



Partnering for Success: A Step-by-Step Guide to Investee Relations

Invest. Engage. Advance.





Partnering for Success: A Step-by-Step Guide to Investee Relations

Invest. Engage. Advance.



A Message from SVPI

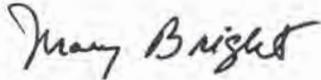
Social Venture Partners improves communities by leveraging the skills of its Partners (donors) to help Investees (nonprofit grant recipients) fulfill important social needs. Successful partnerships between Partners and Investees are central to our work. We know that our Investees are the program experts. SVP Partners complement that expertise by helping strengthen the management, governance and internal operations of nonprofits. This in turn increases their ability to deliver excellent programs. This partnership model has been demonstrated time and again to increase Investees' capacity to fulfill their vital missions.

Like all relationships, partnerships between SVPs and Investees can be elusive – they are challenging to establish and perhaps rely too heavily on gut instinct and personal chemistry. This manual seeks to make the link between SVPs and Investees less mysterious and more tangible. It offers a systematic step-by-step process which allows flexibility in unique situations to guide you through a successful partnership from start to finish.

The audience for this manual is every person in your SVP – the Board of Directors, Executive Director, Lead Partners, volunteers, investment committee members, and all Partners. We interviewed Partners and SVP staff across the network to gain their insights on what works, what doesn't and how the process pans out in the context of real life. We also talked to Investees to understand how best to approach the relationship. Please add your insights, resources and ideas through the SVP Intranet at: <https://intranet.svpi.org> (contact SVPI if you need a username).

Thank you for your commitment to partnering with your fellow SVP Partners, the SVP staff and, most importantly, the Investees who are the front line of making positive change in our communities.

Sincerely,



Mary Bright
SVPI Board President



Ruth Jones
SVPI Executive Director

September, 2008

Acknowledgments

The following individuals provided significant content and invaluable insights for this manual:

Kristin Aslan
Former Executive Director
Project YES and Teens Inc.
Boulder, Colorado

Diane Helfrey
Executive Director and Partner
Los Angeles Social Venture Partners

Mark Holloway
Executive Director
Social Venture Partners Portland

Rich Hoops
Partner
Social Venture Partners Boulder County

Stephanie Morrison-Hrbek
Executive Director
Near West Theatre
Cleveland, Ohio

Aaron Jacobs
Former Senior Manager
Social Venture Partners Seattle

Rachel Klausner
Partner
Social Venture Partners Seattle

Jennifer Parker, Executive Director
Metrocenter YMCA
Seattle, Washington

Kevin Shaw
Partner
Cleveland Social Venture Partners

Linda Springer
Executive Director
Cleveland Social Venture Partners

Ron Tanemura
Partner
Social Venture Partners Seattle

Janelle Weissman
Former Executive Director
Social Venture Partners Boulder County

Terri Wogan
Executive Director
Social Venture Partners Arizona

Project Direction: Ruth Jones, Executive Director, SVPI
Project Coordination and Writing: Ann Goldman, Ann Goldman Consulting, Inc.
Project Designer: Jeff Fuller, Crescent Moon Communications



Using and Adapting Material

Social Venture Partners International is committed to sharing its resource materials. References to, or simple excerpts from this publication, can be made with proper acknowledgment of SVPI, the publication's full title and date of publication. For more extensive use or adaptation of this material, please seek permission from SVPI. Guidelines are available by contacting SVPI at 1-206-728-7872 or info@svpi.org.

Contact Information:

Social Venture Partners International
1601 Second Avenue, Suite 615
Seattle WA 98101
phone 206.728.7872
fax 206.728.0552
info@svpi.org

Table of Contents

An Introduction to the <i>SVPI Partnering for Success</i> Manual	1
Social Venture Partners and Investee Capacity.....	2
Partnering for Success: A Step-by-Step Guide to Investee Relations	
Successful Investee Partnerships: An Overview	4
Step 1: Position Your SVP and Investees for Success	
Choose the Right Investee	5
Prepare the Players	6
Establish a Good Working Relationship	9
Step 2: Plan for a Measurable Increase in Capacity	
Problem Identification – Using the Organizational Capacity Assessment Tool.....	11
Establish a Long-Term Plan.....	12
Step 3: Get to Work	
Establish an Annual Workplan.....	14
Place and Manage Volunteer Partners	17
Secure and Manage Additional Resources.....	18
Step 4: Review Progress	
Periodic Updates	19
Mid-Year Review	19
Demonstrate Impact.....	20
Annual Review	21
Refunding Process.....	22
Step 5: Keep Up the Good Work	
Commit to the long-term	23
Expect the unexpected.....	23
Remember the keys to a successful partnership	25
Step 6: Investee Graduation	
Establish a clear expectation that funding is not permanent	26
Plan for Investee sustainability.....	26
Have an exit strategy.....	26
Produce a Case Study.....	26

Table of Contents (cont'd)

Worksheets, Checklists and Samples

Checklist for a Successful Partnership	27
SAMPLE: Investee Orientation	30
SAMPLE: Lead Partner Job Description	33
SAMPLE: Investee Cycle	35
SAMPLE: Annual Workplan Template	36
SAMPLE: Volunteer Job/Prospect Request.....	37
Tips for Investees on Hiring and Managing a Consultant Through SVP	38

Case Studies, Articles and Other Resources

Comparison of For-Profits and Not-For-Profits.....	41
The Eight Characteristics of Nonprofit Organizations.....	43
Lessons from Eight Years of Capacity Building	45
CASE STUDY: Kinderling Center and Social Venture Partners	54

An Introduction to the SVPI *Partnering for Success* Manual

SVP achieves its mission through effective relationships with nonprofit organizations – our Investees. Successful partnerships ensure that we achieve the dual benefits of the SVP model:

- Building the knowledge and capacity of philanthropists (Partners).
- Building the resources and capacity of nonprofits (Investees).

What is the purpose of this manual?

Building successful partnerships comes naturally to many Lead Partners, Investees and SVP staff, but not to all. This manual provides a structured system for managing the Investee relationship, building a productive alliance, and fulfilling SVP's goal of helping an Investee strengthen its management practices, strategies and systems.

It includes six steps that will help you develop a partnership from the initial investment all the way to graduation. The six steps will help your SVP produce a measurable increase in capacity for the Investee which, in turn, will result in greater impact for the community.

How should I use this manual?

Ideally, you will use this manual to establish a plan for working with each Investee and then refer to it as you implement your Investee projects. The manual first offers some of the key elements of a successful Investee partnership. It then provides a road map for establishing and maintaining the SVP-Investee relationship through a series of steps, beginning with orientation and training and ending with Investee graduation. It includes tips, case studies, checklists, forms and worksheets throughout.

Who should use this manual?

It is a fundamental SVP value to develop volunteerism among its Partners. Therefore, service to Investees should be shared among as many Partners as possible. This manual supports the work of Board members, Lead Partners, SVP staff, and volunteer consultants.

How can I share my successes?

We are constantly refining our work with Investees. We welcome your suggestions, samples and successes as you utilize this manual. Please forward these to Ruth Jones at SVPI, ruth@svpi.org. This manual will be revised and updated at regular intervals and your feedback is invaluable to this process.

Social Venture Partners and Investee Capacity

SVP offers a unique level of engagement to its Investees. We offer extraordinary resources through the combination of financial and human capital. Our work with each Investee is customized to their needs while being grounded in best nonprofit management practices. As such, we develop the core skills, management practices, strategies, and systems to enhance an organization's effectiveness and sustainability. Simultaneously, we develop the philanthropy and volunteerism of our Partners. This winning combination supports the ultimate goal of fulfilling the Investees' mission. The quality of our relationship with our Investees, therefore, is central to the fulfillment of the SVP model.

The SVP Model

Social Venture Partners is a network of accomplished individuals who combine financial contributions and professional skills with a passion for philanthropy. Leveraging our collective expertise and resources, we partner with and strengthen promising nonprofits for maximum community impact.

The SVP model brings together worlds that typically do not overlap: grant making, volunteerism, nonprofit capacity building, and philanthropic education. Every SVP is a network of people who believe that they can have a positive impact on their communities and who use innovative strategies to address complex community issues.

SVP Partners are individuals who make meaningful contributions to nonprofit organizations by sharing their skills, time, and financial resources. SVP Investees are nonprofit organizations that seek new resources and use innovative approaches for addressing a variety of issues, including education, environmental protection, and youth development.

One half of the SVP model is investment that builds the long-term capacity of organizations, rather than just supporting short-term projects or programs. Capacity building investments include cash grants, skilled volunteers, professional consultants, leadership development and management training opportunities. Investees receive an average annual grant of \$30,000 that is unrestricted in order to provide flexibility for capacity building. In addition to the grant, SVP Partners provide volunteer support in areas such as marketing, finance, information technology, strategic planning, fundraising, leadership development, and human resources management.

The other half of the SVP model is the mobilization of a community of lifelong, informed, and inspired philanthropists. Through engagement with Investees, connections with SVP Partners and participation in education events, Partners are inspired and equipped to invest and reinvest in organizations associated with their SVP, and to increase their overall level of civic engagement.

This graphic shows how the two elements of the model continuously reinforce each other.



“With the help of SVP’s brilliant volunteer consultants, Kindering Center has matured its capability in the areas of marketing, finance, human resources, technology, strategic planning, development, program evaluation, and board development. Bottom line – during its partnership with SVP, Kindering Center doubled its capacity to help infants and children with special needs.”

– Mimi Segal, Executive Director, Kindering Center, Seattle

“The timing of our SVP relationship was serendipitous. We were going into a capital campaign and had no idea how much help we needed until we started digging into capacity issues with our Lead Partner. In the end, SVP directly helped us grow our donor base, understand the true potential of our board, and develop our organization overall.”

– Stephanie Morrison-Hrbek, Executive Director,
Near West Theatre, Cleveland



Partnering for Success: **A Step-by-Step Guide to** **Investee Relations**



Successful Investee Partnerships: An Overview

Your partnership with an Investee is intended to improve your community by building the nonprofit's capacity to fulfill its social mission. This requires:

The right match

Select an Investee with programs that inspire your Partners and that has a genuine commitment to building its own capacity as an organization.

A shared vision

Know what you want to achieve in the relationship. All parties must agree on where the work is headed and how you'll get there together.

Good systems

Implement consistent systems across Investees to ensure that SVP is providing the highest quality service and providing each Investee with what they need most.

Clearly defined roles

Train and orient the Investee, the Lead Partner, and volunteer consultants and then support them in their roles.

Reasonable expectations

Start with a narrow focus and let the relationship expand. As one Lead Partner says, "under-commit and over-deliver."

Communication and trust

Put in place procedures that ensure an ongoing dialogue and a spirit of shared learning.

Time

Make sure all parties recognize that capacity building and partnership require an investment of time and energy by everyone.

Sensitivity

Teach Lead Partners and volunteer consultants to respect cultural differences and help them understand how nonprofits differ from the for-profit world.

Patience and persistence

Recognize that capacity-building usually requires organizational change. Everyone in the partnership should expect that, as with all change, things usually get messier before they get better.

A good exit strategy

The nature of the SVP Model is that the SVP-Investee partnership will end. Put in place a good graduation plan to protect the Investee and ensure that the partnership stays focused toward the larger vision.

Step 1: Position Your SVP and Investees for Success



TIP

Some SVPs require a letter of support from a potential Investee's board of directors to ensure institutional buy-in. It's also a good idea to require that a board member from the potential Investee attend the site visit.

A. Choose the Right Investee

The SVP investment process involves much more than allocating funds. You are identifying a viable partner for improving your community. A “fit” with your SVP is essential. Here are some ways to ensure the right match:

- ❑ **Educate prospective Investees about the SVP model**
The more time you spend educating the broader community about the SVP model, the better the applications you will receive. Offer workshops to prospective investees, be responsive to their questions through individual phone calls and meetings, present the SVP model at “Meet the Grantmakers” gatherings put on by local associations of grantmakers, and provide constructive feedback to applicants not chosen as Investees.
- ❑ **Make sure there is willingness on the part of the potential Investee to really examine their organization and be prepared to make changes**
Explore this with the Investee during the investment committee’s site visits.
- ❑ **Make sure there is a marriage between the needs of the nonprofit and the skills and interests of the Partners**
While not essential, it is a good idea to identify a Lead Partner during the grantmaking process to ensure that someone in your SVP is passionate about and committed to the potential Investee.
- ❑ **Don't spread yourself too thin**
Be sure that you only take on as many Investees as you have the resources to serve well. This can be difficult to determine, so err on the side of having fewer Investees and build toward a larger pool over time, if so desired. *Refer to Chapter 4 of SVP in a Box for guidance on how to establish an investment focus and manage a successful investment process.*

“A good SVP-Investee relationship is about engagement. Everyone needs to be enthusiastic and be able to communicate and connect.”

– Linda Springer, Cleveland Social Venture Partners

B. Prepare the Players

Orient and train the Lead Partner and the Investee. While many Lead Partners are “naturals” at consulting, providing them with clear expectations is a benefit to them and to the effective delivery of service to the Investee. Usually, Investees simply don’t know how best to take advantage of all that your SVP has to offer their organization. Training can help them maximize the opportunity.

❑ Orient and train the LEAD PARTNER

The Lead Partner acts as the primary liaison between SVP staff, SVP volunteers, and the Investee. The Lead Partner plays four key roles:

- ◆ Help develop, prioritize, and monitor progress on the annual workplan.
- ◆ Support SVP volunteers and ensure progress on projects
- ◆ Represent the Investee to the reinvestment committee, the SVP staff and the broader SVP partnership.
- ◆ Help Investees navigate the SVP relationship and take advantage of SVP resources.

»» A sample Lead Partner job description appears on pages 33-34 of this manual.

Characteristics of a good Lead Partner

- Excellent listening skills and an ability to build trust and rapport between SVP and the Investee – this is one job that can’t be delegated.
- Optimism and an ability to take the long view, understanding that organizational change can be slow and potentially frustrating for the Investee and even the volunteers.
- Plenty of time to dedicate to the project.
- An ability to delegate – it is important to the SVP model and to the benefit of the Investee that multiple volunteers are brought in to do the work.
- Experience with developing plans, delivering on objectives and understanding budgets.
- Sensitivity to the fact that nonprofits are mission-driven and often function very differently than for-profits. »» Please refer to *The Eight Characteristics of Nonprofit Organizations* on pages 43-44 and the *Comparison of Nonprofits and For-Profits* on pages 41-42 of this manual.
- A strong understanding of and commitment to the SVP Model.

❑ **Support the Lead Partner**

There are many ways to make sure your Lead Partner gets the support they need. Don't let it be a lonely job!

- ◆ SVP Portland has a “Lead Coach” – a veteran Lead Partner who offers ongoing support to the current Lead Partners.
- ◆ SVP Arizona has a Lead Partner Chair who provides orientation, training and support.
- ◆ Some SVPs use successful Lead Partners to train new ones.
- ◆ Others have co-Lead Partners with at least one of them being an experienced Lead Partner. If you choose this model, be sure to delineate responsibilities and establish accountability.

However you support them, do provide your Lead Partners with a calendar of activities and expectations for the year.

❑ **Orient the INVESTEE**

Typically, the Investee is represented primarily by the Executive Director, with various staff and board members working on specific projects. However, it is important to develop a relationship with the Investee board since organizational change can only happen with their support and participation. This is particularly important during times of executive transition.

It often takes time for Investees to understand exactly how SVP can help them. You will have selected an Investee that is prepared to work closely with SVP and the Lead Partner. An orientation session is an important next step in launching a successful relationship.

It is helpful to recognize the power differential in the SVP-Investee relationship. Because the SVP players are funders as well as consultants and advisors, the Investee will need reassurance that reinvestment is a result of positive outcomes, whether or not they result directly from following the recommendations of the Lead Partner and other SVP consultants.

“It’s important that the grantmaking and orientation process educate the Investee about SVP’s philosophy so that the Lead Partner can move more quickly into a successful work pattern with the Investee.”

– Rachel Klausner, Partner, SVP Seattle

TIP

Building an SVP Community: Every other month, SVP Arizona hosts Investee-Lead Partner luncheons. Executive directors and other staff from the Investee are invited, as are Partner volunteers and Investee alumni. Together, they explore topics related to capacity-building and expand their shared knowledge base.

“A lot of nonprofits don’t have experience working with consultants and they imagine that the consultant will come in and do the work for them. Working with SVP is having a partnership in which you have to do even more work than you would without them. The process is great, but you have to put the time in. In that case, you’ll get results and you’ll learn so much about running a successful organization.”

– Kristin Aslan, former Executive Director,
Project YES and Teens, Inc., Boulder County

□ **Understand the role of SVP STAFF**

The SVP staff is an essential link between the Lead Partner and other volunteers within the SVP Partnership. The staff plays a critical role in supporting and encouraging all the volunteers. They also serve as a “go to” for the Investee, in addition to the Lead Partner. Remember, Lead Partners are volunteers and may not always be available when needed. Staff are always there and they often have deep connections in the local philanthropic and nonprofit sectors. They can see trends, make connections, offer best practices and provide services and advice that a Lead Partner may not be able to. Another important role of staff is that they can mediate when a volunteer or Lead Partner is not working out.

There are times when volunteers and even Lead Partners must pull out of a project. The SVP staff is particularly critical at this point as they can step in to keep things moving and to identify replacement resources.

