



Thinking Out of the Box: Meeting Challenges with Creative Leadership

**Charity Effectiveness Symposium VI
Presented by the
Education and Research Foundation of the
Better Business Bureau of Metropolitan New York
At Baruch College**

February 28, 2012

There were 357 nonprofit and foundation executives, consultants, academics and other nonprofit professionals registered to attend the BBB Education and Research Foundations fifth annual Charity Effectiveness Symposium, including speakers and staff, the most ever. On the program day, an estimated total of 270 persons were present.

"Thinking Out of the Box" was presented with generous support from American Express, EmblemHealth, The New York Community Trust and United Way of New York City. The Symposium was planned with aid from Program Committee members, representing American Express, Baruch College School of Public Affairs, The Clark Foundation, EmblemHealth, The New York Community Trust, NYC Department of Youth and Community Development, Philanthropy New York and United Way of New York City. The following organizations helped to create awareness for the event in their role as Event Supporters: Asian American Federation, Association of Development Officers, Baruch College School of Public Affairs, Foundation Center, Hispanic Federation, Long Island Center for Nonprofit Leadership at Adelphi University, New York Council of Nonprofits, New York Society of Association Executives, Nonprofit Coordinating Committee of New York, NYCharities.org, Philanthropy New York, Staten Island NFP Association, Support Center for Nonprofit Management, United Way of New York City, VCG Governance Matters and Women in Development, New York.

Program Agenda:

Welcome: Claire Rosenzweig, President and CEO, Education and Research Foundation of the Better Business Bureau of Metropolitan New York and David Birdsell, Dean and Professor, Baruch College School of Public Affairs.

Keynote Remarks: "The Art of Thinking Big: Learning from Grassroots Leaders"

Presented by Maria Mottola, Executive Director, New York Foundation
Introduced by Ronna Brown, President, Philanthropy New York

Questions moderated by James A. Krauskopf, Distinguished Lecturer, Baruch College School of Public Affairs and Director, The Center for Nonprofit Strategy and Management.

Panel 1: Meeting Challenges with Creativity: Views from Innovators

Moderated by Timothy J. McClimon, President, American Express Foundation
Panelists: David Garza, Executive Director, Henry Street Settlement; Paula L. Gavin, President, National Urban Fellows; and Evie Hantzopoulos, Executive Director, Global Kids.

Insights from the Charities Bureau

Presented by Jason R. Lilien, Bureau Chief, Charities Bureau, State of New York Office of the Attorney General.

Panel 2: Managing Great Performance: Differentiating Your Organization Through Stellar Planning and Evaluation

Moderated by Hilda H. Polanco, CPA, CCSA, Founder and Managing Director, Fiscal Management Associates, LLC
Panelists: Sister Paulette LoMonaco, Executive Director, Good Shepherd Services; Megan McAllister, Program Officer, Altman Foundation; and Peter York, Senior Partner and Chief Research and Learning Officer, TCC Group.

Summary of the Program:

David Birdsell, Dean and Professor, Baruch College School of Public Affairs and **Claire Rosenzweig**, CAE, President & CEO of the Better Business Bureau Serving Metropolitan New York kicked off the Symposium by welcoming attendees. Following the welcoming remarks, **Ronna Brown**, President of Philanthropy New York, came to the podium to introduce the keynote speaker, Maria Mottola. Ms. Brown noted that many participants might already know Ms. Mottola, who has been at the New York Foundation since 1994 and has been its Executive Director since 2003.

Founded in 1909, the New York Foundation is one of the oldest foundations in the country. Its focus is community organizing and advocacy.

Ms. Brown stated that Ms. Mottola has become one of the most innovative and hands-on philanthropic leaders in New York. Ms. Mottola has significant nonprofit experience and has applied it to her role as a foundation leader.

To illustrate her point, Ms. Brown gave two examples of Ms. Mottola's creative leadership style. The first was related to programs that members of Philanthropy New York design for other foundation members, to share information about important issues. Most of these programs follow the same format. When Ms. Mottola decided to initiate a Philanthropy New York program about the experience of the Muslim community in New York, she planned her program quite differently. Ms. Mottola's program involved traveling around by bus to various Muslim communities in New York and having dialogues with community leaders. This different approach successfully imparted deep learning about the community.

The second example Ms. Brown used was Ms. Mottola's decision to serve as an "executive on loan" to Gladys Carrión, Commissioner of the New York State Office of Children and Family Services. By doing so, Ms. Mottola put herself in a potentially

stressful situation as she already had many responsibilities at the New York Foundation. Ms. Mottola took on considerable additional work in order to learn how that government agency functions, so that she could take that knowledge back to her foundation.

Ms. Brown offered another example of how Ms. Mottola also takes a hands-on, creative approach in her personal life. Ms. Brown searched for information about Maria Mottola on Google and found a comment about Ms. Mottola in the newsletter of P.S. 102. In the newsletter, Ms. Mottola was quoted as saying that working parents need to be creative in order to find time to support their children's schools, and that everyone can contribute in some way. To help facilitate involvement, Ms. Mottola created a PTA calendar of school events for parents. She created this calendar "in her spare time" on the weekend every month for ten years.

Keynote Remarks: The Art of Thinking Big **Maria Mottola, Executive Director, New York Foundation**

After Ms. Brown's remarks, **Maria Mottola** took the stage. She began by asking the audience to think about who they were at ten years old. She asked how many people at ten years dreamed of moving to New York City to become a leader at a local nonprofit. Only one audience member seemed to respond affirmatively.

Ms. Mottola explained that she herself was a cliché: she moved to New York dreaming of becoming an artist, writer or actress. She realized she needed a day job and went to school to study social work. Studying to be a professional meant learning a particular set of rules to follow. What she didn't learn in books, she learned from those she worked with in the field - that working in the social sector was both a science and an art. Ms. Mottola said that the people she met in the nonprofit sector are some of the most creative people she knows.

The title of the Symposium, "Thinking Out of the Box", made Ms. Mottola think of one of her favorite *New Yorker* cartoons, which she displayed. It shows two men standing outside of a large box and the caption reads "Actually, I got some pretty good ideas inside the box." Ms. Mottola said that people do some of their best thinking inside the box. She told the audience not to dismiss the box but to occupy the box.

Nonprofits are sometimes collectively called the "independent sector" because they don't fit neatly into any box. Ms. Mottola said that it is time for nonprofits to define themselves and that attempts by others to corporatize or politicize the nonprofit sector feel wrong to its members. According to her, this is because those efforts underplay the creative and human aspects of nonprofits' intentions.

Ms. Mottola said that what distinguishes nonprofits is that nonprofit professionals do their work because they want to and not because they have to do it. She said nonprofit people also value connectivity over competition. According to her, nonprofits do not provide units of service. Each interaction is an opportunity to tap into the possibilities that individuals and communities have.

New York Foundation has a long history of supporting start-up nonprofits that value self-determination and systems change. Most of their grantees use community organizing and advocacy in their work.

The modest size of the New York Foundation gives it some advantages. It allows the foundation to act on untested ideas before anyone is sure they will work. Ms. Mottola recalled that many of the nonprofit leaders she has met while at New York Foundation have defined "the box" on their own terms in very creative ways. She gave some examples to illustrate her point.

For the first, she asked the audience to picture a store-front box. The box is on a busy avenue in Brooklyn full of retail stores and signs that reflect the immigrant community that has recently moved there. Residents who were immigrants themselves opened the store-front box's doors soon after 9/11. They volunteered to assist people who felt singled out and discriminated against. Ms. Mottola recalled that a local hospital assigned a social worker to be on-site. The social worker recruited and supervised AmeriCorps volunteers. They ran after-school programs, taught ESL classes and mobilized residents to become more civically engaged. Today, the organization still runs on a tiny budget. However, it serves hundreds of families and is nationally recognized for its civic engagement work.

Ms. Mottola gave another example of a "store front box." She spoke about a location that looks like a neighborhood café, belonging to a nonprofit that is 25 years old. The nonprofit is a soup kitchen. It received a grant from a funder that allowed them to re-imagine their space. The soup kitchen was able to transform itself into a place that is more welcoming. It now has tables, lots of light and a large window looking out onto the street.

She went on to explain that besides physical changes, the staff and board of the nonprofit went further to re-structure the entire organization. People who use the soup kitchen, volunteers and staff are all now considered "members." Members are oriented to the organization's mission and history and play a role in decision-making. Although the transition was not easy, it had a big impact on how the staff and volunteers interact with those who use the soup kitchen. The culture shift has connected the kitchen's members to citywide organizing and advocacy campaigns around income inequity.

The third box Ms. Mottola spoke of was a figurative one. The nonprofit she was talking about does its work on the street. The nonprofit is a group of 1,400 gay and lesbian young people of color. Staff and board members all range in age from 19 to 29, and make all the decisions. The group uses a shared leadership model. Its young leaders are mentored by allies from more established organizations.

