can they hire it? Don't do this work for them. Remain in the detached, skeptical, clear eyed role to help steer this towards a viable plan and pitch. Bring your talent and skills to scaling organizations to bare here.

Local SVPs often have these resources or can refer them. Good consulting support is available.

## Ownership Mindset

How ready is this management team to handle this growth? What new leadership would they need? Is the board ready to oversee this growth, what new board members would they recruit?

Often nonprofits spend their time on things like the board / ED dynamic, or personality conflicts amongst the board, or coaching and mentoring the ED. To play at this new level the nonprofit needs to be looked at like the owner of a sports team would see it. If the coach and star player conflict, don't send in counselors, get a better coach and an even better star player and see if that wins more games. How would this organization do if the best talent in the market came to lead it, run it or work on its challenges?

This is not meant to be a rip and replace operation but be clear eyed about the quality of leadership that is there and that is needed to succeed. This is at the board and the staff level. Be willing to recruit the best talent. Be prepared to go to bat for them and the salary they would need to be paid.

### Use the Community Leaders to Refine, Endorse and Validate

Assemble local thought leaders with the gravitas, insight and heft to give meaningful feedback and support. Former governors, political leaders, heads of statewide administrative roles. Deans from the local university. Current and former CEOs of relevant industries.

Host them, invite their feedback and support. See if this seems valid to them and what conditions it might take to endorse it. Deploying \$10-100M on a project in their community is a big deal, their opinion will be sought whether you do this step or not. Their enthusiasm for it will be a likely success factor.

**Mindset:** There's a natural tension between the maintenance of the status quo and the desire for progress. Don't be too concerned with winning praise or endorsement at all costs. If this were an easy challenge or readily doable it would have been done already. And support from community leaders helps. A lot.

There is one other facet of the nonprofit sector that often comes up here. The tendency for there to be turf favorites and the penchant to run purity tests on each other. Often multiple groups have overlapping missions and have cultivated their faction of community support. A small group seeking to become a big group can trigger this reaction. A purity test is often framed as one group not being as good as another in some fashion or doing it the "right way". You'll have to use your insight and judgement here. Is this a battle of self-interested egos or are those valid concerns? How would a coalition of these groups work? Is this likely to lead to real opposition?

The problem or challenge this big idea is meant to tackle is likely to be durably persistent or growing. So whatever status quo exists isn't addressing it. Can you recruit someone to your team that can offer insight into the local or regional politics you'll need to navigate? What allies and counselors can you or the nonprofit assemble to be savvy about this?

*When we held our feedback session for the group we worked with an alliance with the past governor and his similar initiative became the strongest recommendation to aid their effort. Within weeks the group had negotiated a partnership with the ex-governor and were jointly pitching the idea. This is an example of the type of actions a group will likely need to do to earn the necessary credibility to pitch big.*

## Dress Rehearsal

You and the nonprofit can reach out to the local big philanthropists for a dress rehearsal. Seek their endorsement or the conditions of their endorsement. When meeting with the community leaders don't forget to ask them which big philanthropies or philanthropists care deeply about this issue. This HBR [article on Audacious Philanthropy](#) offers a view into the big funders mindset.

The first group I assembled were asked to give feedback and consider friends or colleagues to introduce this to. The agenda was to really shape the pitch into something worthy of their time and valuable to them whether they chose to endorse it or not. SVP Partners are a very useful resource here to and this can often engage SVP partners that aren't often involved in SVPs day to day programs.

## Road Show

The nonprofit should by now be able to arrange the road show. To the degree your network is useful and you are willing to reach out do so. The pitch and plan should have energized the board and the organization to be operating at a whole new level. 6-12 months ago, they were a small organization pitching for 100K grants, now they have a big idea and a plan to match it. Community leaders have been engaged and will see them differently. New doors will be open to them, new opportunities and a new audience will be interested in their pitch.

*In the case of the Boulder prototype the pitch is to recruit seven \$1 million/year funders who want to see it happen. There's a natural 2-year milestone to assess progress and the bottom line is that these funders would be buying a 66% permanent reduction in carbon in the interior west by 2030 at less than \$1 per ton. Their road show is underway.*

## Operational Scale

Smaller nonprofits are often small because they don't know how to scale. They're often penalized or deeply discouraged from making the investment in planning, infrastructure and coordination that would enable them to scale. This might take some muscle in your work with them. Gimmicks like overhead ratios often get forced on nonprofits which prevents them from building real capacity because all those investments count as overhead. Much like a company expanding its market to be global requires thoughtful bets on people, infrastructure, local customization of product mix, marketing and operational procedures, scaling a nonprofit needs that same attention applied to their growth. Help them with that.

Striving to achieve something big like ending homelessness, or hunger, or address all the gaps in infant and early childhood care/support in a community mean going beyond the often-narrower constituency this group serves to think holistically and comprehensively about the entire population in need in the area your group is focused on. Help them think that way and help them operationally plan to get there.

Remember to be clear eyed about the leadership. Taking any organization from \$4 to \$50M often takes significant upgrades in the leadership of any organization. Multiple rounds of it are likely. Keep the owner's mentality mentioned before in mind and seek to make smart bets on building from within and recruiting new caliber talent as the mission/organization grows.

Over the next 10 years we MUST succeed at recruiting the best talent into the sector to have any chance at winning these challenges. The solutions often exist, the talent and resourcing is mostly what's lacking.



### Note on Overhead Ratios

You would never hamstring your business by limiting the deployment of people or resources based on an arbitrary ratio. Don't fall victim to that myth here either. If the plan to scale impact needs investment in a field team, needs investment in marketing, needs investment in higher quality leaders, needs investment in systems and infrastructure, then lead them to make it. Plan for the story you will tell about the investments needed to win. Nonprofits got ambushed by a stupid idea, that overhead ratios mean something about the quality of their work. They don't. Are they winning at their mission at the scale called for by the size of the challenge they are tackling? No overhead ratio can measure that.

### Three Useful Models of Scale

The [Tucson SVP](#) enabled 5 literacy groups operating in Tucson, AZ to merge and seek much larger funding. [SSIR article](#) explains the three areas to focus on to aid a successful merger.

Mergers are tricky but critical work. Helping to facilitate that in your community may be the difference between struggling to solve an issue with too many underfunded groups versus having a clear rally cry and one group able to deploy maximum effort on a solution.

Finding groups with the organizational maturity to take a successful program and scale it is the most likely course of action. The articles linked before cite many examples of how this has been done.

Clever technical solutions that can remove an entire layer of work by many volunteers and low paid staff across many organizations are also paths to scale. Solving the problem of recruiting volunteers, sourcing clients that have the right needs and circumstances or just providing the service more efficiently through technology can be a scaling factor.

You and your team might start examining the examples noted in the linked articles and your own research on these sites to explore how to approach the organizations on your short list.

<https://audaciousproject.org/>

<https://www.openimpact.io/insights2/>

[Article on Scale](#)

[A previous scaling playbook with much learning](#)

[End of Version 1: more to come in time]

## Questions left to Answer about the Impact Amplifier

How much more resource and training (than this playbook) is needed to inspire people and aid them in doing this in their communities. What's the right amount of inspiration and support to turn this on?

What kind of sustained engagement with people in these 50 cities is required to keep them on task, motivated, aided and able to do this work over time?

What groups beyond SVP are natural allies and partners to do this? How much of SVP can/should be leveraged?

How to connect with the existing programs 100&Change, Co-Impact already mobilizing funders?

How to best team up with Bridgespan, MacArthur or other groups with compatible initiatives?