The SVP staff’s specific responsibilities in the Investee relationship are to:

- ✦ Facilitate the initial investment process by supporting the investment committee
- ✦ Monitor the Partner-Investee relationship
- ✦ Review and approve the Annual Workplan
- ✦ Assist in recruiting Partners according to volunteer job descriptions developed by Lead Partners
- ✦ Initiate semi-annual and annual review processes
- ✦ Support the reinvestment committee

C. Establish a Good Working Relationship

SVP's work can only be successful in the context of a trusting, consistent working relationship between SVP and the Investee. Therefore, it is important that the Lead Partner be intentional about building trust. He or she should:

Get to know the Investee

Read everything about them and make sure the SVP team understands their values, vision, mission and programs. Conduct a site visit and meet the staff. Observe a program in action. Attend a board meeting.

Learn about the differences in how nonprofit and for-profit organizations function

»»» *For help on this, please refer to A Comparison of Nonprofits and For-Profits on pages 41-42 and The Eight Characteristics of Nonprofit Organizations on pages 43-44 of this manual.*

Define working communications and meetings

Initially, the Lead Partner should establish a standing appointment in person with the Investee at least once per month, with additional check-ins by phone or email. Later, this can be reduced according to communication preferences and work load. Establish a specific communications plan, including primary contacts and, in the case of vacations, secondary contacts, forms of communication and frequency.

Make sure that communication is two-way

Give the Investee plenty of opportunity to express their needs and concerns.

Recognize cultural differences

Be conscious of the fact that for-profit and nonprofit professionals bring different approaches to their work.

Remember that you are not the Investee's only priority

Be reasonable about timelines and deadlines.

Balance expertise with humility

Be open and direct about the fact that you are there to learn as well! Investees appreciate being recognized for their expertise.

CASE STUDY

It takes two.... snapshot of a good partnership

SVP Seattle and Metrocenter YMCA are entering their fourth year of partnership. Together, they have enhanced the YMCA's capacity in the areas of program evaluation, marketing, fundraising, and strategic planning.

Jennifer Parker, Executive Director of Metrocenter YMCA, says:

“We wanted to work with SVP Seattle because we felt we share a similar culture that values the testing of solutions, experimentation and the creative allocation of resources to achieve the most impact. We knew that SVP could help us build our organizational capacity, but when we started our partnership the Y was not really clear on what that meant.

“It turned out that the early stages of working with SVP helped us clarify what we really needed. The Organizational Capacity Assessment Tool was an important part of this. Going through it with staff and board helped heighten the conversation about our organization and gave us the words to express where we felt we were and what needed to change. Any SVP Investee should understand that capacity building essentially involves change and they need to be ready to go through all the things that change can bring.

“The reason our partnership has worked is good communication by both parties and a shared commitment to the relationship. The SVP Lead Partner and I came a long direction toward each other. For example, I accepted some new ideas about metrics and he came to understand how measurements are different in the nonprofit sector.

“As we near the end of our SVP partnership, we will have achieved much more than we could ever have imagined. SVP's funding over a period of time gave us stability that we otherwise would not have had. We were able to focus our energy on other, more long-term work. As a result, we're much more self-reflective and have better knowledge of best practices and how to apply them. Our whole organization is able to go farther than ever before.”

Ron Tanemura, SVP Seattle's Lead Partner for Metrocenter YMCA, says:

“I wanted to be a Lead Partner because it's at the core of what SVP does and I thought I could learn the most in this way. My first priority was to establish a relationship with the Executive Director because I thought that was the level at which resources get allocated and decisions get made. At first, we met face-to-face for an hour every other week. Now we only meet a few times per year with most communication happening by email, but it was through those face to face meetings that I learned the most, absorbing some of the culture of the YMCA. For instance I learned how my top-down assumption was wrong, and how consensus and collaboration play a big part in Metrocenter's organizational dynamics.

“The early sessions working through the Organizational Capacity Assessment Tool were particularly helpful in gaining a lay of the land. I could imagine how some Investees might balk at having such an open discussion of strengths and weaknesses in front of a donor – but the confidence behind that decision really impressed me.

“The ground rules in the nonprofit sector are quite different than what most Lead Partners are used to. For example, I never appreciated how valuable “profit” was to clarifying decision making until I had to consider decision making without it. Nor did I realize the power of “sales” to communicate customer feedback – until it was gone too. Lead Partners and volunteers need to be sensitive to this.

“I would say that what has made the partnership between SVP and Metrocenter YMCA work is a mutual desire to learn from each other. That's where the real value lies.”

Step 2: Plan for a Measurable Increase in Capacity



A. Problem Identification – Using the Organizational Capacity Assessment Tool

The Organizational Capacity Assessment Tool (available on the SVP Intranet) assesses ten key areas of nonprofit management to establish a baseline for planning. It provides an invaluable starting point for a successful Investee relationship. It ensures a standardized approach using best practices and it helps the Lead Partner ask questions from a range of pertinent areas, including those that may be outside his or her area of competency. It also helps create a shared definition of capacity building and can expand the Investee’s perception of what capacity building can mean for their organization.

Facilitate an inclusive Organizational Capacity Assessment process

The Organizational Capacity Assessment process is a self assessment and must necessarily be inclusive with the Investee being as involved as the SVP Lead Partner. It is often a great professional development tool for other members of the Investee staff besides the Executive Director, so it makes sense to engage as many people as is appropriate. The Executive Director, the Board Chair, and key program staff should all complete the tool and then have a conversation and reach consensus about their assessments. This will generate conversation and uncover areas of disagreement among these key players. This is the beginning of the capacity building work itself!

Prioritize projects

The most critical element in using the Organizational Capacity Assessment Tool is to prioritize, not to try and fix everything at once. It is better to do a few projects well than to do many that aren’t as effective.

Foster an open dialogue

Use the Organizational Capacity Assessment Tool as a communication tool, not as a measurement tool. The assessment process can feel overwhelming to some Investees, particularly newer organizations. Reassure them that your intent is not to find things that are wrong or to judge, but to identify strengths and build on them.

B. Establish a Long-Term Plan

❑ **Develop a CYCLE for the Investee partnership**

It is very helpful to have a standard cycle that each Investee goes through on an annual basis. Not to be confused with the Annual Workplan, this cycle sets up a schedule for when key activities occur every year of the relationship.

»» Please refer to the *Sample Investee Cycle* on page 35.

❑ **Articulate a shared VISION**

In the first year, the vision statement for the SVP relationship should be established by the SVP Lead Partner and Investee Executive Director. This will come out of the priorities established in the Organizational Capacity Assessment process and will be a guiding statement for the entire relationship. The vision statement is unique to every SVP-Investee relationship and helps set up a successful graduation strategy. »» An example appears in the *Case Study* on page 13 of this manual.

❑ **Agree on long-term GOALS and OUTCOMES**

From the vision statement and the priorities established in the Organizational Capacity Assessment, multi-year goals and objectives must be developed. These are the deliverables that will provide a basis for evaluation and the measurement of SVP impact.

Goals describe the area of capacity to be improved through the SVP-Investee partnership.

Outcomes are what will have been achieved as a result of the project.

»» Examples of long-term goals and outcomes appear on page 13 of this manual.

“The problem cited in the grant request is rarely the real problem. More often than not, it’s a symptom of a different issue. For example, a nonprofit might say “we need a better database” when the real problem might be that they don’t have the people to use the information in the database. It turns out to be a human resource issue rather than a technology issue.

Therefore, the true scope of the work is best uncovered by asking a series of “why?” questions. Allow yourself as much as six months to get to know an organization without committing totally to a course of action. Take time to listen and build trust – only through careful questioning will the full potential of the partnership emerge.”

– Kevin Shaw, Partner, Cleveland Social Venture Partners

CASE STUDY: PART I

When Bright Star Schools began an expansion from 2 to 11 charter schools serving economically disadvantaged students from the Adams/La Brea area of Los Angeles, they collaborated with Los Angeles SVP to develop a long-term plan. Together, they established an overarching vision for this work:

TIP

Demonstrating Impact from Start to Finish:

The Lead Partner, SVP Staff and the Investee should all look at the Demonstrating SVP's Impact tool early in the relationship so that everyone can begin gathering data and tracking impact indicators from the beginning. Eventually, the Demonstrating SVP's Impact tool will help you compile an evidence-based report on the success of your work together.

VISION

Los Angeles SVP seeks to support Bright Star Schools in developing an ambitious long-term growth plan and begin developing the organizational structure and capacity which will enable them to execute the plan while maintaining the high performance of their education and character-building programs.

The SVP/Investee team then established long-term goals associated with the capacity areas in the Organizational Capacity Assessment Tool (OCAT) that were identified as needing improvement. Here are two examples:

OCAT Capacity Area 1:

MISSION, VISION, STRATEGY & PLANNING

Long-Term Goal:

Develop an ambitious long-term strategic growth plan which will enable Bright Star Schools to successfully execute the plan over the next 7-10 years.

Measurable Outcome:

Prepare a comprehensive plan, including an organizational structure (school, home office, and board level).

Secure board approval on the plan and the infrastructure commitments required to make the plan successful.

Establish the necessary partnerships to execute the plan.

OCAT Capacity Area 8:

BOARD LEADERSHIP

Long-Term Goal:

Grow the leadership capacity of the organization by strengthening the Board of Directors, specifically, by evolving from a founding board to an effective operating board.

Measurable Outcome:

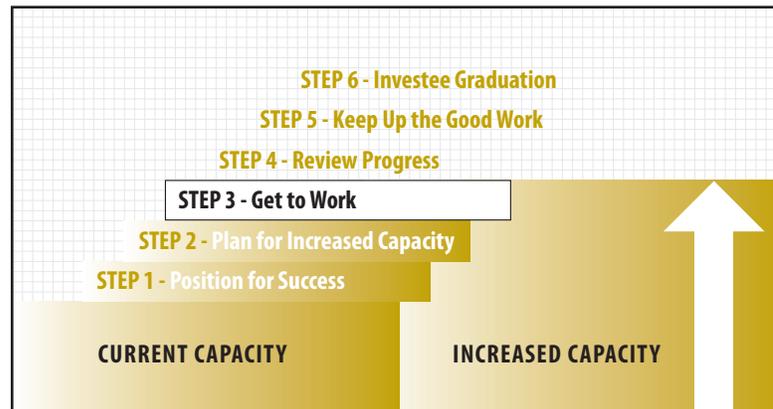
Increase board from 12 to a minimum of 16 members.

Recruit a more "connected" board with appropriate skills.

Increase efficiency through an improved committee structure.

Once you have established the long term vision, goals and outcomes, you will establish an Annual Workplan to address each area in detail. This process is described in the next section of this manual, *Step 3: Get to Work*.

Step 3: Get to Work



A. Establish an Annual Workplan

This Annual Workplan is the day-to-day reference point for SVP and the Investee as they fulfill the long-term capacity-building goals and outcomes agreed upon during the assessment process. The Annual Workplan is a living document that guides the hands-on aspects of the SVP model while linking directly to longer-term outcomes. In short, it ensures increased capacity for the Investee and the fulfillment of a good social investment for SVP.

❑ Write the Annual Workplan

The Annual Workplan is written by the Investee Executive Director, with input from key staff and the Lead Partner. It is important that SVP does NOT dictate program delivery priorities or the direction of an Investee's mission. That is up to the Investee's Board and staff.

Contents of the Workplan

The Annual Workplan expands upon the goals and outcomes that you and the Investee identified together in the long-term plan. Determine which capacity building areas you intend to work on in the coming year and translate them into short-term goals that can be achieved in a 12-month period. You won't achieve all of your long-term goals in one year, so be sure to set reasonable objectives for each year. You are charting a course for long-term success – one step at a time.

❑ Plan for Success

It often makes sense to stagger capacity-building projects. Start with one or two projects that have the most immediate impact for the Investee. Early success with these can help solidify the relationship and pave the way for projects that take longer to yield results. It is also helpful to start with projects that have tangible, concrete results, such as a technology plan, a video or a brochure.

TIP

Set annual goals, but have 90-day achievable “milestones” along the way to empower, encourage and convince your Investees that their future is bright. This also helps keep up momentum.

You might receive requests from Investees for which you don’t have Partner skills. Unless you can identify and fund (or secure pro bono) a consultant, it’s best to say “no” to these requests. Remember that SVP projects are almost always related to capacity building and very rarely directly involved in programs. Only get involved in program specific areas, such as developing a curriculum, if you know you have a Partner with unique skills and energy available to make the full commitment to success.

☐ **Secure approval for the Annual Workplan**

The Annual Workplan is submitted for review and approval by the SVP staff or investment committee who must approve it before volunteer job requests are submitted. This ensures that the Annual Workplan reflects the overall purpose of the SVP investment and makes certain that SVP is allocating its volunteer resources efficiently.

CASE STUDY: PART II

To develop a clear path to achieving their vision, Los Angeles SVP and Bright Star Schools established an Annual Workplan to move them toward the achievement of their long-term goals and measurable outcomes. For example:

**Annual Workplan for
MISSION, VISION,
STRATEGY & PLANNING**

This Year’s Goal:
Complete a first draft a high-level, 10-year strategic business plan which will serve as the basis for strategic fundraising efforts, as well as organizational development efforts.

Sample Milestones:
Secure a strategic planning consultant with charter school experience.
Establish a partnership with the Charter Schools Growth Fund.

**Annual Workplan for
BOARD LEADERSHIP**

This Year’s Goal:
Recruit at least four new board members with strategically relevant skills, extensive networks, and fundraising ability.

Sample Milestones:
Develop a one-page summary of new board member criteria and recruitment priorities.
Circulate to Los Angeles SVP Partners so they can search their networks for potential board members.

The Annual Workplan also included specific dates for each milestone. Each year, the Annual Workplan was updated to keep up momentum toward achieving the original vision.

This well-organized process resulted in success for Bright Star Schools which will directly benefit thousands of economically disadvantaged students in Los Angeles.

»» Please see the Annual Workplan template on page 36.

SVP provides skilled volunteers, technical assistance via professional consultants, and/or training opportunities. Examples of projects completed by SVPs include:

Financial Management

- Creating a new financial reporting system merged from two separate accounting systems
- General review of accounting policies and procedures to prepare for an audit

Fund Development

- Developing a plan to diversify revenue sources
- Conceptualizing and planning a fund-raising event

Information Technology

- Building a new web site or database
- Setting up a network, email accounts and file servers to improve connectivity

Marketing and Public Relations

- Writing a marketing or communications plan.
- Developing or re-writing existing marketing materials and brochures.

Program Design and Evaluation

- Assisting in the creation of a logic model and evaluation plan.
- Providing training on program evaluation design, data analysis, and summary of program results

Human Resources

- Revision of personnel policies and procedures
- Assistance with job description creation, recruiting, and evaluating candidates for a new position.

Mission, Vision, Strategy, and Planning

- Development of an expansion plan to extend program offerings or significantly grow local sites
- Facilitation of a staff and board strategic planning retreat

Leadership Development

- Hiring an executive coach to work closely with an Executive Director
- Providing a scholarship to attend an intensive leadership development program

Board Leadership

- Providing training on board roles and responsibilities, including fundraising
- Development of board policies and procedures

Legal Affairs

- Reviewing fee for service contracts
- Advising on copyright and trademark issues

Some SVPs also provide valuable advice on real estate transactions, including:

- Advising on lease negotiations
- Site identification and acquisition assistance
- Advising on construction projects with clear analysis of trade-offs between budget, schedules and quality

TIP

Salesforce.com is an invaluable tool in volunteer recruitment. It stores data on your partners – their skills, backgrounds, and interests – and stores Investee volunteer requests so you can make a perfect match. It also tracks volunteer hours which is one of the largest areas of added value for SVP, and something you'll want to share with your Partners and community.

B. Place and Manage Volunteer Partners

Volunteers are the life-blood of the SVP model, therefore the Lead Partner and SVP staff should bring in SVP volunteers at as many points as possible to maximize the benefits to the Investee and your SVP. Active volunteer engagement has been demonstrated to help with Partner retention. Volunteer commitments can be short-term, project-based or ongoing, so that most Partners can find an opportunity that suits their needs.

❑ Define specific volunteer jobs

Requests for volunteers should flow from the Annual Workplan and be directly tied to capacity-building goals and outcomes. A clear and detailed Job Request Form helps ensure that Partners understand the full commitment of the volunteer opportunity and only take on projects they can fulfill.

»»» *A sample Volunteer Job Request Form appears on page 37.*

❑ Structure jobs that will work for your Partners

You can structure volunteer jobs in a variety of ways to make them more manageable and rewarding for the volunteer Partners:

- ◆ Consider job sharing or group assignments – this provides an opportunity for Partners to get to know one another.
- ◆ Recruit a colleague or member of a Partner's company to provide the needed service.
- ◆ Offer virtual volunteering opportunities – while this might not work for all assignments, it provides flexibility for people with time constraints.

❑ Recruit volunteer Partners

It is the responsibility of the SVP staff and the Lead Partner to reach out to the SVP partnership and find the best possible match for the Investee. Try to give as much lead time as possible when recruiting volunteers. It can take four to six weeks to make an initial match.

❑ Set expectations

Once a volunteer Partner is placed, it is important to let them know what is expected of them. Clearly define their volunteer roles and offering training for them in areas they might need help.

❑ Support your volunteer Partners

Conduct timely follow up, stay in touch and support your volunteers in their work. Both the Lead Partner and SVP staff need to check in occasionally to make sure things are going well, so schedule regular phone calls on your calendar.

“Give volunteers opportunities to have hand-on experience with the product. Bring them to programs and let them meet the nonprofit's staff so they aren't engaged from a distance, but from a direct connection to the mission.”

– Jennifer Parker, Metrocenter YMCA, Seattle

TIP

The Lead Partner should build a cohesive team spirit among the volunteers on any given project by keeping everyone updated by email, by phone and occasionally in person. Saying “thank you” to volunteers regularly is highly recommended!