Ms. Mottola explained that the group fought for and won services for street youth in Greenwich Village and has been recognized nationally for its grassroots fundraising efforts.

The final box Ms. Mottola described is a newly renovated warehouse space across from a large public housing project. This nonprofit was started by a young social worker who worked for a local hospital. She had the idea to engage residents to help her conduct a health survey of the people who lived in the housing projects. The residents, called "community change workers," became so engaged in getting information from their neighbors that they wanted to do more.

Five years later, the nonprofit - which is now independent of the hospital - operates education, employment, health and community development programs for

neighborhood residents. Momentum for its work comes from the people living in the community: 53 of this nonprofit's 57 staff members live in the local housing project. In 2009, they converted an empty warehouse into a community center and \$10,000 of the needed funds were raised from residents of the local housing project.

Ms. Mottola identified three things that she felt these stories had in common. The first was that the leaders had a sense of purpose. According to Ms. Mottola, they said to themselves, "this needs doing, we can't ignore this anymore, something needs to change." The second was that they believed in their approach: they saw the solution to the problem in a different way, and felt that their perspective mattered. The final common denominator was that these leaders decided to take matters into their own hands. She clarified that she does not mean this in a "rugged, Clint Eastwood" way but rather that these leaders wanted to be self-directed and to act with autonomy.

Ms. Mottola observed that is not easy for nonprofits to hold onto these qualities over time. Some of the difficulty comes from constraints placed on nonprofits by foundations, government funders and donors. According to Ms. Mottola, people are told that to be good at what they do they should use incentives, devise performance goals and develop and adhere to proven models. She clarified that she does not see these as bad things.

However, she noted that research says something different about what motivates us to be good at what we do. According to the book *Drive* by Daniel Pink, if work is motivated simply by outside rewards, the work will consist only of the minimum needed to secure the reward. If people are only focused on goals and incentives, the argument goes, it will reduce their creativity. Humans will problem-solve by thinking about what is expected of them instead of thinking about what is possible.

Since nonprofits depend on outside support that is highly prescriptive, how can they be creative? Ms. Mottola asked. The good news is that nonprofits often do use creative thinking.

Ms. Mottola mentioned the companion piece Jim Collins wrote to his book *Good to Great* called *Why Business Thinking Is Not the Answer*. She explained that Collins says nonprofit leaders need to deal with more complex power structures than their corporate counterparts. He distinguishes between two kinds of leadership.

In the Collins model of "executive" leadership, power is concentrated in one leader who ultimately has the job of making the right decisions. In "legislative" leadership, no one individual has enough structural power to make decisions alone. According to this model, to make the right decisions happen, a leader needs to be persuasive, observe politics, find allies, and look for shared interests. That is what nonprofit leaders are so good at. In fact, Collins suggests that corporate leaders could learn a lot from shadowing nonprofit executives rather than the other way around.

Community Resource Exchange, a nonprofit partner of New York Foundation, did a study of more than 2,000 nonprofit leaders and for-profit leaders. Ms. Mottola recalled that the study found that nonprofit leaders out-performed for-profit leaders in most indicators of good leadership practice.

Ms. Mottola commented that the leaders she meets through her work at the New York Foundation are big thinkers, despite the small size of their organizations.

Research shows that we are all born as big thinkers. She asked the audience to think of the children they know and the way they dream and the way they are endlessly hopeful. Everyone can remember a time when they felt less constrained and were able to be more creative. As children we are allowed to try and fail and then try something else. Over time, we are taught to tone down our big thinking, narrow our vision, be more realistic, and follow instructions. Eventually, it takes work to become more expansive, inspired and confident.

Ms. Mottola asked if there are ways for all nonprofits, even the larger ones, to make room for creative thinking. She suggested that nonprofits should find ways to tap into the creativity of their staff. For example, some nonprofits invite staff to dedicate a certain percentage of their time to a special project of their own choosing. This practice is called "permitted bootlegging." This allows individuals to take the initiative in order to improve or invent something. She used the example of the Nobel Prize winners in Physics in 2010, who conceived of their winning idea during time their research lab specifically allocated for non-assigned projects.

The second idea that Ms. Mottola shared about fostering creativity was to develop partnerships with grassroots groups. She urged nonprofits to find mutually beneficial ways to work together and share resources. In the success stories she mentioned earlier, one key to success was that grassroots groups were able to work with strong mentors from established organizations.

The final idea she gave about creativity was for nonprofits to involve their constituents. When the nonprofit "box" is too confining, it may separate nonprofit professionals too much from the communities they serve. She recalled that the "great, late" Bernie Wohl of Goddard Riverside Community Center used to describe nonprofits as "service stations." She said that he worked hard to make sure that was not true of Goddard Riverside.

To follow his example, Ms. Mottola said that nonprofits should create a culture of reciprocity throughout their organizations and make space for clients to exercise their self-determination and potential.

She switched her focus to funders because she feels that organizations such as hers need to be better at allowing big thinking to happen. Over time she has developed this concept of the role of foundations: they are on the sidelines of the work nonprofits do. She thinks that foundations are like scouts doing a lot of observing and listening. They try to learn to recognize good work when they see it.

Foundations have their own constraints, such as the expectations of trustees and donors and pressure from the field. These pressures often cause foundations to look for the highest performers, to try to develop clear metrics for excellence and to seek out groups meeting those criteria.

Ms. Mottola said that the approach seems to make sense, but offered a question about it: if you were the coach of the New York Knicks and you used that approach, would you have discovered Jeremy Lin? She noted that Lin did not fit any of the standard metrics for star players. He did not have "big time" college experience; he did not get drafted; he did not play significant minutes for his two prior teams; and he was not particularly tall or fast. Given these characteristics, Ms. Mottola questioned whether a "databased" outcomes-driven approach would have led one to

discover Jeremy Lin. She suggested that it would probably have left him sitting on the bench instead.

It was exciting to see this young player rise seemingly out of nowhere to replace his star teammates and change everything. The change was not just about Lin and his performance; there was shift when the star players were not there. According to Ms. Mottola, the whole team played differently in their absence and this created a sense of new possibilities.

Ms. Mottola remarked that every once in a while, while members of the nonprofit sector are paying close attention to where they want to go and what they need to get there, something extraordinary happens that surprises them. These things do not fit the rules, they draw from some innate energy just below the surface, they articulate things strongly felt but not yet expressed, and they reframe the whole conversation. As an example, she presented a slide featuring marchers from the Occupy Wall Street movement.

To conclude her remarks, Ms. Mottola said that the thing about good ideas is that you cannot always see them coming.

After Ms. Mottola's remarks, **James A. Krauskopf**, Distinguished Lecturer at the Baruch College School of Public Affairs, joined her onstage to moderate questions from the audience.

Mr. Krauskopf began with a question of his own: as an organization that works with start-up nonprofits in New York, how does New York Foundation pick and choose which projects to support from all of the thousands of good ideas for new nonprofits and programs that exist in New York?

Ms. Mottola answered that New York Foundation might be old-fashioned in that it has a mailbox and an address and accepts proposals. She said the other thing they do that seems increasingly unusual is that Ms. Mottola, another full-time and one part-time staff member take the time to read all the proposals that are sent to them. They also do not ask people to fill out a quiz first to see if they are eligible for funding.

She remarked that nonprofits increasingly must get through gatekeepers, even to ask the question "am I a candidate for a grant?"

Even though they have to say no to a lot of groups, Ms. Mottola does not see her organization's work as that hard. It can be difficult to turn down ideas, but she believes that it is still important to be an "ear" to people with ideas about starting new nonprofits. She explained that her foundation tries to talk people out of starting nonprofits sometimes and sometimes they refer them to The New York Community Trust. Ms. Mottola described their process as "open" and said that they discuss every new proposal that comes in and do site visits. She said she is under the impression that site visits are also unusual these days.

Ms. Mottola concluded her answer by saying that though they fund very few groups, they still manage to meet many nonprofit leaders who are doing amazing work in New York.

Mr. Krauskopf followed up with the first question from the audience: how does Ms. Mottola calculate risk when choosing new, creative ideas?

She responded by mentioning one of the groups from her four stories: the soup kitchen. Ms. Mottola recalled that when they sent in their final grant report, they said that they appreciated that New York Foundation let them make "all these mistakes." The group had tried a number of different approaches. They started out doing one thing and after three years of New York Foundation grant support they had completely changed their approach. The group was appreciative that the grant was not cancelled even though things did not develop as expected.

Ms. Mottola said that her Board of Directors at New York Foundation is "amazing" and they are risk-takers. She commented that the Board does not ask her to put groups through a testing period or to wait until groups have put together all their management systems before approving a grant. New York Foundation's Board is interested in funding groups before any of these developments have taken place.

About half of New York Foundation's grantees have budgets under \$250,000 a year. She characterized those grantees as small groups. Sometimes they will issue grants to nonprofits that have not even opened a bank account yet. She admitted that sometimes investing in these types of groups does not work: this is real risk-taking. However, there are instances, such as the soup kitchen, where a group tries various things and finds what does work.