“As the Lead Partner, you should get as many people involved as you can – don’t try and do it all yourself – really leverage the partnership. Playing the role of broker to find the right folks to plug into key organizational needs is where the SVP model really shines.”

– Rich Hoops, Partner, SVP Boulder County

C. Secure and Manage Additional Resources

The first option should always be to use an SVP volunteer, but sometimes you will need help when your Investee’s needs fall outside the skill sets of your Partners. For example, outcomes measurement is an area that often requires the expertise of an external resource. Among the options are paid consultants and pro bono or in-kind services.

Paid Consultants

It is the role of SVP staff to determine if needs should be filled by a paid consultant rather than an SVP volunteer. Funding for these contracts is separate from SVP’s grantmaking budget and many SVPs set aside additional funds for such circumstances. The Investee is the client for a consulting project and SVP is the payor, up to the amount specified. As the client, the Investee is responsible for hiring and managing the consultant.

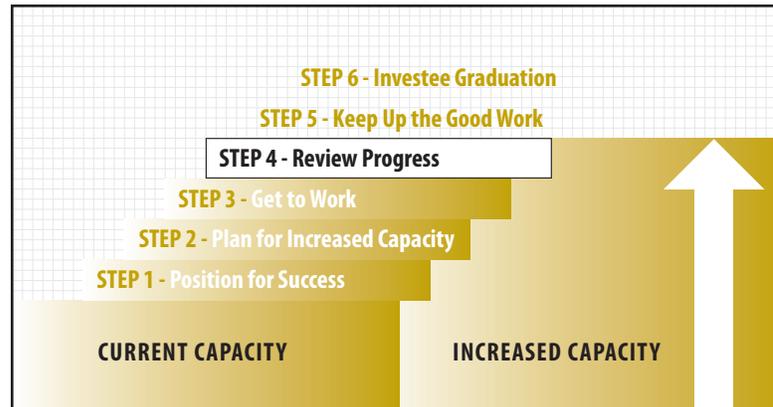
»» Please refer to *Tips for Investees on Hiring and Managing a Consultant through SVP on pages 38-40.*

Pro Bono or In-Kind Services

Many SVPs have been successful in accessing additional pro bono or in-kind resources for Investees. For example:

- ◆ Printing an annual report
- ◆ Web site design
- ◆ Legal advice

Step 4: Review Progress



A. Periodic Updates

The Lead Partner, Investee staff and SVP staff review progress on the Annual Workplan to keep up momentum and support the partnership.

- Establish a calendar of communication and reporting**
Make sure that Investee cycle includes regularly scheduled communication between all parties – the Lead Partner, Investee, SVP Staff, volunteers, and other consultants. Please see p. 35 of this manual for more on the Investee cycle.

B. Mid-Year Review

The mid-year review is an opportunity for everyone, including the reinvestment committee, to understand the vision for the Investee and see progress toward the achievement of that vision. It is also a chance to preview the refunding process, anticipating any concerns and paving the way for the refunding decision. If you anticipate not continuing with an Investee, now is the time to start relaying that message.

- Write and distribute mid-year progress report**
The Investee and Lead Partner will prepare this report together in advance of the mid-year review meeting. The report details progress against the Annual Workplan and identifies any opportunities or obstacles faced in achieving the remainder of the goals for the year. Include only information that is relevant, in order to honor Investee staff and Lead Partner's time.
- Prepare for mid-year review meeting**
The reinvestment committee should meet as a whole to discuss all of the mid-year reviews and identify any specific opportunities or challenges that need follow-up. If the reinvestment committee wants to see particular progress from an Investee, they should contribute to clear expectations and deadlines to help the partnership succeed.
- Conduct mid-year review meeting**
It is good to have this meeting on site at the Investee as a chance to see them in their own setting and as a convenience for them. As with any interaction with Investees, this is a great time to ask for feedback on the SVP-Investee relationship. How is SVP doing? How else can we support you? Use this opportunity to gather more data on SVP's overall impact.

A suggested format for the mid-year review meeting

Attendees:

Lead Partner • Investee Executive Director
Investee Board Chair • 1 or 2 reinvestment committee members
SVP staff member • Any key program staff Investee wants to include

Agenda:

- ◆ A brief report by the Investee and Lead Partner on overall progress against the Annual Workplan.
- ◆ A discussion of any on-going challenges that are timely but may not appear on the Annual Workplan, for instance the status of an executive director search process, or funding cuts from other sources.
- ◆ A review of the engagement of SVP volunteers and other sources such as consultants or pro bono services.
- ◆ For Investees in year 3 or 4, a conversation about major milestones that the Investee hopes to accomplish before the end of SVP funding.
- ◆ A discussion of anything that might affect the team's ability to fulfill the goals and objectives for the remainder of the year, such as anticipated staff changes, program shifts, mergers, etc.
- ◆ Agreement on adjustments to the Annual Workplan and clarification of next steps.

C. Demonstrate Impact

The refunding process will be much easier for all involved if you pay significant attention to demonstrating impact through your work with your Investees.

☐ Use the Demonstrating SVP's Impact tools

Available on the SVP Intranet, these tools will help you track outcomes and tell a compelling and evidence-based story about the impact of the partnership you have with your Investees.

The impact of your capacity-building efforts can be tied to the following key outcomes:

1. Investees are highly satisfied with SVP relationships
2. Investees receive increased time, money and connections from SVP Partners

These two outcomes can be measured using the Investees Outcome Survey from the Demonstrating SVP's Impact tools

3. The organizational capacity of Investees is strengthened
4. The programmatic effectiveness of Investees is improved

These two outcomes can be measured using the Most Significant Change tool from the Demonstrating SVP's Impact tools

- ❑ **Administer the Most Significant Change tool every year**
- ❑ **Conduct the Investees Outcome Survey at least every two years**

These should be done after the refunding decisions have been made to ensure that the Investee's responses are not influenced by potential grant decisions.

D. Annual Review

Typically, if an Investee is scheduled for an annual review meeting, they are most likely going to be refunded.

- ❑ **Write annual report and draft Annual Workplan for next year**

The Lead Partner and Investee work together to prepare a report on progress achieved toward the Annual Workplan and a draft of a new or revised Annual Workplan for the following year. This report should be grounded in the larger vision and the long-term goals and outcomes established at the beginning of the partnership, and should address any changes deemed necessary to these elements.
- ❑ **Prepare for the annual review meeting**

The reinvestment committee will review the report and submit questions to the Investee and Lead Partner in advance of the annual review meeting. The focus should be a shared exploration of successes, challenges and the future, rather than on “are we going to be refunded?”
- ❑ **Conduct the annual review meeting**

Like the mid-year review meeting, you could consider holding this meeting at the Investee's offices for their convenience and so that members of the reinvestment committee can get a better sense of the organization. The sub-group of the reinvestment committee that attends this meeting is charged with representing the Investee to the full reinvestment committee, so they should try to anticipate questions and concerns that may arise during the refunding process.
- ❑ **Follow up with the Investee**

After the annual review meeting, the reinvestment committee will send feedback letters to each Investee. These letters should include both positives (congratulations on completing your first review) and any expectations which were discussed during the annual review (we would like you to continue working on board development – let us know how we can help you).

A suggested format for the Annual Review meeting

Attendees:

Lead Partner • Investee Executive Director • Investee Board Chair
Sub-group of the reinvestment committee • SVP staff member

Agenda:

- ◆ A short recap by the Investee about the organization, its mission, and what they are trying to achieve through their partnership with SVP.
- ◆ A brief report by the Investee and Lead Partner on the achievement of work outlined in the Annual Workplan.
- ◆ A presentation and discussion about the Annual Workplan for the coming year with an emphasis on adjustments and priorities.
- ◆ Identification and acknowledgement of successes.
- ◆ A discussion of challenge areas where SVP can be of help.
- ◆ Input from Investees on how they are experiencing the relationship and services.
- ◆ A review of progress against the larger vision for the relationship.
- ◆ Excuse the Investee representatives so that the Lead Partner, SVP staff, and reinvestment committee sub-group can discuss the relationship and work to date and identify any concerns.

E. Refunding Process

Finalize the refunding decision

The refunding decision is made by the reinvestment committee with significant input from the Lead Partner and SVP staff person.

Avoid surprises

Whatever the refunding decision, it should not come as a surprise if enough attention has been paid to achieving measurable goals and outcomes, the Annual Workplan has been used as a living tool, and communication has been open and ongoing.

Dealing with declines

Occasionally, an Investee will not be refunded. While it shouldn't come as a surprise, it can still be very difficult. Be sure to communicate as early as possible to the Investee and the SVP partnership specifically why the granting relationship may or will not continue and what, if any, opportunities there might be for reinstatement as an Investee.

Step 5: Keep Up the Good Work



❑ **Commit to the long-term**

The ideal length of an Investee relationship is hard to define. But, it is certain that capacity building is a long-term process. No fewer than three years and as much as a five year investment is required to yield lasting organizational and cultural change and the kind of discernable outcomes SVP seeks in its investments.

As the capacity of the Investee changes during the course of the partnership, it is appropriate to administer The Organizational Capacity Assessment Tool periodically. We recommend that it be used at the beginning of the third and fifth years. Ratings will decrease occasionally in some capacity areas, as Investee staff and board members increase their knowledge of best practices in those areas.

❑ **Expect the unexpected**

You simply can't predict what issues will arise during your SVP-Investee partnership. Here are a few issues that may arise along the way and some thoughts on how to handle them:

▶ **The Lead Partner is invited to join the Investee's board of directors**

SVP certainly does not require that Lead Partners or other SVP Partners be invited to join Investees' boards. Any board member should be cultivated based on their skills, passion for the Investee's mission, and willingness to take on the responsibilities of trusteeship.

It can be advantageous to have the Lead Partner serve on an Investee's board of directors, given that much of the strategic and financial decision-making of the Investee organization is done at the board level. A passionate and dedicated Board member can be one of the most powerful and lasting contributions SVP can make to an Investee.

There are also disadvantages to having the Lead Partner on the Investee board. After all, the Lead Partner is a funder of the Investee and as such may be given undue influence on the board. Some people feel it is difficult to be an advocate for the Executive Director if they are serving on a board. It can be hard for the Executive Director to reveal weaknesses to you if you're on his/her board.

If Lead Partners accept an invitation for board service, they should consider this commitment to be independent of their SVP role. They can maintain both “positions” but may choose to recuse themselves from decisions where SVP funding is involved. It is expected that Lead Partners be clear about when they are speaking on behalf of SVP or when they are acting in their board member capacity.

Some SVPs encourage board membership, while others discourage it. Whatever your position, it is best to establish some kind of policy in this regard to minimize confusion. Either way, it does make sense for the Lead Partner to attend occasional board meetings, although always at the invitation of the Investee.

▶ **The goals and objectives, and even the vision, change along the way**

One thing that is always true of change is that things tend to get messier before they get better. Of course, there will be course corrections along the way. This is normal and should not be allowed to frustrate or discourage Investees or SVP volunteers. Flexibility is one of the most important attributes of SVP’s service. Regular communication between the Lead Partner, SVP staff and Investee will ensure that everyone is on the same page.

▶ **The Investee is unable or unwilling to fulfill the agreement**

Sometimes a nonprofit appears to be open to assistance, but does not engage after becoming an Investee. The importance of the mid-year and annual review meetings become absolute in these circumstances. Having a shared dialogue and being clear about expectations should either help the Investee overcome obstacles to engagement, or confirm that the investment should not be renewed.

▶ **The Investee’s Executive Director leaves**

Turnover in the Executive Director or other key staff at the nonprofit is not uncommon. However, SVP can’t be effective unless we have a strong and enduring relationship with the Executive Director. It is advisable when such a transition occurs that the SVP-Investee relationship slow down and either build a working relationship with an acting Executive Director or wait for a replacement. While the work may slow or change during these kinds of transitions, a change in staff should not rule out an agency for refunding.

“We have to recognize that we’re not the only thing these organizations have going on. We can’t get in the way of what their real mission is – delivering services.”

– Rich Hoops, Partner, SVP Boulder County

▶ **Progress stalls**

This can happen for a myriad of reasons. The main objective is to re-build momentum. Establish regular, frequent meetings and set some short-term goals to jump-start the relationship.

▶ **The Lead Partner burns out**

The Lead Partner role can be a lonely position if few other Partners are supporting the Investee work. SVP staff needs to make sure Lead Partners are getting the information and resources to do their job. Consider creating opportunities for all your Lead Partners to network in an atmosphere of mutual respect and support.

▶ **SVP is unable to provide needed skills**

A positive Investee experience with SVP depends upon our ability to match our Partners' skills to their needs. Use the Partner Profile within the Intranet and Salesforce to assess available Partner skills and match them with potential Investees. Occasionally, you may need to compensate for a lack of volunteer skills in a particular area by retaining a consultant. Please see p. 38 of this manual for a discussion on how best to use consultants.

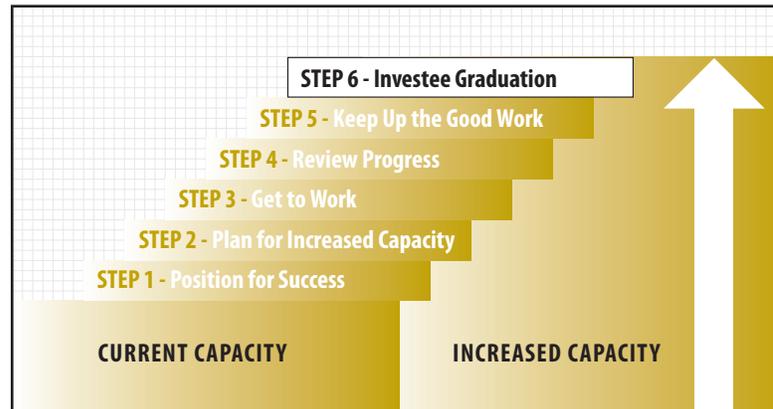
□ **Remember the keys to a successful partnership**

Refer often to the overview of successful Investee partnerships on page 4 of this manual. These principles, such as communications, patience, a commitment to shared learning, and adherence to a long-term vision, should help you through any challenges that arise.

□ **Enjoy yourself**

Whatever happens, your SVP experience should be fun. Take the time to enjoy it! And, feel proud that you're making a real difference in your community.

Step 6: Investee Graduation



- ❑ **Establish a clear expectation that funding is not permanent**
The SVP model is not designed for sustained funding. Be explicit at the beginning of the investment that the SVP will no longer fund the Investee after a designated period of years. SVP should communicate to Investees that we are going to leave them stronger, and we're definitely going to leave them. It usually makes sense to set an exit date and stick to it.
- ❑ **Plan for Investee sustainability**
Part of the capacity building process during the life of the SVP commitment should be to help ensure the Investee's ability to replace the SVP funds by building their overall financial sustainability.
- ❑ **Have an exit strategy**
SVP should leave every Investee with an increased capacity to fulfill their mission. This begins with a clear vision. Measurable outcomes must be established for the partnership so that everyone knows when the work together has been accomplished. A good long-term plan, followed by carefully crafted and implemented Annual Workplans, will set you up for a logical and comfortable exit.

When our work is finished, an Investee will demonstrate the core components of a robust organization. This starts with the Organizational Capacity Assessment Tool and ends with the achievement of real organizational change. Ultimately, if we have helped an Investee better serve our community, we have done our work well.

- ❑ **Produce a Case Study**
It is good practice to produce a case study which demonstrates how and why the relationship was successful and details lessons learned. A cost-effective way of implementing this is using local graduate student interns.

»»» *A sample case study can be found on page 54.*

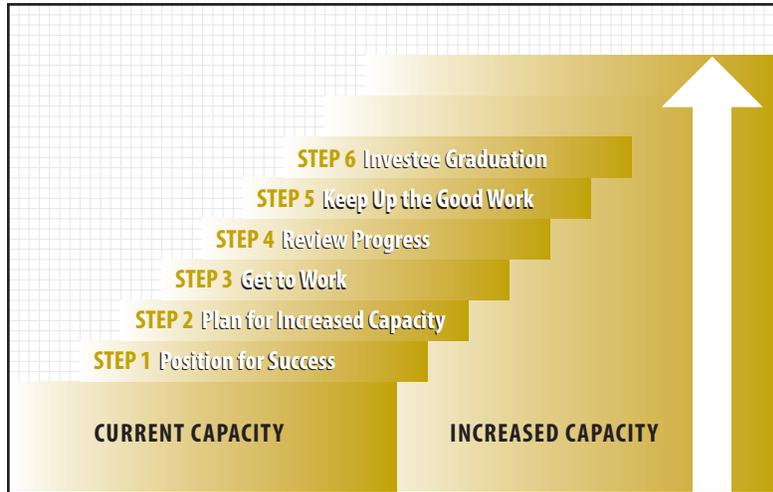
Of a good beginning, comes a good end....

A decorative graphic on the left side of the page. It features a vertical gold line that starts at the top and ends at the top of a bar chart. The bar chart consists of seven bars of increasing height from left to right, with a color gradient from light gold to dark gold. A large, light gold arrow points upwards from the top of the tallest bar.

Worksheets, Checklists and Samples

Checklist for a Successful Partnership

This checklist summarizes the six-step process for working with Investees. Please refer to the full description in the manual for more details on each step.



Step 1: Position Your SVP and Investees for Success

A. Choose the Right Investee

- Educate prospective Investees about the SVP model
- Make sure there is willingness on the part of the potential Investee to really examine their organization and be prepared to make changes
- Make sure there is a marriage between the needs of the nonprofit and the skills and interests of the Partners
- Don't spread yourself too thin

B. Prepare the Players

- Orient, train and support the LEAD PARTNER
- Orient the INVESTEE
- Understand the role of SVP STAFF

C. Establish a Good Working Relationship

- Get to know the Investee
- Learn about the differences in how nonprofit and for-profit organizations function
- Define working communications and meetings
- Make sure that communication is two-way
- Recognize cultural differences
- Remember that you are not the Investee's only priority
- Balance expertise with humility

Step 2: Plan for a Measurable Increase in Capacity

A. Problem Identification – Using the Organizational Capacity Assessment Tool

- Facilitate an inclusive Organizational Capacity Assessment process
- Prioritize projects
- Foster an open dialogue

B. Establish a Long-Term Plan

- Develop a cycle for the Investee partnership
- Articulate a shared vision
- Agree on long-term goals and outcomes

Step 3: Get to Work

A. Establish an Annual Workplan

- Write the Annual Workplan
- Plan for success
- Secure approval for the Annual Workplan

B. Place and Manage Volunteer Partners

- Define specific volunteer jobs
- Structure jobs that will work for your Partners
- Recruit volunteer Partners
- Support your volunteer Partners

C. Secure and Manage Additional Resources

- Paid Consultants
- Pro Bono or In-Kind Services

Step 4: Review Progress

A. Periodic Updates

- Establish a calendar of communication and reporting

B. Mid-Year Review

- Write and distribute mid-year progress report
- Prepare for mid-year review meeting
- Conduct mid-year review meeting
- Use the Demonstrating SVP's Impact tools
- Administer the Most Significant Change tool every year
- Conduct the Investees Outcome Survey at least every two years

D. Annual Review

- Write annual report and draft Annual Workplan for next year
- Prepare for the annual review meeting
- Conduct the annual review meeting
- Follow up with the Investee

E. Refunding Process

- Finalize the refunding decision
- Avoid surprises
- Dealing with declines

Step 5: Keep Up the Good Work

- Commit to the long-term
- Expect the unexpected
- Remember the keys to a successful partnership
- Enjoy yourself

Step 6: Investee Graduation

- Establish a clear expectation that funding is not permanent
- Plan for Investee sustainability
- Have an exit strategy
- Produce a Case Study



New Investee Kick Off



A bit about SVP . . .

- Build the capacity of nonprofits AND philanthropists
- Engaged Philanthropy- combine financial and human capital; play an active role with investees
- SVP: ~470 individuals
- Investees: 16 current investees plus APC
- Staff
 - Paul Shoemaker, Executive Director
 - Aaron Jacobs, Sr. Program Manager for Investee Relations
 - Sofia Michelakis, Sr. Program Manager for Partner Relations
 - Susan Fairchild, Program Manager – new grants and APC
 - New Office Manager
 - New Communications Manager



What is SVP's Approach?

- Multi-year partnership w/ annual review
- General operating grants
- Organizational Capacity Building
 - the development of core skills, management practices, strategies, and systems to enhance an organization's effectiveness, sustainability and ability to fulfill its mission.
- Outcomes
 - How do you impact kids, education, the environment?



What Resources Does SVP Have?

- Cash grants
 - General operating
 - Curve
- Lead Partner
 - Project manager role
 - Helps develop, prioritize and monitor progress on annual workplan
 - Helps develop long-term vision for SVP relationship
 - Coordinates and motivates SVP volunteers
 - Serves as sounding board, "interpreter"



SVP's Resources

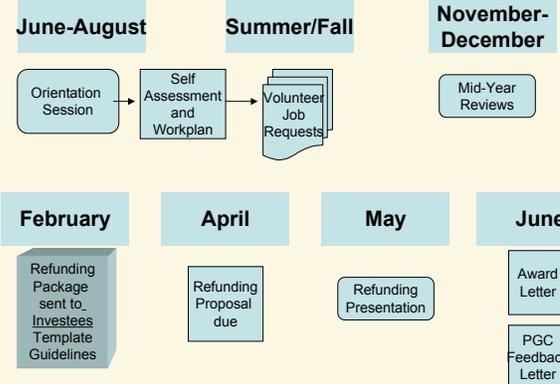
- **SVP Volunteers**
 - Primary resource to meet capacity building needs
 - Additional benefits of using SVP volunteers
- **Paid Consultants**
 - Appropriate volunteer not available; determined by staff
 - Funding is in addition to grant
- **Pro-bono services from local firms**
- **Community Resources-**
 - Connections to outside resources such as NPower, leadership development and management skills training, and other opportunities



How Can SVP Help?

- Board Development and Governance
- Financial Management
- Fundraising and Revenue Development
- Human Resources
- Information Technology
- Leadership Development
- Legal
- Marketing, Communications, and Public Relations
- Mission/Vision/Strategic Planning
- Program Evaluation and Performance Management

Annual SVP Investee Cycle



First Year

- **Organizational Capacity Assessment Tool**
 - Executive Director, Board Chair, Program Staff
 - Composite score and priorities
 - Good for Lead Partner to sit in on group conversation
- **Annual Workplan**
 - Program outcomes, program goals, capacity building goals
 - Reflect priorities of assessment
- **Volunteer Job Requests**
 - Flow from workplan
 - Submit provided form to Aaron
 - Submit as far in advance as possible
 - Will most likely be clarification questions
 - Can take three to four weeks to match
 - Sofia will do matching

First Year

- **Mid-Year Review - December / January**
 - Review progress, make changes
 - Attended by Aaron, member of Portfolio Grant Committee, Lead Partner, ED, Board member and ?
- **Refunding Proposal - March**
- **Refunding Discussion- April / May**
 - One PGC member will serve as point person for midyear review and refunding process.
 - General Refunding Criteria:
 - Demonstrated programmatic outcomes or working towards that
 - Progress on Annual Workplan
 - Use of SVP resources to help develop organizational capacity
 - Compelling proposal for future work
 - Strong leadership and stable organizational infrastructure

Volunteer Placement & Management

- Submit requests as far in advance as possible
- Staff identify *potential* match
- Email intro to you and Lead Partner
- You or Lead set initial meeting
 - discuss the project, ensure skills match and availability.
- If the match does not work, please contact SVP staff ASAP to find a new person or modify the volunteer job description
- Orient the volunteer – they like to learn as well
- Set expectations – timeline, communication, revisit project goals
- SVP staff will check in occasionally
- Please let us know if something isn't working

Make the Most of It!

- Establish a consistent relationship and routine communications with your Lead
- Help acquaint your Lead Partner and volunteers with your organization
- Expect that working effectively with us will take time
- Select volunteer projects that have a defined scope (but don't shy away from "big" goals)
- Speak up if a volunteer or SVP resource is not working out.
- Don't take on too many projects at once
- Please give SVP adequate time to find a volunteer (3-4 weeks).
- Build a trusting, open relationship with us. Email, call or meet whenever needed

SVP and Boards

- SVP does not require that investees invite Leads (or any other Partner) to serve on their boards as a condition of funding. We believe that board members should be cultivated based on their skills, passion for your mission, and willingness to take on the responsibilities of trusteeship.
- However, Leads are free to accept an invitation for board service. Leads should consider this commitment independently of their role as Lead. They can maintain both "positions" but may choose to reclude themselves from some decisions where SVP funding is involved. Our expectation is that Leads will need to wear two hats and must be clear about when they are speaking on behalf of SVP or when they are acting in their board member capacity.
- Because much of the strategic and financial decision-making of your organization is done at the board level, it can be advantageous for Leads to periodically attend Board meetings. The frequency of such attendance can be negotiated with investees on a case by case basis.

Next Steps

- Complete Organizational Capacity Assessment Tool
 - See instructions
- Meet with Lead – get to know each other
- Meet with Lead
 - to discuss Org Capacity Assessment Tool results,
 - define Annual Workplan
 - identify Volunteer projects (probably over the course of two meetings)
- **Annual Workplan** - complete by August 24 (send to Aaron)
- Submit **Volunteer Job Requests** (Send to Aaron after Annual Workplan is approved)

SAMPLE: Lead Partner Job Description

Description

The Lead Partner plays a pivotal role in SVP and is key to developing a successful relationship with Investees. The Lead acts as the primary liaison between SVP staff and volunteers and the Investee. Responsibilities include the following:

- ◆ participate in the investee self-assessment and workplan development
- ◆ set and monitor objectives
- ◆ develop the overall vision for the long-term relationships with SVP
- ◆ work regularly with the Investee to identify and prioritize volunteer projects
- ◆ provide insight and recommendations to SVP staff and Portfolio Grant Committee

Investee Relationship

The Lead is in the best position to build an open, trusting SVP relationship with their Investee. Initially, the Lead attends an Investee kick-off session and works with the Investee to develop an Annual Workplan and define volunteer opportunities. The Annual Workplan outlines the programmatic and capacity-building goals that Investees will work toward in a given year. Once an Annual Workplan is written, the Lead should work with the Investee to develop job descriptions for the volunteer roles to be filled by SVP Partners. The Lead can be instrumental in ensuring that all projects are truly needed and staggered so that all projects can be completed (and no one is overloaded). As resource needs or obstacles arise throughout the year, the Lead can work with SVP staff to brainstorm, find connections to outside resources, or simply provide perspective.

Communication

Throughout the year, the Lead is responsible for establishing regular communications with the Investee to ensure ongoing progress toward milestones and to keep abreast of an Investees' needs. Each Lead and Investee can negotiate their own schedule to maintain routine communications such as a weekly phone call or face to face meeting every few weeks. The goal is to maintain a consistent, informed relationship.

Midyear Review

About six months into the grant year, a midyear review is conducted for each Investee. This review is led by SVP staff and includes the Lead Partner, Investee, and one person from the Portfolio Grant Committee. The goal of the midyear review is to provide an official status check with Investees to ensure overall progress toward goals and to allow time to make "mid course" corrections prior to the annual refunding process. The midyear review is held at the Investee's office and takes about 2 hours.

Refunding

Each spring, all Investees participate in the annual refunding process. The annual refunding process includes submission of a refunding proposal and in-person discussion with the Portfolio Grant Committee. The refunding proposal includes the Investee's progress report on their current workplan, along with a draft workplan for the coming year. During this process, the Lead helps Investees to develop their refunding proposal and meets privately with the Portfolio Grant Committee to discuss their perspective on the Investee and their relationship with SVP. The Portfolio Grant Committee uses input from the Lead to assist them in formulating a refunding decision and amount of the refunding grant.

SAMPLE: Lead Partner Job Description (cont'd)



Volunteer Coordination

Once SVP staff have identified a Partner or other resource to fill a volunteer role, Leads are responsible for connecting them to the appropriate contact at an Investee organization and facilitating their orientation. Some Investees may have a formal volunteer orientation process in place whereas others may rely on the Lead to help orient new volunteers. SVP volunteers should be 1) familiar with the program and mission of the Investee organization, 2) understand their role and expectations and 3) know where to turn for questions and support.

Throughout the year, the Lead should contact Volunteers using emails or phone calls to support their individual efforts, discuss obstacles and help them succeed. To keep the group as a whole connected and motivated, the Lead can use a few vehicles including quarterly update emails or convening 2-3 meetings throughout the year to provide mutual support, opportunities for collaboration and cross-learning and group discussion of the Investee needs, objectives and future plans.

It is not necessary for a Lead to work on all projects underway at an Investee. However, it is essential to keep volunteers motivated and connected, ensure that the work that SVP is doing is useful to the Investee, and that the Investee is appropriately supporting various projects underway.

Quarterly Leads Meetings

SVP staff will coordinate quarterly meetings with all Leads in order to facilitate knowledge sharing, skill building and logistical matters. A few of these meetings will be combined with Portfolio Grant Committee meetings so that Leads and PGC members get to know each other.

Skills Needed

- ◆ Good interpersonal and team-building skills
- ◆ Business and management background a plus
- ◆ Experience with developing workplans and objectives
- ◆ Desire to learn about nonprofit operations

Time Requirements - Avg. 4-6 hours per month (some weeks may be no time; others more).

SAMPLE: Investee Cycle

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Year 1	<ul style="list-style-type: none"> • Announce and celebrate • Complete paperwork, including memorandum of understanding and hold harmless agreement • Begin to establish relationship • Schedule regular communications • Complete Organizational Capacity Assessment Tool • Agree on vision and goals • Draft Annual Workplan 	<ul style="list-style-type: none"> • Finalize Annual Workplan • Track progress against benchmarks 	<ul style="list-style-type: none"> • Mid Year Review • Track progress against benchmarks 	<ul style="list-style-type: none"> • Annual Report and Review • Implement <i>Most Significant Change Tool</i>
Year 2	<ul style="list-style-type: none"> • Finalize Annual Workplan • Schedule regular communications 	<ul style="list-style-type: none"> • Track progress against benchmarks 	<ul style="list-style-type: none"> • Mid Year Review • Track progress against benchmarks 	<ul style="list-style-type: none"> • Annual Report and Review • Implement <i>Most Significant Change Tool</i> and <i>Investee Outcomes Survey</i>
Year 3	<ul style="list-style-type: none"> • Finalize Annual Workplan (<i>Consider readministering Organizational Capacity Assessment Tool</i>) • Schedule regular communications 	<ul style="list-style-type: none"> • Track progress against benchmarks 	<ul style="list-style-type: none"> • Mid Year Review • Track progress against benchmarks 	<ul style="list-style-type: none"> • Annual Report and Review • Implement <i>Most Significant Change Tool</i> • Reinvestment or Graduation
Year 4	<ul style="list-style-type: none"> • Finalize Annual Workplan • Schedule regular communications 	<ul style="list-style-type: none"> • Track progress against benchmarks 	<ul style="list-style-type: none"> • Mid Year Review • Track progress against benchmarks 	<ul style="list-style-type: none"> • Annual Report and Review • Implement <i>Most Significant Change Tool</i> and <i>Investee Outcomes Survey</i> • Reinvestment or Graduation
Year 5	<ul style="list-style-type: none"> • Finalize Annual Workplan (<i>Consider readministering Organizational Capacity Assessment Tool</i>) • Schedule regular communications 	<ul style="list-style-type: none"> • Track progress against benchmarks 	<ul style="list-style-type: none"> • Mid Year Review • Track progress against benchmarks 	<ul style="list-style-type: none"> • Annual Report and Review • Implement <i>Most Significant Change Tool</i> and <i>Investee Outcomes Survey</i> • Reinvestment or Graduation • Complete a Case Study

*Not all Investee relationships will span five years.

SAMPLE: Annual Workplan Template

Capacity Area	Goals for this Year	Milestones / Measurements	Start/ End Date	Person Responsible	Progress Notes
Which part(s) of the Organizational Capacity Assessment Tool are you working on?	What will you accomplish this year to move you toward achieving the long-term goals and outcomes?	Specific, measurable outcomes to demonstrate the achievement of this year's goals.		Should include SVP and Investee representatives	To be filled in for periodic updates, mid-year review and annual review.

EXAMPLE:

Capacity Area	Goals for this Year	Milestones / Measurements	Start/ End Date	Person Responsible	Progress Notes
Board Development	Recruit at least four new board members with strategically relevant skills, extensive networks, and fundraising ability by September 1, 2008.	Develop a one-page summary of new board member criteria and recruitment priorities. Circulate to SVP Partners by July 15 so they can search their networks for potential board members.	4/1 – 9/1/08	Investee ED and Lead Partner SVP Staff	As of 6/15/08 three new board members have been identified and two more prospects are scheduled for meetings with the board chair and executive director.

SAMPLE: Volunteer Job/Project Request

Adapted from SVP Portland



Investee:

Lead Partner:

Investee contact person/phone/e-mail:

Volunteer Job/Project Title:

Number of volunteers needed:

2007-08 Workplan Goal under which this Project falls:

Type of Opportunity

- | | |
|--|---|
| <input type="checkbox"/> Financial Management | <input type="checkbox"/> Human Resources |
| <input type="checkbox"/> Fundraising and Revenue Development | <input type="checkbox"/> Mission, Vision, Strategy & Planning |
| <input type="checkbox"/> Information Technology | <input type="checkbox"/> Legal |
| <input type="checkbox"/> Marketing and Public Relations | <input type="checkbox"/> Leadership Development |
| <input type="checkbox"/> Program Evaluation and Performance Management | <input type="checkbox"/> Board Development and Governance |

Brief Description of Volunteer Opportunity:

Please provide information regarding:

- Skills required for Volunteer

- Examples of work to be performed

- Desired deliverables

- What would be a successful outcome for this project?

Time Commitment:

- On-going commitment (A few hours committed every week or month, such as participating on a board or being matched as a mentor or tutor.)
- One project. (A discrete project that may require several hours of time over several weeks, such as developing a brochure, planning a training, building a web site, etc.)
- One-time contribution. (A few hours doing a discrete task, such as participating in a special event, reviewing a document, etc.)

Approximate number of hours required:

per week

per project

Likely Start Date:

Likely End Date: ongoing

Specific Days or Times of the Week:

- Weekdays
- Weekends
- Evenings
- Other:

Tips for Investees on Hiring and Managing a Consultant through SVP



These guidelines are for investees for whom SVP could not find a volunteer to fill a request for assistance with a specific project. SVP has allocated a specific amount toward the cost of retaining an independent consultant to complete the project. This amount will be communicated separately by SVP. The investee will be the client for the consulting project and SVP will be the payor, up to the amount specified. As the client, the investee is responsible for hiring and managing the consultant following the guidelines below.