Even when groups do not last too long, Ms. Mottola said, it does not mean that the work they were able to do in their communities was not vital.

Mr. Krauskopf said that many people in the audience were asking about how Ms. Mottola balances pursuing the good ideas that bubble up without becoming spread too thin.

She admitted that it is one thing to talk about these things, and quite another to implement them in real life. Ms. Mottola said that in searching for examples that she could describe in her remarks at the BBB Charity Effectiveness Symposium, she settled on hospitals. In some hospitals they use permitted bootlegging with their nursing staff. Ms. Mottola noted that initially she thought that a nurse would be very unlikely to have an extra 20% of his or her time to do something creative. She explained that in the case of these hospitals, nurses came up with some great ideas and also did their required work more efficiently. She said that this was because they felt engaged in a different way and that they were exercising more autonomous, creative parts of their talent and thinking.

Every group is different. Ms. Mottola said that she does not see a shortage of creative thinking in the nonprofit leaders she has met and in her own organization. She framed the challenge as one of finding outlets for people to exercise their creativity in ways that will be advantageous to their organizations.

Mr. Krauskopf followed with a question from the audience asking if Ms. Mottola could provide more examples of permitted bootlegging.

She responded with what she said is a famous example of permitted bootlegging though she noted it might not be fair because it involves a for-profit company. Ms. Mottola's example was that of 3M Corporation which in the 1950s and 60s had a

policy allowing its workers to devote a percentage of their work time to projects they were interested in doing. During some of this time, a 3M employee invented Post-It notes.

Ms. Mottola said that there is no formal permitted bootlegging policy at the New York Foundation. However, she realized when listening to Ronna Brown's introduction that by making it possible for her to work one day a week at the New York State Office of Children and Family Services, her Board is allowing her some permitted bootlegging time. She clarified that she did not think the Board thought of it that way but rather thought that working there would help her become a better Executive Director. Also, they thought it would help her understand government better.

This policy is similar to permitted bootlegging, according to Ms. Mottola, because it says that it is okay for the foundation's leader to spend a certain amount of time thinking outside of her day-to-day work. She said this did not take anything away from how she performed her regular day job but instead made her more energized.

The next question Mr. Krauskopf presented was: what is the best way to educate the Board on the contrast between what is expected versus what is possible?

Ms. Mottola stated that she is very lucky to have the kind of Board that she has. She explained that her Board is made up of a combination of people from previous grantees, those who have worked at other Foundations and academics. These members come to the Board with a very deep understanding of what makes the New York Foundation unique and they work hard to be good stewards of the Foundation's mission.

Even though it sounds like common sense, these Board qualities are unusual these days, according to Ms. Mottola. The Board has been very respectful of where her Foundation has been and does not feel compelled to re-invent the organization. She clarified that she does not mean to suggest that the Board does not do new things or think in innovative ways. Rather, they are able to approach decision-making with a very solid grounding in the history of the Foundation, and this makes a huge difference.

Mr. Krauskopf relayed another question from the audience: how should nonprofits balance metrics and out-of-the-box ideas when talking to funders?

Ms. Mottola responded by explaining that in her thinking before the Symposium she concluded that nonprofits as a group need to be more provocative and louder about emphasizing what they do well. She acknowledged that these things can be hard to achieve, and that she is not sitting in the same position as the nonprofits in the audience. However, she said that most of her foundation colleagues are good listeners and want to understand better the challenges that nonprofits face in doing their work and also what nonprofits imagine they could make happen.

She said that a good proposal is always written with a lot of imagination and a sense of what the opportunities are. For her, that is about trying to define the nonprofit "third sector" more effectively. It is a mistake for the nonprofit sector to try to be too much like the government or the corporate sector. She finds something valuable in being clear about what the sector's value is and what art can be found in its work. She said she was serious when she argued that nonprofit professionals do the work

because they want to. According to her, not too many people want to do the work nonprofits do.

She sees the nonprofit sector as a very creative place to be. This is creativity is especially vivid for her in the work of early-stage nonprofits. When she does a site visit, she does not come away thinking "jeez, these people are bored, they never say anything interesting."

New York Foundation funds about 75 groups per year and they do around 150 to 200 site visits a year. In all of those visits, Ms. Mottola said it is rare for her not to leave feeling energized and inspired by the work she sees.

The next question from the audience Mr. Krauskopf presented was: what should the independent sector be doing to influence the development of future leaders?

Ms. Mottola responded that she thinks that there are far more programs than ever before for developing leaders. She said that it is important to make sure programs are not only accessible to the most professional, established organizations but are also accessible to smaller, grassroots or voluntary organizations and also to young people.

New York Foundation has been peripherally involved in mentoring some of the young activists from Occupy Wall Street. According to Ms. Mottola, one of the things mentors are learning from working with those young people is that many of them want to start nonprofits and have amazing ideas about potential nonprofits. She stated that it is better not to discourage them - even though her own first instinct is to avoid prompting more nonprofit start-ups that could result in additional proposals, which her foundation might not be able to fund.

To her, the spirit of their ideas is very real. The young activists really believe they can be active in the process of changing things. Ms. Mottola said that leadership programs have to capture that energy and that they cannot just teach that managing a nonprofit is just like managing a business. Leadership development has to tap into people's passion and sense of activism. Otherwise, the nonprofit sector will lose young people.

The next question Mr. Krauskopf presented was: how do you see the role of the funding community in supporting the work of the nonprofit sector beyond the small number of organizations that foundations and others fund? He rephrased the question to clarify: beyond the small portion of potential grantees you fund, what else can you do to support the work of the nonprofit sector?

Ms. Mottola responded that when she funds small groups, she often worries about how the work will be sustained over time. This worry applies to large groups as well. She sees the most opportunity in the places where groups can collaborate with one another. Ms. Mottola noted that foundations like hers and the government both have less money to give out.

She thinks the light at the end of the tunnel is represented by the groups that have come to her Foundation together for a grant for a collaborative effort. That way, her Foundation can be supportive of more organizations. On the reverse side of that, Ms. Mottola said that it is also helpful for funders to work together and possibly do collaborative funding.

Ms. Mottola concluded by remarking that she is always amazed by how much some groups manage to do when their budgets are small. However, she qualified that she does not want to suggest that everyone should be doing this. Small groups sometimes have special ways of being more nimble and flexible and they do not have the same kinds of constraints that other organizations might have.

Panel 1: Meeting Challenges with Creativity: Views from Innovators

Moderated by Timothy McClimon, President, American Express Foundation

Panelists:

David Garza, Executive Director, Henry Street Settlement

Paula L. Gavin, President, National Urban Fellows

Evie Hantzopoulos, Executive Director, Global Kids

Claire Rosenzweig introduced the moderator of the first panel, **Timothy McClimon**, Vice President of Corporate Social Responsibility at American Express and President of the American Express Foundation. Mr. McClimon introduced the members of his panel and asked the audience to act out of the box by turning on their mobile devices and Tweeting their responses to the program, using the event's hashtag for the day.

After introductions, Mr. McClimon posed the first question to the panel: what are the key challenges for nonprofits that you are seeing in the New York community today and how is your organization meeting them?

The first to answer was **Paula L. Gavin**, President, National Urban Fellows. She started by thanking the audience for attending the Symposium and for the work they do. Ms. Gavin said that while planning her remarks about innovation, she thought about how necessity is the mother of all invention and how to think outside of the box, one has to have a box in the first place.

For her, there are three key challenges that nonprofits are facing. The first is mission impact, in the sense of how does one make a difference and effectively solve issues. The second is funding, funding, funding. The third is that nonprofits need to hold themselves more accountable. Results are becoming more and more important.

Ms. Gavin said that in her experiences at three different nonprofits, the best problem solving tool has been the process of strategic planning. She clarified that she was referring to both the "big" strategic plan and also the "daily" strategic plan. To do strategic planning well, you need to understand your organization's mission, purpose, and vision - where the organization wants to go and the desired future.

Strategic planning leads to creativity in five ways. First, strategic planning stimulates nonprofits to do internal assessment and understand the organization's position. The second element that leads to creativity is external assessment, including intensive evaluation of factors affecting the organization. Nonprofits should bring people in to visit with their constituents. Third, the Board and staff need to find time to reflect about how to meet challenges. Ms. Gavin mentioned the notion that creativity can come from private contemplation, and that it is an alternative to

groupthink. Fourth, organizations can use benchmarking as a tool to drive innovative solutions. And the fifth element which can help spark creativity is assessment of results for accountability and action.

For Ms. Gavin the three challenges are best addressed with strategic planning. She said that nonprofits should use strategic planning to stimulate creative thinking. In her opinion, good nonprofits use strategic planning to get to an end and great nonprofits use strategic planning to be innovative in achieving high impact results.