I. Hiring and Managing a Consultant

1. **Clarify your purpose in searching for outside help.**
2. **Define the problem to be addressed as clearly as you can.**
3. **Compile a list of prospective consultants.**
 - When possible, SVP will provide a partial list of local consultants you might wish to consider.
 - Another strategy is to issue a request for proposals (RFP).
 - You are free to hire anyone as long as s/he can demonstrate professional experience performing similar work.
4. **Interview at least two candidates.**
 - Among your interview questions, ask if the candidate has ever consulted on the specific issue you are addressing.
 - Also ask for a rough idea of the range of fees the consultant might charge for the type of project you are discussing.
 - If the range is not in line with your budget, consider asking what scope of work could be completed within your budget.
 - Keep in mind that in fee negotiations, the side that mentions a number first has the advantage.
 - SVP has determined a budget for your project based on past project experience and our goal is to provide enough funding for your project to get done, while maintaining a reasonable scope and not exceeding our own budgetary constraints.
 - Contact SVP if the bids you receive are not closely aligned with the dollars allocated.
5. **Check references.**
 - Ask for a client list rather than the consultant's hand-picked list of satisfied customers.
 - Describe your project and ask for an opinion on whether the consultant could move your organization forward in that area.
 - Among your other questions, consider asking: if work was completed on schedule and at an appropriate pace; if the consultant quickly grasped the needs of the organization; how the consultant treated board and staff members; and whether they would hire her/him again.

Tips for Investees on Hiring and Managing a Consultant through SVP (cont'd)

6. Request a proposed scope of work including the elements outlined below.

Regarding the content of the services to be provided:

- Project summary with goals and objectives
- Approach and work methods to be used
- Details about each task to be undertaken
- Description of any work products that will be developed
- Clarification of intellectual property rights for any work products to be developed
- Information about the personnel responsible for each task
- A request for confidentiality regarding the content of the work.

Regarding the timing of the work:

- Project timeline with start and end dates for the work
- A meeting schedule for periodic audits to review progress before work continues
- A request for interim written progress reports if the project lasts longer than eight weeks.

Regarding the costs of the project:

- Project budget with costs broken down in to logical categories
- The fee and exact dates when fee payments are due (Most consultants bill monthly for long-term projects or at set intervals, such as mid-way and upon completion. It is common for consultants to require a deposit, especially if the balance is not due until project completion.)
- Indication that the investee is the client and SVP is the payor (which is important for SVP's tax accounting purposes)
- Indication that invoices should be submitted to SVP via email
- Any late charges for delinquent payments.

Additional provisions:

- Termination procedures for both parties, such as 30 days written notice
- A means for resolving disputes, such as binding arbitration.

7. Sign the scope of work, have the consultant sign it, and forward it to SVP for a final signature.

8. Designate one person to serve as the consultant's liaison within your organization.

9. If the consulting relationship ends prematurely, please contact SVP to determine if a new consultant should be selected or if there are any lessons learned that could be helpful to other investees undertaking consulting contracts in the future.

Tips for Investees on Hiring and Managing a Consultant through SVP (cont'd)

II. Mistakes to Avoid When Dealing with Consultants

1. During the hiring process, beware of candidates who:

- Parrot back your own concerns rather than providing a fresh perspective
- Define your needs too broadly
- Propose to solve the wrong problem
- Come across as experts with all the answers for you rather than problem solvers proposing to develop solutions with you
- Have fees drastically out of line (either higher or lower) with other candidates.

2. During the consulting process, watch out for these signs that the relationship isn't working well:

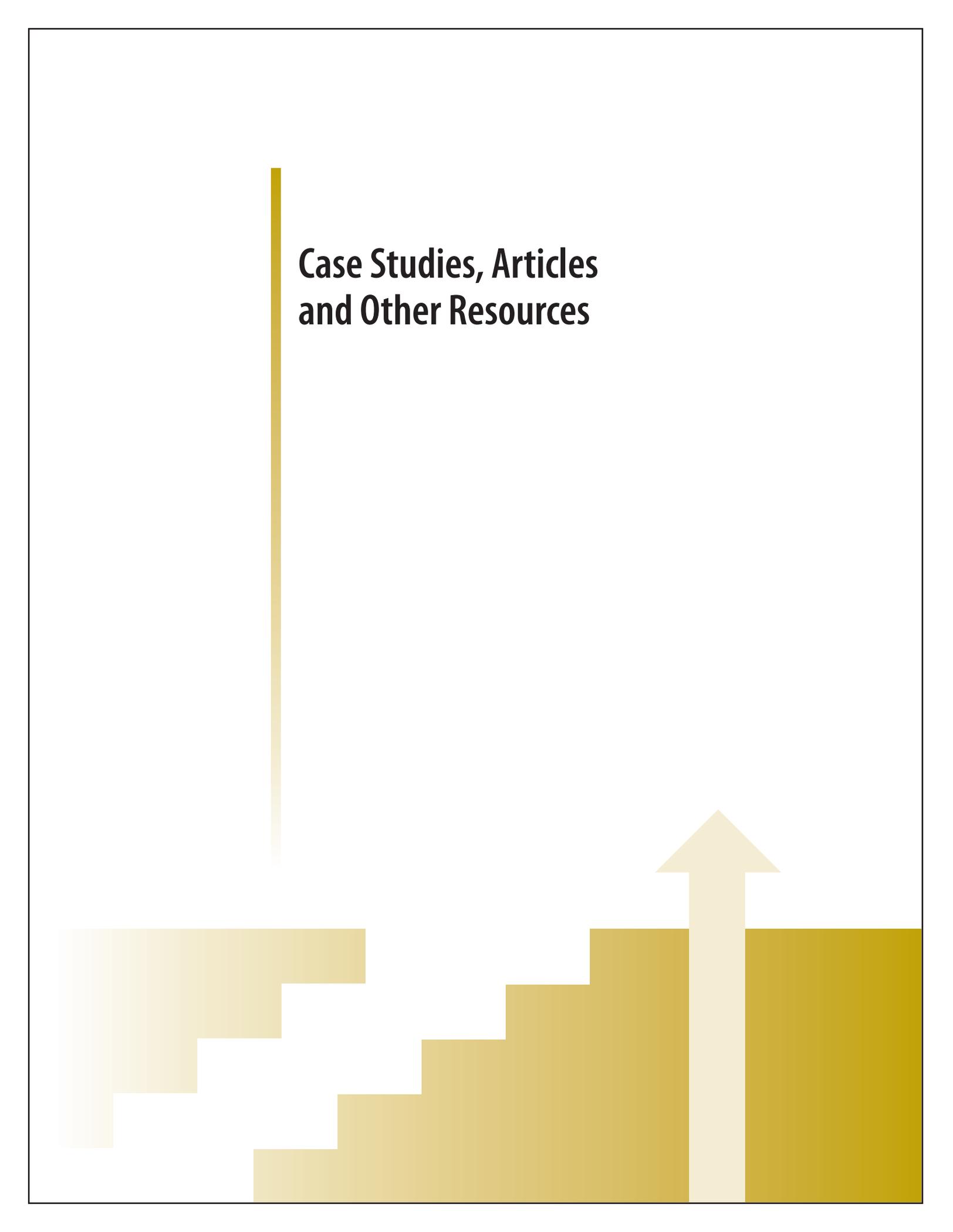
- Missed deadlines
- Overly ambitious plans
- Inadequate communication
- Continual changes to the workplan
- Over reliance on the consultant in dealing with organizational crises that arise
- A reluctance to move ahead with necessary tasks, such as fundraising, before fundamental planning issues have been addressed (an idealized view of organizational priorities)
- Conflicts, such as staff-board disagreements, that are fueled by the consulting process rather than mediated by it.

3. Some reasons for failure of the consulting process:

- Unclear goals
- Unrealistic performance expectations
- Focusing on the wrong problem
- Loss of faith among collaborators
- Insufficient time allocated to the process
- Lack of honesty about problems and the difficulties in solving them.

Resources:

Succeeding with Consultants, Barbara Kibbe and Fred Setterberg, The Foundation Center, 1992.



**Case Studies, Articles
and Other Resources**

Comparison of For-Profits and Not-For-Profits

**A BRIEF COMPARISON OF THE STRUCTURE OF
FOR-PROFITS & NOT-FOR-PROFITS**

STRUCTURE	PROFIT	NOT-FOR-PROFIT
<u>PURPOSE</u>	Produce goods/services which public needs/demands; generate profits for business expansion and personal gain.	To carryout a defined mission by delivering services in response to identified needs; the product, in most cases, is a somehow "changed" human being.
<u>PUBLIC IMAGE</u>	Provides a legitimate function of society; fundamental to a capitalistic democracy.	"Do-good" agencies; services for those who can't pay; sometimes perceived as offering lower quality & less efficiently managed.
<u>PRODUCTS, QUALITY</u>	Products and service are tangible; quality is generally apparent through hard measurements and quantifiable results.	Performance and results are gen. the service volume measured. Outcomes often are intangible changes in behavior that may take years to realize; quality often difficult to measure, i.e., results not quantifiable.
<u>GOVERNANCE: BOARD OF DIRECTORS</u>		
1) Composition	High-ranking business leaders and owners; high level of sophistication, management expertise.	Ranges from influential community leaders to agency volunteers to service recipients; knowledge of management & board governance principles varies greatly. If Exec. Dir. is a member, often non-voting.
2) Motivation	Personal gain, business and social position --prestige in the community.	Belief in the mission, altruism, business or social networking, personal satisfaction.
3) Responsibility	Ultimate authority of the corporation; not involved in operations in any way. CEO is member of board;	Ultimate authority for the corporation, legal and fiduciary responsibility, often tend to be over-involved in operations or abdicate their oversight.

Comparison of For-Profits and Not-For-Profits (cont'd)

STRUCTURE	PROFIT	NOT-FOR-PROFIT
<u>FINANCIAL RESOURCES</u>		
	Product & service sales, selling stock; Maximizing all levels of corporation generally increases profits and there's inherent incentive to do so. Profits dependent on quality of production/services, the effectiveness of corporate planning and the marketplace.	Dependent on org. ability to attract and retain donors, individuals as well as foundations/corporations; possibly fee for services; will vary by quality, type & quantity of services provided, e.g. clients, client hrs served; gov't policies and vendor rates. Multiple public and private sources typical. Fin. resources of the not-for-profit are not its own, but held in trust & used according to the donor's wishes.
<u>ACCOUNTABILITY</u>		
1) To Whom	Board of Directors, owners, stockholders, governmental bodies, e.g., IRS.	Multiple Constituencies: Board of Directors, the community at large, governmental bodies, planning organizations & each funding source-- private, public, corporate.
2) Req'd Documentation	Production, sales & profit figures; inventory control, specific information required by regulatory agencies.	Service data reports – # of clients or client hrs by service, costs per service; client demographics. Monthly financial reports & yearly fiscal audit; Reports made to funders for programs funded/in required format. Specific info also req'd by regulatory agencies.
<u>ADMINISTRATION</u>		
1) Management	Often highly-trained and experienced and may have partial/full ownership.	Professional executive directors are often mid-managers who have been promoted and may or may not have received management training; substantially lower salaries at all levels as compared to for profit sector.
2) Fiscal Controls	Highly trained, experienced professionals are the norm. Audits performed regularly by trained professionals.	Trained professionals in larger agencies; financial mgmt. sometimes under funded as a means of conserving resources for services, especially in smaller agencies. Often lacking in internal controls. Audits req'd regularly by funding sources; sometimes delegated to less experienced accountants within acctg. firms, although some firms specialize in not-for-profits and others provide a % of pro bono service.
From SVP Boulder County		

The Eight Characteristics of Nonprofit Organizations

By Mike Addison and Jude Kaye



1. Passion for mission

The passion for mission is a great source of strength for nonprofit organizations. The impulse to “change the world” has brought about much important advancement in American society. A passion for the mission taps incredible creativity, energy and dedication for the work of an organization. However, zeal for the mission can lead staff board and volunteers to discount “business” realities, to turn strategic differences into interpersonal conflict, and to work with an urgency that borders on a crisis mentality.

2. Atmosphere of “scarcity”

There are factual and perceptual components to scarcity in nonprofits. Most nonprofit leaders could do more work if they had more money, more access to decision-making, more talented board members, etc. They are often, in fact, “under-resourced”. Since money takes a lot of energy to acquire, hyper-cost-consciousness is often present. In addition, organizations may carry an altruistic sense that “most of our resources should go to the clients”. As a result, many nonprofit organizations frequently have underdeveloped infrastructures. Nonprofit staff is often more willing to spend time (their own, volunteers’, board members’) rather than money to get work done.

3. Bias toward informality, participation and consensus

A sense of friendliness and welcoming atmosphere with little attention to hierarchy are often described as attractive dimensions of nonprofit culture. However, taken too far, informality can limit the appropriate exercise of authority, over-participation can inhibit the division of labor, and the tendency toward consensus can bog down decision making.

4. Dual bottom lines: Mission and financial

Tension between mission and financial results is fundamental for nonprofit organizations, although one can debate to what extent this is unique. For-profit organizations have increasingly focused on the importance of mission, relative to the priority of return on investment. Governmental organizations have increasingly focused on the importance of mission, relative to the priority of political impact.

However, not-for-profits have always focused on the importance of mission and that continues to drive their financial decisions. Internally, the tension between bottom lines influences many strategic decisions, as well as the sense of “how well the organization is doing” at all operational levels. Externally, some stakeholders of a nonprofit care about both bottom lines (funders, competitors, and regulators) and, internally, some stakeholders care primarily about mission (staff, clients and community). The complexity of dual bottom lines figures in many consulting engagements.

5. Program outcomes are difficult to assess

Most nonprofit organizations have limited program evaluation capacity. This is partially caused by the absence of standardized program outcomes in most fields. In childcare for example, standards for adult-child ratios exist, but little is standardized in terms of the quality of care delivered. Similarly, arts groups, advocacy organization, mental health agencies and community development corporations face substantial challenges in measuring their effectiveness.

Furthermore, most nonprofit organizations do not have the benefit of unambiguous market feedback to let them know how well they are serving their clients. (Nonprofit organizations exist because neither the market nor government is providing the service; most are funded in part or completely by sources other than the direct beneficiaries of their work.) Thus, assessing cost-effectiveness and comparing alternative actions is difficult. Different individuals also may make different assumptions about the relationship between cost and effectiveness. Some groups essentially ignore the issue assuming their efforts are as effective as they can be.

The Eight Characteristics of Nonprofit Organizations (cont'd)



6. Governing board has both oversight and supporting roles

The governing board of a nonprofit has dual roles: it is responsible for ensuring that the public interest is served by the organization, and--unlike private sector boards of directors or government boards and commissions--is expected to help the organization be successful. The first role is analogous to protecting the interest of stockholders or voters. The second role complicates the distinction between governance and management because, in this role, board members do staff-like work. As helpers, board members may raise funds, send mailings, paint buildings, or do the bookkeeping. This can lead to confusion about when, and how, it is appropriate for board members to be involved in initiatives.

Furthermore, board members are not usually experts in either nonprofit management or the organization's [service niche.] They may either be unprepared to make decisions, or may give up their authority inappropriately to staff.

7. Individuals have mixed skill levels

As a function of passion for the mission, limited financial resources, and a shallow pool of candidates, nonprofits often hire managers with limited management training and program staff with little program experience. Though the staff is often composed of professionals (social workers, artists and scientists), because most organizations are small, there is seldom much internal capacity to provide training for staff for the particular roles they are playing.

8. Participation of volunteers

Many nonprofit organizations rely on the active participation of volunteers. Members of the Board of Directors are normally not paid for their work, and [many other] individuals contribute considerable time and effort in delivering services and providing administrative support. The contribution that volunteers make to the nonprofit sector is significant; indeed, without volunteerism, many needed social services would not be available to the public.

However, volunteers usually have to juggle multiple commitments, and the relative priority they assign to their volunteer job may have to be balanced with their paid job, family responsibilities, and other volunteer commitments. As a result, staff often has to be willing to meet with a Board of Directors in the evening, facilitate a board and staff retreat on the weekend, and they must also find ways to keep busy volunteers up to date. Finally, there may be resentment on the part of certain volunteers, particularly if other people are being paid for the same type of work that they are doing for free.

References

- Allison, M., Kaye, J. "The Eight Characteristics of Nonprofit Organizations." This article is reprinted with permission from CompassPoint Nonprofit Services. <http://www.compasspoint.org/index.html>. Copyright 2001.
- Deal, T., Baluss, C. "The Power of Who We Are: Organizational Culture in the Nonprofit Setting." In *Nonprofit Organizational Culture: What Fundraisers Need to Know*. San Francisco, CA: Jossey-Bass, 1994.
- Maier, N. R., Solem, A. and Maier, A. *Supervisory and Executive Development: A Manual for Role-Playing*. San Diego, CA: University Associates, 1975.
- Whetten, D., Cameron, K. *Developing Management Skills*. Reading, MA: Addison-Wesley, 1998.
- MIKE ALLISON, MBA, is Director of Consulting and Research at CompassPoint Nonprofit Services.
- CASEY SMITH BALUSS was a 1991-92 doctoral fellow at the Indiana University Center on Philanthropy and currently serves as Director of Development at the Crisis Pregnancy Support Center in Nashville, Tennessee. She is also an adjunct professor at Belmont University, where she teaches organizational theory.
- KIM CAMERON is Professor of Organizational Behavior and Human Resource Management at the University of Michigan Business School. He recently left the position as Dean of Albert J. Weatherhead School of Management at Case Western Reserve University. He also organized and directed the Organizational Studies Division of the National Center for Higher Education Management Systems in Boulder, Colorado.
- TERRENCE DEAL, Professor of Education and Organizational Development at Vanderbilt University, is an internationally recognized lecturer and consultant in the field of corporate culture.
- JUDE KAYE, a consultant with CompassPoint Nonprofit Services, specializes in strategic planning and management training.
- DAVID WHETTEN is Director, BYU Faculty Center and Jack Wheatley Professor of Organizational Behavior. He also currently serves as the Editor of *The Foundations for Organizational Science*, an academic book series. He is also an active management trainer and consultant, having worked with a variety of profit and not-for-profit organizations and several major businesses, including Caterpillar and State Farm.

Lessons from Eight Years of Capacity Building

By Erin Hemmings
Former Associate Director, SVP Seattle
Director, Raikes Foundation



August 2006

Introduction

As I reflect on more than eight years at Social Venture Partners (SVP), I thought it would be useful to capture what I've learned about supporting the development of strong nonprofit organizations. After working to develop our capacity building program, I wanted to share my perspective on our model, suggest areas critical to any capacity building program, and explain how other practitioners might approach capacity building activities for nonprofit organizations. Since SVP was founded to engage philanthropists and build the capacity of the nonprofit community, our model has evolved, as we learned from our experiences. It is the lessons that have shaped our current approach I will share in this paper.

Background

When I was hired in 1998 as SVP's second employee, the organization had just awarded its first round of grants to seven nonprofit organizations, or investees, as they are known today. Our vision of engaging philanthropists to contribute time, money and business expertise to nonprofit organizations was at its earliest stages of becoming a reality, and we had yet to put our capacity building approach into practice. Since those heady first days, we have invested in more than 50 nonprofit organizations, formalized our methods of working with our investees, and helped them to become even more effective in achieving results.

Like all philanthropists, we care about having an impact in our community and investing in nonprofits that do great work. But, we believe that nonprofits need more than charitable dollars alone, especially at certain stages of organizational development. SVP hoped to leverage the financial investment of our partners by using them as volunteers providing capacity building assistance.

At SVP, we define capacity building as follows:

The development of core skills, management practices, strategies, and systems to enhance an organization's effectiveness, sustainability and ability to fulfill its mission.

In practice, capacity building means anything an organization does to strengthen itself beyond a narrow focus on program implementation or delivery. Though documenting the relationship between capacity building and program effectiveness has been a vexing challenge in the grantmaking world, our underlying assumption is that well-managed nonprofits with strong internal systems are more likely to achieve greater, impacts.

Capacity building matters because nonprofits that are attentive to their systems and practices are more likely to:

- be financially stable;
- retain key staff;
- have strong external leadership of the organization;
- have capable, engaged board members who carry out their fiduciary role;
- be adaptive to changes in the landscape, funding climate or sector;
- have a culture of reflection and planning;
- be committed to results because they have the evaluation capacity to monitor performance.

Lessons from Eight Years of Capacity Building (cont'd)



SVP supports capacity building for its investees by providing cash grants, skilled volunteers (partners), professional consultants, leadership development and management training opportunities. Drawing on multiple resources, we've developed a much more "blended" approach to supporting nonprofit capacity building than was originally envisioned. We strive to be holistic by providing assistance in a wide range of areas from branding, financial management, and technology infrastructure, to executive coaching and board development. We take on an average of two to five capacity-building projects with a given investee each year, typically extending over a three to five year period. About 60% of these projects are led by SVP partners, about 25% use paid consultants, and the remaining 15% require pro-bono services from local firms. SVP uses paid consultants or pro-bono resources when we can't find the right partner at the right time. Historically, paid consultants have been used mainly in the areas of board development, fund development, outcomes evaluation, and graphic design.

One of the distinguishing features about our model is that we draw on Partners to provide their skills and expertise. The idea is that partners not only bring benefits to the nonprofit but learn something in the process that will catalyze their own philanthropic and civic leadership potential. Overwhelmingly, my experience has been that SVP Partners are highly capable, able to adapt their skills from a corporate to nonprofit setting, and have adequate people skills to navigate the nuances of nonprofit culture. In fact the potential cultural clash between people from the business sector and nonprofit sector just hasn't played out. Clearly scoping a project's goals, deliverables, and timeline goes a long way towards ensuring a solid match with a prospective volunteer, regardless of their prior experience working in a nonprofit setting. And as many of our partners have taken on multiple projects, they now have a depth of expertise in many capacity areas.

Most critical among our volunteer engagements is the role of lead partner. The lead partner role is filled by a volunteer who serves as the primary liaison between the investee and SVP. The role is most like a project manager - helping the investee to develop an annual workplan and set goals, ensuring connections get made to SVP resources, managing communication between SVP staff or other volunteers, and monitoring the investee's progress over time. Although serving as a bridge between SVP's resources and an investee is an important function, the personal relationship that often develops between an executive director and their lead partner is especially noteworthy. Once trust is established, lead partners can serve as informal business mentors, confidants, and as a thoughtful sounding board. As one investee characterized, "Our lead partner is a huge supporter, great listening ear, level-headed, able to get to the heart of the matter and see opportunities with the many challenges facing us. Our lead is a coach and guide." I believe that this kind of role greatly enriches the depth and continuity of our capacity building partnerships with investees.

Key Capacity Building Areas

While it is impossible to take a "cookie cutter" approach to capacity building, there are a few key areas that are universally applicable regardless of the nonprofit's stage of development, size, history, tenure, or leadership:

- Planning and assessment are essential first steps
- Investing in leadership has huge benefits
- Board development is more than adding people and pocketbooks
- Financial management is more than an audit
- It's all about people: human resource systems and people management skills matter
- Program evaluation is not the same as capacity to measure results

Lessons from Eight Years of Capacity Building (cont'd)



Planning and assessment are essential first steps.

To do capacity building well, there must be a way for organizations to systematically examine themselves, set priorities, and develop a plan. While creating a road map seems like an obvious first step, it's uncommon for nonprofit organizations to do planning focused on capacity building rather than program-focused strategic planning. Many of our investees have reported that their partnership with SVP has prompted their first-ever close examination of their capacity building needs, as well as systematic planning to address them.

In 2003 we began using the Organizational Capacity Assessment Tool (OCAT) with all new investees. Modified from a version created by McKinsey for Venture Philanthropy Partners, we adapted the tool to an excel format, changed the taxonomy, and beefed up some components. I believe it is indispensable. We ask investees to use the tool as a self-assessment process. We instruct key staff and at least one board member to first complete the assessment independently then convene as a group to compare results and develop a set of "scores" that best represents consensus of the group. Through discussion of the results and methodically working through their findings, the team gains insights about their strengths and weaknesses, which is then used to guide the development of their annual workplan and capacity building goals specifically. One of the additional benefits of using such a tool is that by rating oneself on a fixed scale, the user gets a picture of where they sit on a continuum of capacity and can learn about "what good looks like." The tool also opens up new opportunities for dialogue, engages multiple staff in new levels of conversation about capacity building, and helps establish a lexicon within the organization that may not have previously existed.

One of our original aspirations for the OCAT was to be able to objectively and quantitatively measure change over time among our investees. Early on, however, we decided the tool would be self-administered and therefore compromised its usefulness as a measurement tool. But, we decided that it was more important for investees to "own" the results of the process. We thought this could be better achieved as a self-referential tool than an assessment conducted by an external evaluator. The four-point scale in the OCAT does give investees a way to benchmark and monitor progressing over time but the real value is that it provides a framework for dialogue and planning.

The flip-side of the assessment process is the planning process. Even without an assessment process, nonprofits can readily articulate what is causing them pain. As a funder, it's important that any capacity building has room to address these glaring issues. However, following a more comprehensive assessment process, nonprofits can identify a broader range of capacity building needs, many of which become longer-term goals. In the near-term or long-term, nonprofits must be able to surface important issues and develop a strategy for addressing them. Random acts of capacity building just aren't very useful. But, any plan must give some room for adjustment as needs emerge or the context that gave rise to original capacity building goals shifts. Whether it's a self-assessment tool or independent assessment with a greater level of objectivity, the process of reflection and benchmarking linked to planning is an essential to any sustained capacity building effort.

As one investee put it "Planning is one of those things most agencies do naturally, with varying degrees of specificity. The bar that SVP sets for planning has helped us synchronize across programs, between fundraising and programs, and between board and staff. It's helped us articulate areas of growth in new ways and then create clear and objective plans for increasing our capacity."

Lessons from Eight Years of Capacity Building (cont'd)



Investing in leadership has huge benefits

A nonprofit organization is only as strong as its leader, typically the executive director. Executive directors have a hand in management, generally influence the overall “culture” of the organization, are instrumental to establishment of longer-term vision and strategy, and usually hold most of the organization’s key relationships with other stakeholders (such as board members, foundations, individual donors, etc). Certainly, how the executive director is perceived can influence funding and how the agency as a whole is viewed by others. And we all know that leadership transitions, welcomed or unwelcome, can be a time when the issue of leadership matters most to a nonprofit. Given all of these factors, I believe that any strong capacity building program must look at who’s in charge and support them.

There are many different ways to build the capacity of individuals to lead organizations. At SVP, we’ve tried many approaches from one-to-one executive coaching to facilitated peer groups, seminars and workshops, multi-day retreats or intensive leadership development programs. Though SVP has never provided support for paid sabbaticals, I believe investing in this type of support is also a compelling strategy for supporting leadership development. Regardless of the form of investment, it’s important for individual leaders to choose the form and approach of their leadership development activities. No one wants to be sent to a class. It feels punitive, disrespectful and does little to challenge the already skewed power dynamics between funders and grantees. Instead, I believe funders should give executive directors options and let them choose the format that matches their style, interests, and time they have to devote to their own development. In doing so, funders demonstrate that they care about the person in charge and are willing to invest in them. Moreover, the impact of that investment has potential to trickle out to the rest of the organization so there are enduring benefits beyond a single leader.

One of the most vulnerable times in any organization’s life cycle is during the transition of leadership. This is a time when funder support of an organization is critical. I can understand why funders tend to be wary of making new investments when an organization is in transition. However, for existing relationships, it’s a good time for funders to sit tight and lend whatever support they can to a smooth and successful transition process. At SVP, we’ve underwritten executive search services, paid for consultants that specialize in transition management, and provided executive coaching for new executive directors.

Over the years at SVP, we’ve come to recognize change as inevitable. Based on historic patterns, I estimate that about 25% of the executive directors that we began working with at the outset of funding will no longer be in place five years later. Change is inevitable and pulling out funding can provoke further instability. Instead, funders can use transition support as a strategic opportunity.

Whether it’s investing in a long-time leader, a brand new executive director, or supporting a transition process, I believe that supporting and nurturing the leadership of any nonprofit organization is fundamentally important.

Board development is more than adding people and pocketbooks

Like executive directors, nonprofit boards merit attention in any capacity building effort. An organization may get by for a while with a weak board but not for long. As a rule of thumb, the stronger the board is, the stronger the organization is.

Lessons from Eight Years of Capacity Building (cont'd)



Not surprisingly, board development is a key area of focus for many funders that support capacity building because it seems to be a need at any stage of nonprofit development. For SVP, it remains an area that most investees readily cite as needing improvement, regardless of whether they are a start-up or a twenty-year old nonprofit. Board development is an example of a capacity building need that most groups would identify even before going through the self-assessment process. But, when probed further about what specifically needs attention, the common refrain is “we need more people” and “board members need to participate more in fundraising.” While this is undoubtedly true, the nuances of board development can be further clarified using an assessment tool.

While most people agree that board development is critical, it’s a very “slow going” area for capacity building. Rarely can board development efforts be treated as a one-off project. It seems that boards are a lot like onions. When you peel back the layers, you find additional challenges and opportunities to address. The projects we’ve undertaken at SVP have involved:

- assessing boards (skills and composition);
- restructuring boards (board member responsibilities and committee structure);
- rethinking meeting format and process;
- coaching for the board chair or executive committee;
- assistance with structuring orientation processes;
- group training around topics such as donor cultivation or member responsibilities; and
- development of board member recruitment plans.

There are many schools of thought about board governance and the ideal structure and composition of an effective board. There are even varying schools of thought about the appropriate roles and responsibilities of boards. As an organization, SVP has not endorsed a particular philosophy, guidelines about size or composition of the board. But, I have noticed that one of the biggest struggles that boards face is recruiting new members. As a funder, it’s hard to address this “pipeline” problem. We’ve tried to find good potential board members from within our own SVP partner base. We offer training opportunities and facilitated peer roundtables on board governance issues for our partners. However, we have yet to identify a consistent way to address the reality that we need more people in our community who are willing to roll their sleeves up and take on board leadership roles. Until such time, I feel that any capacity building around board development will be somewhat incomplete.

Financial management is more than an audit

Recently, I did a retrospective examination of the fifty organizations that SVP has funded over the last eight years. Among the relationships that ended prematurely, financial management issues frequently contributed. Interestingly, it’s relatively easy to get insight into a nonprofit’s financial management just by reviewing their financial statements. From the statements alone, you can tell if they are in a reasonably healthy financial position, if the statements appear legible and easy to understand, and if the organization is on the mark in terms of actual revenue/expenses versus projections. That’s not to say that nonprofits don’t sometimes face accounting errors that cause havoc. More commonly, however, it’s what the organization does with their financial information that dictates their sustainability.

Lessons from Eight Years of Capacity Building (cont'd)



Rarely has SVP dealt with a nonprofit that couldn't present financial statements that tell you how much they had in the bank and what their expenses looked like. Similarly, nonprofits are increasingly conducting independent audits. These things are necessary but not sufficient. In fact, I think very little of the financial woes of nonprofits are identified or addressed as the result of an independent audit. The more challenging scenario comes when organizations don't routinely do cash flow planning, don't have contingency plans in the event of a short-fall, or are simply unrealistic in their projected revenue growth.

We've worked with several nonprofits that failed to act or change their spending patterns when their revenue projections fell below their goals. They proceeded with plans to hire new staff even if the funding they needed didn't come through. Boards failed to give an executive director a clear directive to cut costs even when a cash flow crisis seemed imminent. At a minimum, funders that support capacity building should promote attention to financial management that sets up the right triggers to adjust spending, be nimble in financial planning, and develop sound financial systems. A requirement of this is that nonprofits consistently produce cash flow projections that are accurate and timely. Another requirement is that board members have the acumen to provide financial oversight and fulfill their fiduciary role. This role should extend beyond the treasurer of the board.

While there is debate about the appropriate level of specificity on how to spend grant money, I do think it's appropriate to voice concerns and nudge for capacity building efforts when the acumen of the organization does not seem to match the organization's stage of development. In a few cases, we have made improvements in financial management a requirement in order to release grant funds. Funders that support capacity building can invest in this area through a number of avenues: training for boards of directors, training for the executive director or other senior staff with oversight of the organization's finances, investment in financial accounting software, audit preparation consulting, underwriting of an independent audit, or specialized consulting support on topics such as budget development, cash flow planning, transitioning from cash basis to accrual basis accounting, and more.

It's all about people: human resource systems and people management skills matter

One area where the difference between the for-profit and non-profit sector appears to be glaring is in human resource systems. Most of the small to medium sized nonprofits that SVP has worked with did not have consistent systems for hiring staff, supporting employees through written, structured goals and performance review processes, promoting retention through on-going training and professional development opportunities, or formal succession planning.

Several years ago I worked with three SVP partners to develop a two-part series that we coined "Effective Management." The workshops confirmed what I already knew anecdotally - many nonprofits are hungry for help in this area because much of the focus on training or professional development tends to be program-specific. Furthermore, many nonprofit practitioners lack access to good training opportunities to develop "management skills." This area is doubly important if you consider the reality that nonprofit managers not only oversee paid staff but also volunteers. While volunteer management isn't the same as employee management, many of the principles of good management still apply.

The approach we've taken to address this capacity area has been a mix of investee-wide opportunities as well as tailored consulting or training for individual investees. We've conducted group training on topics such as goal setting, how to conduct an effective performance reviewing, giving feedback and peer mentoring. We've also had a number of tailored human resource projects such as review of benefits and human resource

Lessons from Eight Years of Capacity Building (cont'd)



policies and team-building methods. By helping nonprofits develop good management processes, you support retention and performance. Like leadership development for Executive directors, we have also underwritten participation for teams of staff to attend management training programs.

Program Evaluation is not the same as capacity to measure results

Being “outcomes driven” seems to be the adage du jour. But what does that mean in practice? Does it mean that grantmaking is tied to performance in a rigorous way? Does it mean that programmatic milestones must be met for a grantee to receive continued funding? That a nonprofit will be evaluated based on the programmatic effectiveness they can demonstrate? I think it is all of the above but such a level of outcomes-driven thinking is possible or practical only if the nonprofit can actually evaluate their programs in a meaningful way and use that information to shape their programs.

In my observation, most nonprofits have basic outcomes evaluation systems in place. However, most of them could benefit from even stronger internal capacity to measure results. Several years ago, SVP began underwriting paid consulting support in outcomes evaluation. While much of this initial work focused on organizations that were launching new programs, over time the lion’s share of our investment is devoted to enhancing the evaluation systems of existing programs. What’s essential about this work is that it’s tailored to the specific organization and is focused on working with staff to develop a conceptual framework, methodologies, tools and coaching on interpreting and analyzing results. This “teach them to fish” approach engages multiple staff and is a very iterative process. An organization may spend some time in year one to develop new data collection tools then spend more time a year later tweaking the tools once their initial results are in. It’s a process of testing the approach, analyzing the results, and refining the methods. Reading a book or attending a workshop on program evaluation provides a methodology or framework but doesn’t help organizations to apply it to their own program or organization. Similarly, an independent, third party evaluation of a program is useful in informing the organization about their effectiveness or to determine if the program has applicability as a potential model for others. However, it does not help a nonprofit to develop internal capacity to measure its own performance.