David Garza, Executive Director of Henry Street Settlement, began his response by thanking the audience for being present and BBB for convening the Symposium. He also admitted that he had a hard time figuring how he made it to the panel because he sees himself as an "unimaginative stick-in-the-mud." Reflecting on this, he said he had tried to focus on the challenges of managing in these times.

The first challenge Mr. Garza identified was unprecedented volatility. He said that one never knows what tomorrow will bring from a legislative, policy or practice standpoint. However, he said that the work nonprofits do has always been challenging. He was not sure about whether we are truly experiencing "the new normal" because the current difficult conditions for nonprofits have existed for some time, although those conditions have certainly been exacerbated in recent years.

Secondly, Mr. Garza identified funding or reduced resources as another main challenge. Since nonprofits are painfully aware of this challenge, Mr. Garza focused on what he said is driving the issue, which is increased competition. In a perfect world there would be resources for all nonprofits to carry out their missions and have the intended impact they are striving to achieve. Instead, increased competition is the reality nonprofits are facing.

In response to these challenges, Mr. Garza developed his "PPP". PPP stands for Performance, Personnel and Profile. These are the strategies that Mr. Garza has focused on at Henry Street Settlement to try to deal with the increased volatility and competition for resources.

He clarified that Performance is about how effectively an organization pursues its mission. Mr. Garza said that this is an important focus in good, bad and indifferent times. Therefore, at his organization, the focus on performance is consistent and incessant. Alignment towards mission is clear and is strategized about day-in and day-out. This is true both of the short-term and long-term. For Mr. Garza's organization, performance must stay at the top of the list or, according to him, all else is for naught.

Regarding the Personnel part of his PPP, Mr. Garza stated that you cannot perform effectively if you do not invest in your people. In his view, the organization cannot succeed if staff members are not provided with the development, guidance, coaching and opportunities they need to carry out their work. This issue may be considered "low-hanging fruit" and can get lost in the shuffle when nonprofits consider the range of variables coming at them from the outside world.

On the topic of Profile, Mr. Garza said that when nonprofits have great people running great programs, they should let the world know. In the case of Henry Street Settlement, he explained that they have placed an extraordinary amount of

resources into doing this. He said that raising the profile of one's organization and telling its story does not happen by accident, is important, and is not self-serving.

To emphasize his point, he mentioned Lillian Wald who founded Henry Street Settlement in 1893. In her book *The House on Henry Street* she said that if people only knew the conditions that existed, they would surely do something about it. He said that the organization still takes that view to heart today. Mr. Garza said it is his organization's job to inform the city, the society, the community, their funders, their partners, the stakeholders and their Board about what Henry Street Settlement does on a daily basis. He makes sure that the mission never gets lost in the messaging his organization produces around the work they do.

Mr. Garza ended his initial remarks by saying that he offers his PPP as a guide to what his organization is doing to manage during the current challenging times for nonprofits.

The final panelist to respond was **Evie Hantzopoulos**, Executive Director of Global Kids. She offered her thanks for being invited to the panel. Ms. Hantzopoulos said that she had a whole "laundry list" of challenges that includes about 20 items. For the sake of brevity, she said she would stick with five challenges and agrees with the relevancy of the challenges that Ms. Gavin and Mr. Garza identified.

Ms. Hantzopoulos mentioned that she is part of Community Resource Exchange's Leadership Caucus. This has allowed her to speak with other relatively new Executive Directors, Deputy Directors and Program Directors about some of the challenges they are facing as new leaders.

One of the issues that really resonated with Ms. Hantzopoulos as the Executive Director of Global Kids is how does one do more with less? The demands are there while at the same time there is a tough climate for funding. There still is an expectation that nonprofits should do their jobs and do them well. For her, the question becomes how does one do more with less and not sacrifice program quality or staff morale. When people are being asked to do more and more, how do you nurture and validate people and keep them committed to the work?

Another challenge that Ms. Hantzopoulos identified was figuring out how one's organization can tell its story in a changing world. The world is changing, people are communicating in new platforms such as Facebook and Twitter, and it is challenging for nonprofits to distinguish themselves from other organizations. Part of the key is learning to tell your organization's story effectively in a way that is clear and concise.

Ms. Hantzopoulos said that the challenge of being clear about the organization's story is particularly acute for Global Kids, which has a mission to create "global citizens" – a concept that people may not always grasp immediately. It is vital to communicate what the organization does, why it is important and why it is relevant. This is a challenge not only for Global Kids but also for other nonprofits as well.

Another challenge she identified is determining how and when to grow. If one has a great program, according to Ms. Hantzopoulos, the question becomes how to take it to scale - or even whether it should be taken to scale. Sometimes growing is not the best decision for an organization. Additionally, there are different ways to grow. An organization can grow bigger or deeper; or it can create franchises or satellites.

Ms. Hantzopoulos said she thinks this question of growth is faced by a lot of nonprofits around the same age as Global Kids: over 20 years old. At this point, it is natural to ask: where do we go from here?

Global Kids has 43 employees and in her estimation is not that big. This smaller size can mean that there is not a clear career path and therefore make it a challenge to retain employees according to Ms. Hantzopoulos. There is only one Executive Director and Program Director. There are not many leadership positions to strive for. Ms. Hantzopoulos is aware that this environment might lead some staff to wonder how they can move up, develop professionally and make an impact within the organization. This is a challenge that many small and mid-sized nonprofits face.

The last challenge Ms. Hantzopoulos mentioned was one Maria Mottola mentioned: the tension between the pressure for data and outcomes and the realities of the work that nonprofits are doing. Nonprofits have to hold themselves accountable and show results but they also need to avoid getting bogged down with metrics that do not really speak to their core mission. For Global Kids, they need to figure out what they want to measure and how to do it. But they also need to have data that fits what foundations and other funders are asking to see.

While everything is a work in progress, the main strategy that her organization has used to tackle these challenges is to engage staff and constituents in confronting the problems. Ms. Hantzopoulos said that she does not see herself as someone who knows everything. She relies on program staff who are doing the work every day to help the organization be smarter and more effective. They are part of the process of dealing with budgeting challenges and collecting data.

One thing Global Kids did to deal with its current challenges is to look at its outcomes. They clearly articulated five outcomes of their work that they want to hold themselves accountable for generating. Ms. Hantzopoulos said they use these five outcomes to drive everything they are doing. It has been very helpful to keep the five outcomes in mind for all type of planning purposes. She and her staff ask whether what they intend to do will help produce their desired outcomes when they are pursuing funding, designing programs, looking at the organizational structure they have, developing the organization, and examining how they involve their youth. They have the five outcomes posted around their office and at their sites. They incorporate the outcomes into all the work they are doing.

Ms. Hantzopoulos said that another component of dealing with challenges is attitude. She tells people that if they have an idea, they should just make it happen. She loves the idea of permitted bootlegging though she had not heard the term before. Some of the best Global Kids programs and ideas have come from people who have the space and time to develop new things. These programs grew "organically": for example, one staff member said, "I want to do a human rights training program," so they set aside time for that person to do it, provided proposal development and planning help, and so on. Ms. Hantzopoulos argued that allowing staff enough space to develop such ideas has been crucial to her organization's ability to deal with the challenges they face.

Mr. McClimon next asked the panelists to discuss what they do personally to encourage creative solutions from their staff.

Ms. Hantzopoulos answered first and said that she tries not to take herself too seriously but takes the work very seriously. She said that everyone else on her staff takes it seriously as well but they all like to laugh and have a good time. She stated that this levity is actually very important, especially when people are working in stressful environments. Ms. Hantzopoulos explained that her staff is out in schools working with some amazing children who have incredible obstacles facing them. These obstacles may affect how Global Kids is able to do its work. Because of these challenges, she said it is important for her staff to always find some time to enjoy themselves at work.

When Global Kids has a staff meeting, it always starts off with an icebreaker - an activity that allows people to let their hair down, laugh with each other and bond. They hold retreats and do other activities where they have space and time to reflect. She acknowledged that it can be harder to create this space when one is trying to fundraise or make programs happen. However, she said that reflective activities can be crucial to creative thinking.

Ms. Hantzopoulos emphasized the importance of looking to one's staff because, according to her, there are many talented people working in the nonprofit sector. These people have ideas and Ms. Hantzopoulos advice is for nonprofits to figure out how to nurture their ideas. To her, this is especially important in the case of small or mid-size nonprofits with no clear career path. In those situations, one really wants the good people to stay and help figure out how the organization can be the best it can be.

Frequently, Ms. Hantzopoulos has conversations with colleagues about what they want to do and what they want to see and how does it fit into her organization's mission. If someone wants to try something that is way off from their mission, they will tell the person it is a good idea but does not fit with Global Kids. However, if someone has an idea closer to their mission, for example wanting to start a program to get young people engaged with public policy and human rights issues, they will look at how they could make it happen. When this type of idea arises, Ms. Hantzopoulos said she would work with her Director of Programs to map out how she could actually do it. She emphasized, however, that it does take time to make these things happen.