If there was a single area of capacity building that funders might support, I think it’s the internal capacity to measure results. This will not only guide the nonprofit in adjustments to their program but also direct limited resources to achieve better outcomes. Furthermore, the better a nonprofit can be at articulating and measuring their effectiveness, the more likely they are to garner support for other funding sources. By investing in program evaluation capacity, you are investing in the very livelihood of the nonprofit and its core mission.

Important Considerations in Approach

A philanthropist who is starting her own foundation recently asked for my thoughts about capacity building for nonprofits. While the new foundation will focus on a few issue areas, capacity building support will be a core part of the foundation’s focus. With the question in mind, I shared five rules of thumb.

Give general operating support

Many philanthropists recognize the system of financing nonprofits is fundamentally flawed: most grants explicitly bar nonprofits from applying funds to support general operations. I don’t expect this practice to change radically anytime soon but foundations and individual donors can influence the system in a very tangible way by shifting grants to general operating support. In doing so, funders achieve several things.

Lessons from Eight Years of Capacity Building (cont'd)



First, they allow nonprofits the financial flexibility to direct dollars where they are most needed. Second, they simplify financial reporting requirements. Third, general operating support grants give nonprofits room to make capacity building or infrastructure investments. And, they are more helpful to managing cash flow than program-specific grants.

It's natural for a donor to want to know what they're paying for and what results will be achieved with their dollars. But, I'd argue this goal can be met with a general operating support grant. You can still have expectations for what the organization will accomplish and can evaluate their overarching performance to determine if additional funding is merited.

Be Flexible in Your Approach

Truly effective capacity building support requires flexibility. Whether it's funding, access to pro bono resources or volunteers, paid consulting resources, group training opportunities, or underwriting for grantees to participate in capacity building training or professional development opportunities, flexibility is required. Just as each nonprofit is unique in its stage of development and needs, so too is the approach required to address those needs.

In the spirit of flexibility, funders should not be overly prescriptive in their approach. It's important for a nonprofit to identify their needs and set their own goals so they truly own the results and the results are sustainable. Capacity building can't be treated as a boiler plate endeavor. There may be a few circumstances when one intervention would work for all but I think this is the exception rather than the rule. For example, several years ago SVP underwrote a six-part workshop series on fund development. The workshop topics were all relevant and commonly accepted domains in the fundraising world and the trainer was exceptional. Participants who attended all six workshops also received six hours of one-one consulting support to address issues raised during the series. Not surprisingly, all participants cited as the biggest value the one-one, personalized consulting. By offering a mix of resources, you increase your ability to be truly responsive to investees' needs.

Share best practices and wisdom

Flexibility doesn't mean you leave best practices at the door. One of the biggest benefits SVP provides to investees is insight about what other groups facing similar challenges have done. For example, SVP has funded many emerging nonprofits that planned to hire their first-ever fund development staff. Inevitably, the annual workplans we received listed ambitious goals about revenue growth resulting from the new hire. In those cases, I could suggest the nonprofit reexamine their goals based on what other similar organizations have been able to accomplish. Given our experience, it's unlikely an organization will see 30% growth among individual donors in a single year, so why not share that with your grantee? Applying what you've seen and helping your grantees to be realistic in their goals should be part of what you do. They can still determine how to use your advice and feedback but they'll benefit from your insight.

Funders can also be instrumental in the sequencing and pacing of projects. In the realm of technology, SVP often gets asked for help with projects like database development or website upgrades. We've found that these projects inevitably require some level of assessment of the organization's fundamental technology infrastructure to make sure upgrades are doable and consistent with existing systems. Now, whenever we get a technology-related request, we can respond by saying, "yes, we'll help you but we want to take a broader look at your technology infrastructure first."

Lessons from Eight Years of Capacity Building (cont'd)



Be Patient

It goes without saying meaningful capacity building doesn't happen over night. While some capacity building needs may be tackled quickly, the majority take months and sometimes years. Capacity building can be iterative or need to be revisited based on changes in resources, landscape, leadership, and more. Also, it's quite common for nonprofits to identify challenges or problems only to find the "presenting problem is not the real problem." Sometimes capacity building requires digging deeper than the obvious challenges and getting to underlying issues. Organizations are complicated and making big strides in capacity building rarely calls for a quick fix.

Similarly, there are periods of time in an organization's development when it just makes sense to pause. During a leadership transition, for example, it's hard to keep moving full steam ahead on a variety of capacity building projects. Projects may be put on hold until the new leader is in place and can assume the appropriate level of direction in setting strategy and priorities. Progress isn't stalled but simply slowed down.

Establish boundaries for the funding relationship

At SVP, we've adopted a five-year maximum time horizon to our funding. We strive to meet investees "where they are" and assist them in capacity building to reach their next stage of organizational development. There is always more to be done but we've found that a lot can be accomplished in a three to five year period. By having a maximum funding horizon, it gives us an easy way to wrap some boundaries around the relationship and establish a timeframe for the capacity building goals. Upon initiating a new relationship, our first priority is to address the most glaring gaps or needs our investees have identified. After a few tangible "wins," we move on to more complex, interconnected capacity building needs that will fundamentally move the organization to a higher level of functionality and potential. And by having a longer funding horizon, more dramatic changes become visible.

Closing Thoughts

Earlier this year SVP completed a communications planning process that resulted in a new organizational tagline: "Invest. Engage. Advance." As I reflect upon my eight years here, I am struck by the accuracy of this succinct description of our work. While many foundations invest in capacity building, few others also enlist volunteers to apply their skills to the nonprofit community. While every approach has merits and challenges, we believe ours brings unique elements. While building the capacity of our investees, we are also building the philanthropic skills of our community of partners. And our approach is dynamic, recognizing that each investee is a unique organization facing unique hurdles. By acting in a contextual and iterative way, our approach is tailored for each investee in an effort to maximize our impact. As with every organization, SVP's evolution over the past eight years has been a journey, not a destination. And as such, the organization today benefits from the lessons we have learned along the way.

CASE STUDY: Kindering Center and Social Venture Partners

Kyla Lackie, Social Venture Partners Seattle, July 2007



INTRODUCTION

Social Venture Partners began to work with the Kindering Center in 2002. Over the five years that SVP has worked with Kindering Center, their program staff has steadily increased each year, the number of clients served has grown, and their organizational budget has more than doubled. SVP has contributed a broad range of resources to strengthen Kindering Center's infrastructure. The initial funding was geared towards expanding the Parenting Plus Program to specifically serve Spanish-speaking, Russian-speaking, and Special Needs families.¹ These classes sought to "decrease the likelihood of child abuse in families at highest risk."² The support was extended to include the creation of a client database, improvement of insurance billing mechanisms, leadership development training, and management restructuring.

BACKGROUND

Five Bellevue-area mothers of children with disabilities founded Kindering Center in 1962. The organization was initially called the Eastside Preschool for the Special Child. Within a few years, the preschool was incorporated, gained public funding, gradually replaced parent volunteers with paid professionals, and changed its name to Merrywood School. Innovative programming, including a support system for fathers, foster care, and parent education, and new funding sources, including membership in United Way of King County and status as a neurodevelopmental center, were added in following years. In 1993, Merrywood School became Kindering Center. To reflect the kindness, kinship, and superior child development services families would receive, the organization coined the word "Kindering"—the best of early intervention. Today, Kindering Center serves more than 2,600 children with special needs and their families each year and remains the only neurodevelopmental center serving urban East King County.³

The rationale for SVP's Partnership with Kindering Center was two-fold. First, Kindering wanted to expand their Parenting Plus Program to include specialized courses for parents who speak Russian and Spanish, as well as for parents of children with special needs. SVP funding would support the expansion of the Parenting Plus Program to serve these new groups. In addition, Kindering Center had recently completed a capital campaign and would be moving into a new facility. The new facility would allow Kindering to dramatically expand the number of clients served. Kindering sought SVP's support in capacity building to address management issues resulting from rapid growth and expansion of their programming.⁴

Kindering Center had applied to SVP in previous years but had not been funded. In 2002, Lisa Wissner-Slivka, a long-term SVP Partner, co-chaired their capital campaign. From this experience, she was able to get to know the organization and Mimi Siegel, Kindering Center's Executive Director. She encouraged Mimi to apply to SVP "because I had a feeling that there were resources that could help her grow her skills and organization."⁵

When Kindering Center was selected in 2002, it was just the right moment. According to Mimi, "The timing was great. Because of the capital campaign, we were in a sudden growth spurt. It was a good time for us to get all the capacity building and consulting that we could get our hands on."⁶

Lisa took on the Lead Partner role with Kindering Center. "I knew the organization well and had a good relationship with Mimi so it was a natural fit for me." Lisa had joined SVP because "there were lots of smart people joining that I felt like I could learn a lot from and learn a lot with." She had been a Lead Partner before and was excited about the opportunity to work more with Kindering Center.

¹ Kindering Center Grant Award Letter, 2002.

² Kindering Center Progress Report, 2003.

³ Kindering Center Investee Profile, 2007.

⁴ Ibid.

⁵ Lisa Wissner-Slivka, Personal interview, June 2007. All quotes from Lisa are from this interview.

⁶ Mimi Siegel, Personal interview, June 2007. All quotes from Mimi are from this interview unless otherwise noted.

CASE STUDY: Kindering Center and Social Venture Partners (cont'd)

Kindering Center was strong from the beginning of the relationship with SVP and has grown tremendously over the past five years. Aaron Jacobs, SVP Senior Program Manager, recounted that Kindering Center was “going through a huge amount of transition. While their programs were really sophisticated, they didn’t necessarily have the organizational sophistication to support that growth. They had needs around developing their infrastructure and leadership development.”⁷

SVP’s relationship with the Kindering Center was also the perfect situation to test SVP’s ability to work with larger and more mature organizations. “It ended up being a beneficial relationship for both SVP and Kindering,” recalled Aaron, “We learned that SVP can work with more established organizations – they still have capacity building needs, just different ones than newer organizations.”

SUMMARY OF INVESTMENTS

	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Grants Awarded	\$50,000	\$50,000	\$55,000	\$57,000	\$50,000
Paid Consulting Support	\$7,000	\$4,200	\$8,500	\$3,065	\$615
Est. Worth of Volunteer Hrs.⁸	Not collected	Not collected	Not collected	\$13,000	Not collected
Joint Projects Undertaken	3	6	8	8	7
Number of SVP Volunteers	4	7	10	10	4

SUMMARY OF CAPACITY BUILDING ACCOMPLISHMENTS

Year 1	<ul style="list-style-type: none"> • Technology audit • Website upgrades • Improved accounting reports from general ledger • Streamlining of insurance billing methods • Subsidized Executive Director’s participation in a two-week executive program for nonprofit leaders at Stanford University
Year 2	<ul style="list-style-type: none"> • Comprehensive marketing plan developed • Continued improvement to financial reporting systems • Human resources policy review • Management team training • Draft strategic plan with revised vision statement
Year 3	<ul style="list-style-type: none"> • Finalized strategic plan • Program innovation team assembled to assist in analysis of new program ideas • Continued refinement and development of human resources policies • Initial stages of development of the STaRs database (integrated database system) • Established web-based general donation system and on-line procurement system for annual auction
Year 4	<ul style="list-style-type: none"> • Innovation team piloted four mini pilot programs to test alternate program models • Conducted program analysis of Parenting Plus Program • Facilitated two day long all staff retreats • Negotiated intellectual property agreement for STaRs database • Conducted board training to revise focus on strategic governance • Continued implementation of marketing plan • Photography project showcasing Kindering Center’s programs for use in web and print media
Year 5	<ul style="list-style-type: none"> • Time management and peer mentoring training for new managers • Implementation of competitive salary scale • Website revisions • Fund development support to increase long term, individual donors • Leadership development for Board President and Vice-President • Continued implementation of marketing plan • Photography projects showcasing Kindering Center’s programs

⁷ Aaron Jacobs, Personal interview, June 2007. All quotes from Aaron are from this interview.

⁸ Worth of volunteer hours is calculated at the rate of \$100 per hour.

SUMMARY OF KINDERING CENTER'S GROWTH

	At Application 2002	Year 1 2002-2003	Year 2 2003-2004	Year 3 2004-2005	Year 4 2005-2006	Year 5 2006-2007
Total Budget	\$2,255,864	\$2,662,250	\$3,643,854	\$3,829,032	\$4,554,942	\$5,332,959
Staff Size		46 FT, 24 PT	59 FT, 12 PT	63 FT, 13 PT	69 FT, 17 PT	73 FT, 12 PT, 1 contract
Cash Reserves (Months)					8	8
Clients Served (Parenting Plus Program)	120 Parents	154 Parents	154 Parents	161 Parents	168 Parents	166 Parents 85 Birth-Five 48 Elementary
Clients Served (Center-Wide)	1,345	1,463	1,748	2,080	2,610	2,746

EXPLORATION OF IMPACT

Lisa recounted the overall impact of SVP's relationship with Kindering Center:

When we went into Kindering, Kindering was at a tipping point. We had just finished a capital campaign, we had just moved into a building that was going to increase the number of students that we could serve by a third. But we had an organization that had to grow into that space. It's been one continual evolution.

Because Kindering Center was growing so quickly, there were many opportunities over the past five years for SVP's involvement in different aspects of the organization. SVP worked with Kindering Center to improve the structure and skills of Kindering Center's management, simplify their insurance billing system, design an integrated database system, create a strategic plan, develop a marketing plan, and facilitate staff retreats and board training.

Mimi believes SVP's impact on Kindering Center was spread across the organization:

With the help of brilliant volunteer consultants, the Center has matured its capability in the areas of marketing, finance, human resources, technology, strategic planning, development, program evaluation, and board development. Bottom line – during this partnership, Kindering Center doubled its capacity to help infants and children with special needs.⁹

According to Aaron, the most important projects SVP was involved with were the database, leadership development, and management reorganization. SVP volunteer and paid consultants helped Kindering Center restructure its management, which "allowed them to continue growing in thoughtful, managed way. It allowed them to take people who didn't necessarily have management experience but had really great program experience and help them move into management positions."

Programmatic and Mission-Related Impact

Parenting Plus Program

Parenting Plus is a free, multilingual, culturally-relevant parent education program run by Kindering Center. The goal of this program is to help parents and guardians acquire or strengthen parenting skills. SVP's funding helped increase the number of Parenting Plus Programs offered each year. Two courses were offered each year in Russian, Spanish, and for parents of children with special needs. The Parenting Plus Program serves an average of 160 parents each year.

SVP's support with the Parenting Plus Program helped the program establish a strong base. Mimi worked with several SVP Partners to develop an evaluation of the Parenting Plus Program. She described the importance of having time to complete an evaluation of Parenting Plus. "We were able to look at the data from a 10-year retrospective. It was interesting and informative for us and gave us traction in the

⁹ Kindering Center Most Significant Change Report, 2007.

community.” The Parenting Plus Program now “has good footing and is attracting other community funding.” Mimi described the Parenting Plus Program as “on solid ground” now after years of evaluating, planning, and adjusting the program to community needs.

The Parenting Plus Program Design committee met frequently in Fall 2005. They planned the scope of the analysis, and began collecting data. SVP Partners Lisa, Nevet Basker, and Alison Shaw provided valuable contributions and guidance during this process. Information collected included number of classes offered, number of attendees to each of those classes, and specific demographic data for those participants. This data was collected over several months to analyze the effects of different class variables and compile a list of best practices for each of our parent education courses.¹⁰

The Committee noted that of those who attended one session, 61% completed the rest of the course’s nine sessions. They found that people dropped out for a variety of reasons such as the class didn’t fit their needs; they started a new job, school, or treatment program that conflicted with the time of class; their child or the parent was ill; they forgot about attending the class; or they found that their former partner was also in the class. Kindering Center identified several solutions to these barriers including providing childcare, making the course free, providing bus fare when needed, and offering classes in Spanish and Russian. Kindering Center found that the Parenting Plus class improved parents’ communication, behavioral skills, self-esteem and managing anger.¹¹

In order for its programs to be successful, Kindering Center needed time to adapt the program and establish trust in the community. According to Mimi, SVP’s support of the Parenting Plus Program, “gave us time to settle in,” allowing Kindering Center to take the necessary time to establish relationships and gain supporters. Mimi stated that the funding “gave us the time and clarity needed” to establish a successful program.

Innovation Team

In 2005, a team from Kindering Center, including staff, board, and SVP Partner Bill Henningsgaard implemented pilot programs in order to assess the impact of different early intervention program models. This team first launched several, three-month long mini-pilot programs, each thoughtfully designed to test a program’s ability to tailor services, sharpen assessments, train parents, and best utilize paraprofessionals. At the end of the mini-pilot period, the results were used by the team to determine the most effective Early Intervention models to adopt for the following school year. In September 2005, the team launched four full pilot programs based on the successes of the mini-pilots. These pilot programs showed tremendous potential, helping children make expected developmental gains while the programs operated at a lower cost than the standard program models.

Organizational Development Impact

Kindering Center opened its new facilities in 2002. According to Lisa, “They thought that they were going to be in that building for 10 or 15 years before they hit the maximum number of kids they could serve in the building. They hit the maximum number of kids they could serve in the building in the first two to three years. It was really fast because they underestimated the demand out there.” Because of the growing demand and limited space, Kindering Center needed to maximize operational efficiencies in staffing, programming, and administrative tasks.

Stanford University Leadership Training

Stanford University provides a two-week-long nonprofit leadership training. According to Lisa, sending Mimi to Stanford was by far the best thing that we did. Mimi was a really solid ED for the size of the organization that she was running.” Lisa continued to explain that before the training, Mimi had always received direct reports from all staff. The training at Stanford provided Mimi with the skills to run the growing organization in a more effective way, including creating a middle management layer and developing a succession plan for the organization. Lisa continued to describe the benefits of the leadership courses.