She went on to say that when people see that their ideas are valued and listened to, it helps stimulate creative thinking. Ms. Hantzopoulos tries to do one-on-one support for her staff but also said that her staff is supportive as a collective. She admitted, though, that as they have gotten bigger, it has gotten harder to keep this "democratic, organic" flow going to generate ideas and empower people. Still, they try to create an environment for that process.

Ms. Hantzopoulos concluded by remarking that making sure that staff members can have a laugh together and validate and appreciate one other is the biggest thing a nonprofit leader can do to ensure a creative environment.

Mr. McClimon recalled that David Garza had mentioned volatility, funding, and competition as key challenges and performance, personnel and profile as ways of meeting those challenges. He asked Mr. Garza what he personally does to encourage creative solutions at Henry Street Settlement.

Mr. Garza joked that he mainly stays out of the way. He explained that there is some seriousness in that sentiment in that he feels micro-management stifles creativity at every level. He agreed with Ms. Hantzopoulos' assertion that one should allow staff to contribute and feel empowered to implement new ideas, take ownership of those ideas and take risks. If one does not allow these things, Mr. Garza said, that can do some damage to an organization from a cultural perspective.

However, he also feels that it is important to lead and set frameworks. He explained that one of the things about Henry Street Settlement is that they are a multi-service agency in multiple service areas. That can create a "silo effect" where all the divisions are insulated from one another. This "silo effect" is common in the nonprofit sector and even the for-profit sector. He does not think this is always a bad thing as one wants a service area to be able to find their "sweet spot" and exercise a certain amount of autonomy and develop expertise in their area. However, in the context of his settlement house, Mr. Garza stated that it is desirable to have effective integration, collaboration and sharing of resources.

To give an example of how to lead and break down silos, Mr. Garza spoke about how he began to hold program awareness meetings on a monthly basis. For these meetings, a site would host a meeting and would invite staff at all levels from all the other sites to attend. He admitted that if he had forced these meetings to go the way he originally intended, then he would have sold the organization short.

Mr. Garza explained that he is only in his second year as Executive Director but has been with Henry Street Settlement for eleven years. From those experiences, he saw the need for meetings across service sites, on a regular basis. When he first put forward the idea, he wanted the meetings to include a few "pillars." The first was asking how the divisions are performing versus the last year and the goals in their plans. Mr. Garza argued that if an organization is not measuring that then it is not really measuring anything. The second pillar was looking at personnel and staffing. The third was asking what the financial picture at each division looks like.

Beyond these pillars, Mr. Garza left his staff free to incorporate different elements in the meetings. The further he stepped back from preparing the program awareness meetings, the better they got. For him, this reinforced the notion that one should set the framework, articulate the expectations, and then pull back and let the work happen creatively.

Mr. McClimon recalled that Ms. Gavin spoke about mission impact, funding and accountability as challenges and mentioned strategic planning as a tool to use to deal with these challenges. He asked her to speak about what she does personally to foster creative thinking.

Ms. Gavin responded that she brought up planning because she thinks it is underestimated in its value. She said that each person has a personal vision and mission and great ideas to solve problems. Planning is the mechanism she has used to get from the great ideas of individuals to solutions for her nonprofit's problems. In this planning process, she asks what the goal is, where is her organization trying to go, how do they get there, what are their options, and how do they measure success.

She strives to be consistent in that her personal style is being mission driven, results oriented, and people focused. Ms. Gavin said that trying to use planning

continuously is a “box” which is a tool to stimulate creativity and solutions. For her, planning is a channel to get to an end goal and that is how she has used it.

She admitted that setting stretch goals and being demanding has both advantages and shortcomings. Sometimes she presses for a goal and feels that her organization is going to get further if she does so. However, she said that her organization also needs to be aware that creativity comes from giving people their own opportunities to solve problems.

Ms. Gavin concluded that when facing the three challenges she mentioned, she has always addressed the issues by having a plan, either short-term or long-term, and staying aware that the organization she is with has a mission and a vision and that it needs to measure its success.

Mr. McClimon noted that Henry Street Settlement is a well-established and fairly large nonprofit organization. He asked Mr. Garza what he is doing to reposition Henry Street Settlement as a change agent and to encourage innovation to meet current needs in the community.

Mr. Garza responded that it is an interesting question for Henry Street Settlement which he said is 119 years old. In his view they are a medium-sized organization with a \$34 million budget, about 500 people on staff, 17 different sites and 6 different service areas. His “elevator pitch” is that the organization covers food, shelter, employment, education, health care and the arts. He said that instead of needing to be re-positioned, his organization has been in the right position for a century and that in the organization’s service areas they meet vital needs of their community.

He reflected that it can either be considered inspiring or daunting that some of the same problems that existed 100 years ago exist today. Mr. Garza said there are service areas where people are hungry and they do not have access to food, educational opportunities, employment, health care, or the arts. Instead of being repositioned, he argued his organization needs to be re-energized and re-vitalized. According to him, they need to be refreshed and re-committed to their mission.

Mr. Garza clarified that he does not mean to suggest that his organization does not face new external variables that did not exist 100 years ago. It is necessary to adjust in order to counter some of those realities. For example, Mr. Garza said that between 1994 and now Henry Street Settlement’s budget has doubled in size. To explain this change, he mentioned the availability of government funding and other resources that are not so available anymore. Now, the trend is going in the other direction. Therefore, he said that nonprofits need to decrease their dependence on government funding and increase their dependence on private funding.

Mr. Garza acknowledged that increasing private funding can be easier said than done. However, he said that in the past year his organization had a 26% increase in private funding and in 2012 they are 10% ahead of last year. These results do not come about accidentally but instead arise from an intense allocation of resources.

Sometimes these resources were allocated counter-intuitively. Mr. Garza explained that with lower resources, he nevertheless added positions. According to him, this is an example of getting the board of directors to see what is possible, not what is expected. He advocated for adding two positions to their administrative staff in the

volunteer and advocacy areas. This move doubled the capacity of the volunteer department and allowed for the creation of a Coordinator of Advocacy and Community Relations position. Return on investment for this staff enhancement is headed in the right direction.

Instead of repositioning, he said his organization has done a lot of evaluation, both internal and external. In his first year, they took evaluation very seriously and asked all stakeholders to take a look at the organization. They worked with TCC Group consultants, their Board, and their staff to take a look at their business. Mr. Garza said that with the results of this evaluation, Henry Street Settlement made some long-term strategic changes.

They also made some instinctual changes. Mr. Garza commented that after being with the organization for 11 years, he did not need an assessment to realize that the organization needed more volunteer capacity. Mr. Garza said that instead of doing one thing, his organization went on two separate tracks and made both the "gut" changes as well as the larger shifts recommended by evaluations. He recommended finding a sweet spot between strategic planning and instinctive decisions. He said this was his idea of organizational agility.

Mr. McClimon noted that Ms. Gavin has been in the field for a while, and has had a number of experiences at different organizations as a leader. She has demonstrated a passion for diversity issues as well. He asked how her talk about how diversity fits into her emphasis on strategy and what other lessons she has learned along the way in her career.

Ms. Gavin responded that she has worked at the YMCA, the New York City Center for Charter School Excellence, and National Urban Fellows. She said she is honored to have been part of those three organizations.

She believes that diversity and inclusion are important issues to address. At the YMCA, she recalled observing that in some communities where they worked, people were not given the chance to speak or to put their solutions forward. In charter schools, she saw how parents were given a chance to voice their ideas. For her, diversity and inclusion are really about finding solutions to the nation's problems. She stated that the only way that can be done, particularly as demographics change, is to get all voices at the table, listen to those voices and include them in solutions.

Ms. Gavin said that this notion fits into what she said earlier in the Symposium about planning. This is because when a leader is planning, he or she needs to get input internally and externally and make benchmarks.

Diversity and inclusion is a strategy that can lead to creative solutions and provide a way to implement solutions. If the people who are most affected by a problem are not consulted on the solution, how are they going to agree on its implementation? According to her, even if the ultimate solution is different than what some people wanted, the process is still likely to go better if their voices are included in planning.

Mr. McClimon noted that Ms. Hantzopoulos' organization, Global Kids, has used a lot of online technology and that they approach their work with a global orientation. He asked what Ms. Hantzopoulos has learned from using technology and engaging young people that would be relevant in the context of thinking out of the box and encouraging creative solutions.

Ms. Hantzopoulos responded that when young people are exposed to global issues and the world at large, including complex, sophisticated issues, they are better able to address the problems facing their own communities. In this process she said that young people learn from others, synthesize information, and make comparisons. These experiences really help to spark creative thinking about solutions to community problems.

Exposing young people to new ideas that they can apply to their own situations is what Global Kids is all about. Ms. Hantzopoulos said that they see this approach working everyday in their work with young people.

Ms. Hantzopoulos agreed with Ms. Gavin's point about inclusion. She said that the next generation should be brought to the table to help shape public policy regarding the issues we currently face.

Global Kids started its Online Leadership Program about 12 years ago and technology looked very different then, and the tools were mainly websites and email. Back then, many Global Kids staff members did not have their own email addresses yet. Now, the technology landscape for communications includes virtual worlds, online gaming, Twitter and many other things online that are changing constantly.

The lesson Ms. Hantzopoulos takes from all this is that looking at how technology can be a tool is very important but it is not going to solve all the problems one has. According to her, nothing will replace the face-to-face interaction that Global Kids has with youth.

At Global Kids, young people are learning to develop their own socially-conscious games. These games tackle issues such as poverty and climate change. Her organization sees these activities as a way to help the youth gain the skills and knowledge they need to succeed in the world. Even so, the interactions her organization has with young people are still the core aspect of their program.

Ms. Hantzopoulos said that it is important to embrace technology and not be scared of it. She admitted that she does not Tweet and only got Facebook about seven months prior to the Symposium. However, she said she knows that these social media platforms are where young people are at and that it is where the world is heading. Therefore, she said that it is really important to help young people figure out how to use technology to empower themselves and become responsible digital citizens and global citizens. Ms. Hantzopoulos also emphasized the importance of seeing how technology can help Global Kids fulfill its mission.

At one point, while her organization was doing a lot with social media for young people, they were not using it too much for the organization itself. One of the first things Ms. Hantzopoulos did when she became Executive Director - about 15 months prior to the Symposium though she had been with the nonprofit for over 15 years in other positions - was to ask how Global Kids could leverage social media more. She wanted to use it to get their mission recognized and to support the work that their young people do.

According to Ms. Hantzopoulos, training youth to use social media and create online games is valuable, but the next challenge is to figure out how to use these things to

create a multiplier effect. She sees the effect working to reach more youth, inform the public about what is going on and to tell the story of her organization.

To conclude, she said that technology is not the answer to everything, but one should embrace it and learn from it. From her experiences working with young people, she knows that they often know more about technology than adults and therefore Global Kids makes sure that youth are involved in designing their online content. Ms. Hantzopoulos stated that it is important to engage youth and get their ideas because they will be ahead of any trend before one can read about it.

Mr. McClimon then began to pose some of the audience's questions to the panel. The first question he posed was: earlier Ms. Mottola said that nonprofits should be louder and more provocative; in your experience does this approach work, or does it get you in trouble with foundations?

Several panelists replied "both."

Mr. Garza responded to the question with an example of his interaction with a funder. The funder had come to Henry Street Settlement for a site visit and Mr. Garza used the term "comprehensive continuum of services" a number of times. The funder commented on his use of this term, implying that it was overused and pat. In response, Mr. Garza told the funder that if he heard the term "thinking out of box" again he would stand on top of the box and jump off.

He explained that the disagreement on language came up during a discussion of outreach strategies for youth. The funder was asking about Henry Street Settlement's strategies. Mr. Garza told the funder that his organization wanted to expand its sports and recreation programs and especially the basketball tournaments they have. The response was something like, "basketball is all you've got?" Mr. Garza recalled that he countered, "Basketball is all you need."

Mr. Garza explained that his organization has diversified and does rugby and flag football as well. However, he said that for the time being basketball is the main thing they use to engage youth 18 to 25 years old. He questioned why one has to think outside the box when something is known to work well. He admitted that his organization has not yet received the funding determination letter from the funder.

Ms. Gavin said she cannot relate to being provocative or angry but said that with funders it is about being mission-driven and being very clear about what one is trying to accomplish. What matters is staying true to what your organization does. She warned against "dialing for dollars" and organizations trying to be something they are not.

She reiterated that the important thing is what an organization's mission is, its vision and its strategies to get to its goals. If those things are not what the funder wants to hear, according to Ms. Gavin, the organization is with the wrong funder. If the match is wrong, she thinks organizations need to move on though they should make sure to be polite and say thank you for your time. The important thing for her is getting back to looking at where one's organization wants to go, how one plans to get there, and how one will know when one has arrived at the goal.

Ms. Hantzopoulos qualified her response by saying she is a new-ish Executive Director. Since she is new, this makes her comfortable with questioning things. She

compared this attitude with how children lack apprehension about asking questions. Ms. Hantzopoulos explained that she sometimes is genuinely curious and trying to learn where funders are coming from.

She has had experiences with funders who wanted to impose very strict metrics where pushback worked out well. She said she felt that sometimes nonprofits are hesitant to challenge and be provocative. But nonprofits should say when something does not work for them and explain what it is they actually do.

The way funding is distributed has changed a lot over the years. According to Ms. Hantzopoulos, nonprofits should be clear about what their missions are in order to keep up with the changing nature of funding. Nonprofits should advocate for themselves strongly since she believes that the funding environment will improve and nonprofits have the chance to position themselves better to take advantage of that shift.

The next question Mr. McClimon posed to the panel was: what one thing can a funder do to support your mission besides making a grant?

Ms. Hantzopoulos brought up the example of the Robert Bowne Foundation in response. Although that foundation will be spending down its money and closing in three years, they have provided technical assistance to nonprofits. They have done trainings and convened meetings of grantees to discuss current issues. Ms. Hantzopoulos said that these initiatives give their grantees a space to come together and talk about things like program evaluation outcomes, alternative fundraising, and about the nonprofit field in general, how it is changing and what expectations are out there.

These opportunities to get together with other nonprofits and hear guest speakers have been very helpful to her organization. They have had an impact beyond just the grant they received.

Ms. Gavin shared an idea that came from National Urban Fellows public leadership diversity summits that they have done around the country. A suggestion came up that funders should stipulate that 5% of their grant should go to leadership development, professional development, or next generation development. That could give nonprofits the necessary impetus to build the sector's ability to grow and be effective.

Mr. Garza responded by echoing the importance of convening meetings of nonprofits. He brought up the Workforce Funders Group as an example of a group that has really added value. It brings together multiple stakeholders on the provider and funder side. He said that this mixture creates a "Petri dish" for creativity, cultivation and networking. There are other similar groups for other service areas.

He stated that it is important for nonprofits to be challenged. His organization often gets challenged on whether its programs can be replicated or taken to a larger scale. Mr. Garza explained that often when one has a creative, effective program, sometimes you may want to take it to scale or have it replicated. Some programs are designed to be very "boutique" or have specific contexts, and are not suitable for scaling. Even so, it is helpful to have conversations about different programs to see which arenas they could work in. These conversations about programs are important because nonprofits are always looking at ways to increase impact.

Mr. McClimon noted that the audience had many questions about boards of directors. He asked the panelists how can one balance the need for creativity from boards with the need to keep them focused on oversight and away from management.

Ms. Hantzopoulos said that Global Kids has a very good, supportive board that is trying to figure out how to be more helpful and creative without overstepping their boundaries. Trust is a major issue, and it is vital to develop individual relationships with one's board members. These relationships allow nonprofit leaders to convey that they know what they are doing and that there is a method to their actions. Strong relationships also allow space for board members to give their input.

She is definitely not against board members getting involved with programs. In fact, she thinks that board members could contribute a lot. For example, board members could serve as guest speakers or initiate new things.

The most important thing to focus on is outcomes. When board suggestions stray into management areas instead of oversight, then it is helpful to revisit the plan and goals that the board has agreed upon. She agreed with Ms. Gavin about the importance of strategic planning and said that it has been key to showing both board and staff how to move forward.

Ms. Hantzopoulos stated that board members are creative people too and they should be given space to be creative just like one's staff – as long as it fits into the organization's strategic plan and desired outcomes.

For her, part of striking this balance is being very upfront and letting the board know in a nice way when and why something is not working. Ms. Hantzopoulos reinforced that the relationship one develops with the board is the key to everything.

Ms. Gavin responded that she is something of a governance "guru" and loves governance. She has thought a lot about board relations and even taught the topic. She is a believer in the basics. She said that nonprofits need to have clear board expectations as well as committees with commissions and charter work.

In her view, the most effective thing she has done is to get her board to set its own objectives for the year. She admitted she has not been able to do so at every position or every year. Ms. Gavin explained that usually staff presents the organization's objectives to different committees and then it gets approved. However, when she has been able to get the board members to talk to each other about what their objectives are for the year, in order to advance the organization's goals, the process has been very fruitful in her estimation.

Ms. Gavin said one should make sure to do the basics right because they work. Then, one should also try to get the board to "own" what they are going to do to advance the goals for the year in your strategic plan. This ownership helps to keep the board out of the work of management but connected to the vital work of policy, planning and fundraising.

Mr. Garza responded to the question by saying that one needs to do one's "homework." By this he meant that one should know what one's objective and destination are. He would prefer that a board of directors help support creativity and then contribute oversight and ideas to help make it sustainable and achievable.

When you have a formal plan with an articulated objective or destination, it goes a long way with a board. Along with that, Mr. Garza said one needs to address the question of how the objective can be achieved and how it can be sustainable.