¹⁰ Kindering Center Progress Report, 2006.

¹¹ Kindering Center Responses to PGC Refunding Questions, 2006.

Before we sent her to Stanford, they had no concept of succession planning. After she went to Stanford, she started to realize that with a bigger organization, 'I have to figure out how I can spread out the ownership around here more so if I get hit by a truck tomorrow, somebody's going to know how to open the door and keep this running.'

After the Stanford course, Lisa noted that Mimi was able to delegate more responsibilities to staff and able to begin layering the organization more to encourage shared ownership and increased organizational effectiveness.

Insurance Billing

Kindering Center's services are billable to insurance companies but this process consumed valuable staff time. SVP Partner Craig Bruya looked at Kindering Center's approach to billing insurance to see where the organization could optimize the process. Craig helped create better accounting reports for Kindering Center. By streamlining the method for billing insurance, Kindering Center was able to establish a stable and sustained flow of revenue and minimize the amount of staff time required for tracking the billing.

Strategic Planning

At the time Kindering Center applied to SVP, they were in the middle of developing a strategic plan. Lisa described the benefits of the process of strategic planning for the organization:

It was a good point for Kindering to realize that they need to work on the board and staff relationship because the staff was intimidated by the board, and the board didn't have enough understanding of the programs. The staff had the operational skills but they didn't have the business skills. It was that traditional rub.

Lisa continued to describe the strategic planning process as "the tipping point" for the organization to start working on board-staff relations. "The initial attempt at thinking about strategic planning was good brainstorming for what eventually happened. Many of the ideas that came out of that initial process didn't come out in the end product."

Mimi was able to attend a strategic planning course at Stanford University with two board members and two staff members. To Mimi, the most important aspect of attending this training with others from the organization was returning with a shared process. The board was able to "agree to a method of strategic planning so that we're not wasting effort on the form and can get back to the substance." After two years of developing their current strategic plan, Kindering Center has emerged with a comprehensive plan for the organization.

Marketing Plan

Kindering Center sought to develop a comprehensive marketing plan so that the staff's marketing efforts could be more effective and strategic. Tony Mestres, an SVP Partner, helped create a strategic marketing framework for Kindering Center. Kindering Center focused on targeting particular local media sources with monthly press releases, organizing regular community speaking engagements for Kindering Center staff and board, and recruiting a range of professionals to participate in the Center's in-house informational speakers' series.¹²

Tony also helped create a website for Kindering Center, a project that Lisa described as having much greater impact than first imagined. "We did a website project with Tony Mestres. He's become a board member. The web stuff was interesting but it wasn't rocket science. But it turned into a lasting relationship which again is much more valuable than the actual work we did."

Lisa Merrill, an SVP Partner, also took photographs for Kindering Center. "Lisa's photos capture the children and families we serve so beautifully."¹³ These photographs have been used numerous times in the marketing of Kindering Center and will soon be displayed throughout the hallways at Kindering Center.

¹² Kindering Center Progress Report, 2006.

¹³ Ibid.

An Integrated Database

Kindering Center's integrated database tracks the organization's services and allows staff to complete administrative duties more efficiently. This database was one of the most valuable, lasting contributions of SVP to Kindering Center. SVP provided \$80,000 towards the development and implementation of the database. According to Mimi, "[the database] has quickly become integral to the daily recording, tracking, and billing tasks essential to the services we provide."¹⁴ Mimi continued to describe the impact of the database on the organization and staff:

The database... has truly elevated the level of work we do. Not only does the database provide our staff with a user-friendly system for entering, storing and reviewing important information about the children we serve, it saves them important time during the workday that has allowed us to effectively serve the growing number of families coming to us for help each year.¹⁵

Mimi believes the database will continue to create increased efficiencies for Kindering Center:

The database serves us very well and saves staff time. It's really been great since the state and feds have put more and more restrictions on us for writing, and as we're forced to do home visits now. It grew with our needs. Now folks can communicate and get their work done through this database. I don't think we had any idea that it would be this powerful. It's great.

In the future, the organization hopes to further integrate the database into individual department's work and include standardized forms used by the organization. Mimi described the lasting impact of the database, "We are thrilled with the degree to which [the database] is working, and are even more thrilled to have discovered the additional functionality and efficiencies we can build into the program over the next year."¹⁶ Mimi also emphasized the ability of the database to "live forever," surviving transitions in computer hardware and staff.

With the help of SVP Partner Alan Smith, Kindering Center negotiated the intellectual property rights to the database. In the future, the organization hopes to contract the database to other service providers who may also benefit from this technology.

Human Resources

Mimi recalled the human resources challenges for an organization that was adding new staff each year and continuously expanding the number of children and parents served:

As a growing organization, it was the first time we had had a management team. We had no idea how to structure it or who you go to with a hiring decision. 'Is that HR? Is that Mimi, because she makes a lot of decisions around here? Is it accounting, because can we afford it? Is it program, because do we need it? Who makes the decision and who says the final word?'

Kindering Center worked with several SVP Partners and contracted consultants to strengthen its human resources processes. Dorothy Graham, a paid consultant, helped develop the organization's human resources policies such as pay scales, tenure, incentives, family leave and vacation policies. The organization integrated Dorothy's work to inform the following year's budget and increased staff compensation to ensure that Kindering Center attracted competitive staff.¹⁷

Neil Gerrans, an SVP Partner, also worked with Kindering Center, facilitating staff trainings and a retreat. Neil's work focused on strengthening interpersonal relationships and conflict management skills. The retreat focused on further integrating different departments at the Center. According to Kindering Center's Progress Report, the retreat was "a very powerful event for the staff, both individually and as a group, and we plan to continue the retreat as an annual event."¹⁸

¹⁴ Kindering Center Progress Report, 2005.

¹⁵ Mimi Siegel, Kindering Center Final Letter, 2007.

¹⁶ Kindering Center Progress Report, 2005.

¹⁷ Ibid.

¹⁸ Kindering Center Progress Report, 2006.

CASE STUDY: Kindering Center and Social Venture Partners (cont'd)

According to Mimi, SVP Partner Steve Trautman “brought us the right talent and the right ideas at the right time as we’ve needed the information.” Steve taught workshops on peer mentoring and also helped introduce Kindering Center to a method of mapping processes and clarifying responsibilities. Kindering Center has used the mapping approach extensively to better define the roles of various managers.¹⁹

Board Development

For Lisa, another large milestone in the relationship between SVP and Kindering Center was in helping with the transition in the organization’s board of directors. According to Lisa, “We had a consultant help with board development. The consultant and the board chair actually butted heads a lot but Mimi managed to turn that into a learning experience too.” Kindering Center’s board also accessed trainings from consultant Janet Boguch through specialized trainings and attending public workshops. The board began to meet every other month rather than once a month, restructured taskforces to better align with their strategic plan, increased board membership, and attended Benevon’s training for fundraising.

SUMMARY OF VOLUNTEER, PAID CONSULTANT AND PROFESSIONAL DEVELOPMENT SUPPORT

Shawn Aebi	SVP Partner	Online Fundraising Software Consultant, Website Planner and Developer
Nevet Basker	SVP Partner	Cost - Benefit Analysis
Craig Bruya	SVP Partner	Finance Committee Member, Billing System Design, Software Donation Solicitation
Catherine Woo	SVP Partner	Mission, Vision, Strategy & Planning
Kathy O’Driscoll	SVP Partner	Executive Coach, Leadership Development
Bill Henningsgaard	SVP Partner	Program and Business Model Consultant
Christy Kingsbury	SVP Partner	Onsite Peer Mentoring Training
Lisa Merrill	SVP Partner	Photographer
Tony Mestres	SVP Partner	Mission, Vision, Strategy and Planning, Marketing Plan Strategy, Fund Development Committee Member
Ed Mills	SVP Partner	Database Needs Assessment
Robin Rothe	SVP Partner	Inventory Systems
Alison Shaw	SVP Partner	Cost - Benefit Analysis
Aron Thompson	SVP Partner	403(b) Benefits Consultant
Steve Trautman	SVP Partner	Management Structure Review
Matt Shaw	SVP Partner	HR Survey
Lisa Wissner-Slivka	SVP Partner	Lead Partner
Janet Boguch	Paid Consultant	Board Development Consultant, BoardTalks
Executive Service Corps	Paid Consultant	Human Resources Consultant
Stanford University	Paid Consultant	Stanford Nonprofit Leadership Program
Neil Gerrans	Volunteer Consultant	Conflict Management / Collegial Intervention Trainer
Orrick	Volunteer Consultant	Legal Consultant on Video Production, IP Contract Review

CHALLENGES

Communication

Mimi described a challenge within her own organization of knowing roles and responsibilities when working with SVP. Understanding who needed to contact, organize, and correspond with SVP Partners and staff was a challenge at first. Like a tennis match, Mimi described the potential for a ball to drop between two Partners when there is a lack of communication.

¹⁹ Kindering Center Progress Report, 2007.

Endowment Fund

Lisa described her one regret over the course of the relationship:

This could be me pushing too hard but I really wanted to Kindering start an endowment campaign in the five years they were with us. When you finish a building, that's your next logical step. We had actually started to have some initial conversations with Paul about looking for money outside of the Seattle area. Kindering is a lot more sophisticated than many other organizations who work in the same area since Kindering can quantify how much they are spending per child, per year. They knew how much they were getting from insurance and what the gap was. A lot of organizations couldn't do that. When Paul made the connection for us with Robin Hood and they were all excited about what we could do, Kindering never capitalized on that one. I'm going to guess it's because they were focusing more on annual fund at that point and just didn't have the bandwidth to take on both. But annual fund is something that they could grow without SVP. I think that endowment fundraising is a much harder challenge so to have an organization that's sitting there willing to make calls for you- that's a lost opportunity.

According to Mimi, Kindering Center postponed developing an endowment campaign because the organization was focused on other fundraising efforts, outlined by the Benevon fundraising program. At the same time as Kindering Center was taking the beginning steps of the endowment campaign, "we adopted the Benevon model and spent a large amount of time doing luncheons," which is the first step in that model. She stated that, after several successful fundraising luncheons, Kindering Center is now ready to move towards other fundraising strategies including starting an endowment fund.²⁰

LESSONS LEARNED

Forming Relationships

Mimi described the stages of the relationship as "not unlike a friendship that forms" over years together. At the beginning of the relationship with SVP, Kindering Center felt pressure to perform well and make the best use of SVP's resources. There were uncertainties about what the relationship was going to be like and what the expectations of Kindering Center were. After a year, Mimi described establishing a comfort level between Lisa and SVP staff.

After several years, the relationship evolved with a deeper level of trust that allowed an exchange of information. Mimi emphasized that over time, the relationship became less formal, allowing new ideas and suggestions to be shared freely. It is with this comfort that Mimi believes this relationship has been extremely successful. She noted that "all sides contributed time and talent" to this relationship. Lisa also described the importance of the relationship between her and Mimi. "Mimi and I had already spent a lot of time together so we had a very easy relationship. It's not like she needed to learn to trust me."

One of the highlights in the relationship, according to Lisa, was that Mimi was able to maximize contact with Partners. "Even if the project didn't get off the ground Mimi salvaged something fabulous out of those relationships. So with pretty much every project that we did with Kindering, Mimi made another friend along the way and it came back to help in other ways down the line." Lisa continued, "Everything turned into a positive, even if it was a project that wasn't going to go anywhere, it turned into another friend." Lisa described how several SVP Partners first began working with Kindering Center on small projects and then gradually became more involved. Several SVP Partners are still involved as volunteers, donors, and board members.

Mimi wished she had more opportunities to expose SVP Partners to Kindering Center. She explained, "I'm not sure that every Partner would be able to point to Kindering Center and know what we do." She believes this is a missed opportunity within the relationship since so many of the SVP Partners who began volunteering with Kindering Center are still involved with the organization.

²⁰ Mimi Siegel, Phone interview, July 2007.

Clear Expectations

In order to maximize the effectiveness of the relationship between SVP staff, Partners, and Investees, Lisa recommended, "Set expectations. I don't know if we always do that and maybe it's as simple as saying these are the types of projects that we need to do." Between Lisa and Mimi, expectations about possibilities and capacities were clear from the beginning. Lisa explained,

The reason why there were [no challenges] is because I knew the organization walking in and Mimi knew what to expect of us walking in because after the capital campaign we had talked about what's next for the organization...So her expectations for what SVP could do for her were set for her before she even applied.

Because of her past experience with SVP, Lisa was able to provide examples of other SVP projects so that Mimi had a better idea of what was possible:

We had started to talk specifically about projects that SVP was funding in other organization that would probably benefit her. We had talked about SVP sending executive directors to Stanford to grow their skill set; we had talked about the database project [at a nearby organization] so she had concrete examples to work off.

Mimi discussed why volunteer projects went well: "People were very clear about their own capacities." Frequent and clear communication added to Kindering Center's success with volunteers. Mimi also noted the importance of follow-through from the Investee's perspective. "I think that we've respected volunteers' time and talent. We wanted to do our part to make it easy for volunteers so we show up with the materials we promised at the day and time that we promised."

SVP's Model

Mimi described that there was no contest between other funders level of engagement when compared to SVP. She noted, "Nobody is as individualized to an organization's needs as SVP." According to Mimi, one of the major factors contributing to Kindering Center's success with SVP has been SVP's staff consistency. Mimi identified that the multi-year relationships formed with individual SVP staff have strengthened Kindering Center's ability to fully use SVP's resources.

Mimi repeatedly talked about the match of SVP Partners and projects. "As our questions got harder, they would always find the right talent for us." Mimi believes this matching was caused by a good awareness of available resources and good communication. "We've all had our radar out...I became really aware of the type of talent they could make available to us. People got it and there was a synergy."

Mimi explained that the Kindering Center staff felt like their time and talents were respected by SVP staff and Partners and felt that SVP was flexible to address Kindering Center's needs. SVP was "the right handshake at the right time," according to Mimi. Mimi also emphasized her appreciation for the way SVP provides additional funding to Investees to support evaluations requested by SVP. Not only did the financial support help fund the project, the gesture helped her feel like her time was respected. "I'm a big fan of that," Mimi emphasized.

Mimi emphasized her belief in SVP's model of philanthropy and organizational capacity building. "I've seen their own introspection over the years and I almost want to say to just trust themselves and their model and that they don't need to keep researching it. Maybe just let it flow a little. It's good. You're there. It's good." Mimi wanted to ensure that SVP knows its work is successful and warns of over-analyzing since the results are proving successful.

SVP "Fit" – Choosing the Right Investee

From her experience on the Portfolio Grant Committee, Lisa hopes that SVP Partners continue to focus on the opportunity for an organization to build its capacity, no matter the initial size of the organization.

As an organization, I would encourage us to... not necessarily spend so much time looking at the size of the organization as opposed to looking at where the organization is in its evolution. When

CASE STUDY: Kindering Center and Social Venture Partners (cont'd)

we went into Kindering, it was a \$3 million agency which was much larger than anything else we were funding but it was at a transition point in its organizational development.

Aaron agrees stating, "It isn't about budget size. It is about choosing an organization that understands where it is at and where it wants to go, has some idea of how to do that, and is willing to let SVP help it get there."

SUMMARY OF SVP'S OVERALL IMPACT 2002-2007

Throughout the interviews with Mimi and Lisa, they both continuously mentioned the importance of the relationships that formed over the past five years. Lisa described the way Mimi engaged each person who worked with Kindering Center in a way that encouraged continuous involvement. According to Mimi, "SVP staff and volunteers have been integral in ensuring that we can continue to provide the most efficient, appropriate, high-quality services to every family who walks through our doors."²¹

Mimi emphasized SVP's ability to match Kindering Center's needs with resources. She summarized the successful relationship, "Throughout Kindering Center's 45-year history, our years with SVP have been some of the most dynamic for the organization... With the comprehensive support and guidance we received from SVP, Kindering Center's programs and staff have flourished."²²

LOOKING AHEAD

Kindering Center will continue to develop several of the projects started during the relationship with SVP. According to Mimi, the marketing and strategic plans will continue to provide valuable methods and long-term goals for the organization's work. After five years of working with SVP on evaluation, program design, strategic planning, Kindering Center is poised to further maximize its operational efficiencies. In the next few months, the organization will also be focusing on adopting the Lean process with a local consultant from Boeing.

The Lean model, created by Toyota, focuses on breaking down a work process to its most valuable parts and restructuring to eliminate waste. Kindering Center hopes the Lean method will "enable management and staff to assess current programs in order to redesign practices to reduce time, energy, effort, and cost."²³ By adapting the Lean method, Kindering Center will work with staff to add more value to the client families and remove redundancies, inefficiencies, and errors in the organization's daily work.

Kindering Center wasn't able to complete the Lean project because of competing priorities caused by the large organizational changes. According to Mimi, to implement the project as planned "would have been self-destructive." During the summer of 2007, Mimi believes the organization is now ready to fully dive into the Lean model. "The Lean model is an important addition to Kindering Center's comprehensive strategy to accommodate future growth while continuing to offer the highest quality services to all children with special needs and their families who come to us for help."²⁴ According to the organization's plans, this project will help decrease expenses and increase revenues.

Overall, this relationship has been extremely successful, thanks to the dedicated staff and volunteers at Kindering Center and SVP. Mimi summarized the experience from her organization's perspective. "They really helped us leverage what we were doing right, correct what we were doing wrong, and we really are a different organization today and they are a big part of that."

²¹ Mimi Siegel, Kindering Center Final Letter, 2007.

²² Ibid.

²³ Ibid.

²⁴ Ibid.