Anyone can sit around and come up with great ideas and he comes up with many every day. However, half of them are worthless because they are not achievable. Therefore, it is key to filter out what is achievable and what is not and to factor in sustainability. In Mr. Garza's view, one should not create a program that is just a "flash in the pan" but instead should focus resources on creating something that lasts.

Mr. McClimon noted that there some questions from the audience related to "misfires" and mistakes, and asked the panelists what they do when their ideas do not work.

Ms. Gavin responded that for her it is primary to be honest, declare "victory" in that something was learned from the situation and move on. She said one should quickly go through this process.

Mr. Garza agreed that one should cut one's losses and move on. He explained that he put an idea before his board the week before the Symposium. It was one part of a three part idea and it got crushed by his board. He said he just moved on. There were some other good ideas that were being considered and he was fine with considering those and letting go of his own and not taking the rejection personally.

Ms. Hantzopoulos added that one should figure out why things went wrong. She advised against 'belaboring' the point but encouraged doing some analysis on why the idea did not work for learning purposes.

Mr. McClimon asked Ms. Hantzopoulos to respond to a direct question from the audience. The question asked about Ms. Hantzopoulos' process to get to the five outcomes she mentioned. Who was a part of that process and what resistance did she encounter?

Ms. Hantzopoulos answered that it was a long process, taking around three years. She explained that the process started with the development of her organization's strategic plan and the aspirations that came out of that plan. One of them was to better identify and measure the group's outcomes. She clarified that this strategic planning process involved board, staff and some consultants.

Once they knew that they needed to define and measure their outcomes more systematically, they formed an outcomes team. This team included board members and staff. She characterized the staff's perspective as knowing what they do at Global Kids and what they want to achieve but still needing to define those things on paper very clearly. To do so, they held brainstorming sessions with the whole staff, they did some creative activities, and asked the young people who Global Kids serves to contribute.

As part of this investigation, Ms. Hantzopoulos' organization did "market research" and called their funders, youth participants and alumni. They asked these stakeholders what they think Global Kids does and what the outcomes are. With all this information, they started to narrow down what their main outcomes are. They

did so by using a combination of tactics: they were farming information out, discussing among themselves and doing exercises to keep the creativity going.

After all of this, they ended up with their five main outcomes. Then, Ms. Hantzopoulos recalled, they needed to develop measurement instruments because there are not many instruments out there to measure "global citizenship." She admitted it was a hard proposition to measure that aspect of their work. One of their staff applied for a fellowship focused on evaluation and outcomes research. This employee of Global Kids had access to a mentor who was an expert in evaluation.

To create their outcomes measures, Global Kids worked with their staff person with the fellowship, the outcomes team, evaluation experts, and others who donated their time to give feedback on the tools the organization was creating. Ms. Hantzopoulos explained that among the tools they came up with were surveys and focus group questions. They piloted these tools over the course of a year. This allowed them to look at what went well and what did not go so well and what they could do better.

In 2012, they are in their second year of using the evaluation tools. This is the first "real year" after their initial pilot and according to her they now have the process fully formed.

Mr. McClimon asked Ms. Gavin to respond to an audience question specifically for her: since strategic planning is staff intensive, if an organization is small and staff members are already multi-tasking, how does one find the time for strategic planning? Are end of year reports enough?

Ms. Gavin responded by saying that strategic planning has to have a very strong volunteer component. She said that one of the most important aspects to consider when preparing a strategic plan is who should be involved in that process. The board of directors plays a vital role in strategic planning. However, there can often be other volunteers who could contribute who are not on the board. She stressed the value of finding pro bono consultants and said she has a line she uses "it doesn't pay to be my friend." She looks for people who are very good at planning and asks for their help.

She explained that National Urban Fellows is a fairly small organization currently but they used their board and brought other people to the table to contribute their expertise to strategic planning as volunteers. Ms. Gavin said that the staff has to invest time as well. She also mentioned that there are great tools out there for strategic planning so one does not have to "reinvent the wheel" to do planning.

Ms. Gavin is a fan of doing strategic planning quickly. The plan can be continuously updated. Planning can take too long and one should do a plan in six months and then update it. It is important to set objectives, assess one's progress and report on it every year so that it can be measured against the strategic plan.

Mr. McClimon posed this question to the whole panel: what does the for-profit sector do well and what can nonprofits do to adopt those practices?

Mr. Garza responded by recalling that he used to work in retail management and marketing before transitioning to nonprofit work. He said that for-profits do basics well. He brought up the example of measuring performance. He said it is hard to manage something if one is not measuring it.

According to him, for-profits measure performance against past performance and goals in a way that is integrated authentically into the culture of the work. It is part of the vernacular and the vibe. This is something that nonprofits could do.

However, Mr. Garza clarified that he does think that this process can hit a point of diminishing returns and this is one of the reasons he moved on to the nonprofit sector. He said that these metrics cannot be everything, but are just a tool in the "box." There are aspects of nonprofit work that cannot be quantified or measured.

For example: how can one measure the transformative experience of someone coming to a program with no confidence and then leaving with confidence in themselves? How do you measure hope? Mr. Garza said it is important to strike a balance in the measurement area.

The final question Mr. McClimon presented to the panel was: where do you see the New York nonprofit sector heading and what creative ideas can we implement to make sure that we have a healthy nonprofit sector?

Mr. Garza responded that he feels that the sector is heading to a dangerous place. Right now, stakeholders on the funding side are threatening to pull in different directions and this could pull the core of the sector apart. The danger comes from not just a resource standpoint but also a priorities and methodology standpoint.

If there are reduced resources and fragmented prioritization and a lack of philosophical alignment on certain issues such as educating youth or caring for the elderly, then it signifies that the nonprofit sector is in a risky place. Factoring in national issues such as Medicaid reimbursement policy – this makes for a "firestorm" of potentially dangerous variables.

For Mr. Garza, nonprofits need to continue to convene groups of stakeholders to discuss critical issues and help to create hope for change and improvement. He said that such platforms should be used to advocate and tell the story of what is happening. Mr. Garza said that what is at stake needs to be articulated and that youth and the homeless are at risk now. In his view, it is the responsibility of nonprofits to speak about these risks in a meaningful way and to participate in whatever forums are convened. He said that even when participating in public conversations taxes an organization's resources, leaders need to speak up because the very nature of what nonprofits do is at stake.

Ms. Gavin responded that she wanted to answer the question in terms of where the sector should be going. As a sector, nonprofits should identify the three or four areas where collectively they can make a difference. These might be fields such as public education, health, and the environment. Whatever fields of endeavor are chosen, there should be organization around those issues or at the least the sharing of best practices and meeting to bring together ideas.

The upcoming mayoral contest is an example of a place where nonprofits could focus their energy on putting together the key three or four issues that the sector wants to work on. Ms. Gavin said that nonprofits have to come together more effectively around issues and measure them.

Ms. Hantzopoulos responded that it was scary to hear what Mr. Garza said because she had more optimistic thoughts when she heard the question. However, she said she agrees that it is a dangerous time. Nonprofits face a great deal of scrutiny that does not happen in the for-profit sector. Nonprofits are held accountable for many more things, and some are even under attack, which is unfortunate.

It is true that there are both good and bad nonprofits. However, she also said that there is a lot of good work being done and the word about it is not getting out enough. As an example, Ms. Hantzopoulos recalled that Ms. Mottola quoted a study showing that nonprofit leaders were out-performing the for-profit sector. She said she had not known that before. To her, that is great and she questioned why that message is not out there. Ms. Hantzopoulos also mentioned Ms. Mottola's statement that there are things the for-profit sector can learn from nonprofits. Nonprofits need to articulate these accomplishments to help make sure they receive the recognition they deserve as groups playing a critical role in society.

She acknowledged that with youth workers there has been a "professionalization" of the field. Ms. Hantzopoulos said that this trend is positive and she hopes it continues. The trend also extends to other parts of the nonprofit sector. She said that nonprofit work really does require education, skill and expertise. The more this professionalism is expanded, Ms. Hantzopoulos said, the more the nonprofit sector will be strengthened.

To close the panel, Mr. McClimon asked the audience if anyone Tweeted about the content of the panel and asked if someone would share what he or she had said. One attendee responded that she had Tweeted "diversity plus inclusion equals success." Mr. McClimon then thanked the panelists and audience members.

Claire Rosenzweig returned to the podium to thank Tim McClimon and the participants and mentioned that she had Tweeted "attitude is everything." She recommended that as the participants contemplate the future of the nonprofit sector, they should focus on basic philosophical questions about why particular nonprofits exist. The reason for nonprofit organizations' work can get lost in the shuffle. Ms. Rosenzweig suggested that talking more about why charities do what they do could help address misperceptions about the nonprofit sector.

Insights from the Charities Bureau

Jason Lilien, Bureau Chief, Charities Bureau, State of New York Office of the Attorney General

Claire Rosenzweig introduced **Jason Lilien**, Bureau Chief of the Charities Bureau of the New York State Office of the Attorney General. She explained that in that the Charities Bureau oversees nonprofits and their activities in New York State.

Ms. Rosenzweig recalled that she recently had the honor of serving on the Attorney General's Leadership Committee for Nonprofit Revitalization. There she worked with Mr. Lilien and other colleagues and they talked about the future of nonprofits in New York. She suggested that what they are doing in New York may become a model for other states around the country.

Mr. Lilien responded to Ms. Rosenzweig's introduction by saying that the Attorney General was fortunate to have her on the Leadership Committee and he mentioned

that Ronna Brown and Jack Krauskopf, who spoke earlier in the Symposium, were also members of the committee. He said that all three did extraordinary work.

Mr. Lilien noted that Attorney General Schneiderman had recently released the report of the Leadership Committee for Nonprofit Revitalization, entitled "Revitalizing Nonprofits, Renewing New York" on February 16, 2012. The Attorney General also announced a series of steps to strengthen the nonprofit sector.

While recognizing the valid concerns expressed during the first panel, Mr. Lilien said that he is optimistic about the future of the nonprofit sector. Even while facing historic financial and strategic challenges, the sector is performing its important work on behalf of New Yorkers as well as it ever has. Mr. Lilien said that everyone should take a step back and recognize the successes and contributions the nonprofit sector continues to provide New Yorkers. According to Mr. Lilien, AG Schneiderman formed the Leadership Committee in recognition of the contributions of the sector and to help strengthen it.

He went on to say that often people do not recognize the important role that nonprofits play in New York State. He said that nonprofit jobs constitute 18% of the State's private workforce. That makes it the number one sector outside of government in terms of jobs. He also said that nonprofits generate \$200 Billion in revenue every year in New York which is by far the most of any state in the country.

In Mr. Lilien's view, nonprofits keep New York communities vibrant. He said that they are the principal source of arts and culture. Mr. Lilien went to college in Binghamton and he recalled that in the last 30 or 40 years that city has gone through a difficult period. Manufacturing has left and many jobs with it. According to Mr. Lilien, despite the problems in Binghamton, the nonprofit sector has remained strong, particularly in the arts. The city still has an opera company and a philharmonic orchestra. He said that even though that city has lost 30 to 50 percent of its population and many jobs, the city's nonprofits help maintain a sense of community and continuity.

He noted that this example not only applies to the arts. Mr. Lilien reflected on the whole range of services nonprofits provide to help improve people's lives including elder care, child care and services for the homeless. These contributions indicate that the nonprofit sector plays a very important role in the State.

When AG Schneiderman came into office in 2011, he decided to recognize these contributions by doing something different. Instead of focusing only on regulation, AG Schneiderman convened a committee of leaders from the nonprofit sector to work with his office to revitalize the sector.

Mr. Lilien explained that the Leadership Committee focused on two areas: (1) reducing burdens on nonprofits and (2) strengthening governance and accountability. According to Mr. Lilien, the Attorney General and nonprofit leaders realized that if the sector is going to thrive into the future, then these issues must be addressed.

On the first issue, Mr. Lilien noted that for far too long, nonprofits in New York City and State have been dealing with a regulatory environment and burdens that waste money and divert attention away from what is important: nonprofit missions, and oversight.

Mr. Lilien commented that every time a nonprofit is subjected to unnecessary regulations, charitable dollars are wasted. Likewise, taxpayer money is wasted because government agencies must monitor compliance with such regulations. To avoid such waste, the state needs to modernize its regulatory system for charities.

Concerning the reduction of burdens on nonprofits, Mr. Lilien discussed problems confronted by nonprofits that contract with the State of New York. Mr. Lilien remarked that the attendees whose organizations have contracts with the State have probably experienced varying levels of frustration.

Mr. Lilien said that many nonprofits with government contracts have been required to file redundant and unnecessary paperwork over and over again while waiting many months for a contract to be approved and paid. Sometimes, according to Mr. Lilien, nonprofits have had to face multiple audits on the same issues. These ongoing problems are decades old. The AG's Leadership Committee recommended making pragmatic changes to the funding process, in order to eliminate these burdens.

The Leadership Committee's report, which is available on the Charities Bureau's website at www.charitiesnys.com, contains recommendations about practical steps to fix the contractual process problem in New York State. The committee recommended that a "data vault" be created so that when nonprofits submit required information and papers to the state, they will only have to do so once. After the needed data is stored in this vault, every New York State agency would be able to access the filings.

Another committee recommendation had to do with streamlining and centralizing integrity reviews by government agencies. Mr. Lilien said this would help nonprofits avoid being subject to the same questioning over and over again.

Beyond contracting, the committee's report contains recommendations about reducing other types of burdens on nonprofits already operating in New York and those seeking to establish new organizations in the state. New York State's Not-For-Profit Corporation Law was drafted in the late 1960s and has not been meaningfully amended since that time. It is time to modernize the statute on New York nonprofits, Mr. Lilien said.

Explaining ways in which the law could be amended, Mr. Lilien gave the example of requirements that apply to notices of meetings of nonprofits. He said the law should be amended to permit such notices to be sent electronically as it does not make sense in the current era to require nonprofits to send paper notices by mail.

He explained that private foundations are currently required to publish newspaper ads every year, announcing the fact that their annual financial report is available for inspection. This practice continues even though the IRS has eliminated a similar requirement and the reports are available on the Charities Bureau's website and probably can be found on GuideStar and many other sites. This outdated requirement is wasting hundreds of thousands of dollars a year or more.

He characterized the process for incorporating a new nonprofit in New York State as archaic, and gave various examples. Beyond being time consuming and frustrating, the current incorporation process can waste dollars. Nonprofits often have to hire

attorneys or dedicate a significant portion of internal staff's time to working on the complexities of incorporation. This delays an applicant nonprofit's ability to get tax-exempt status from the federal government.

Mr. Lilien explained that the second part of the committee's recommendations focused on strengthening the public's trust in the nonprofit sector. This issue is receiving increased attention in the media and in government. What was especially valuable about the Leadership Committee, in Mr. Lilien's view, was that the nonprofit leaders sat down with the Attorney General and agreed on the importance of maintaining public trust. He said it is important to make sure the public has confidence that their billions of contribution dollars each year will be entrusted to legitimate nonprofits and that charity boards of directors are properly managing these organizations.

The committee also felt very strongly, as Mr. Lilien does, that regulation needs to be responsible and balanced. Regulations serve a necessary purpose, but should not impose undue burdens on nonprofits. Mr. Lilien said that smart, focused regulations that help to strengthen nonprofit oversight are needed now.

Mr. Lilien said the Leadership Committee identified specific reforms that would give the public more confidence that their money was being well spent without producing unnecessary burdens. The Leadership Committee looked at numerous issues, including executive compensation. The committee recognized that most nonprofits are run responsibly and that executive compensation is not widely problematic across the sector. However, some issues exist, even if they are outliers. Mr. Lilien stated that all nonprofits, even those that are doing the right thing, could benefit from more statutory guidance on setting compensation. The AG's committee identified possible specific changes to New York law that are intended to strengthen board oversight with respect to compensation.

Some organizations are already increasing board oversight on executive compensation because of IRS requirements, Mr. Lilien explained. The committee recognized the importance of boards of directors being engaged in the process of reviewing executive compensation, to make sure that it is reasonable for the organization. The committee focused on what is important for oversight without producing unnecessary burdens.

Another set of committee recommendations focused on outside audits of nonprofit organizations. Mr. Lilien explained that New York law requires most organizations that have over \$250,000 in revenue to have an independent financial audit. However, he noted that the law includes no express statutory requirements to guide the board in the audit oversight process. Mr. Lilien said it is important that boards carry out their fiduciary responsibilities to secure an audit. He said that this guidance would not be a burden but, rather, part of what good boards should be doing anyway.

The committee report also recommended strengthening the Attorney General's authority to remedy wrong-doing. The committee identified ways to change New York law and strengthen the New York Attorney General's ability to go after those who are abusing the system. Mr. Lilien said that strengthening the ability of his office to enforce the law against those who are truly outliers and lawbreakers will also help to increase public trust in the charitable sector. Enforcement protects legitimate charities and the nonprofit sector as a whole.

While Mr. Lilien recognizes that regulatory changes are needed, he observed that at the end of the day effective governance comes down to people. Good governance depends on whether the people who are serving on boards have the skills, time, interest and commitment to do their jobs effectively, according to Mr. Lilien.

He noted that it is ultimately up to boards to exercise their oversight responsibilities. Mr. Lilien said that his office can enforce the law, but by the time nonprofit problems get to them, it may be too late to prevent damage to an organization. Boards on the "frontlines" need to be positioned to do their oversight work as effectively as possible.

Recognizing this, the Leadership Committee recommended two programs to help strengthen board effectiveness. The first is called New York On Board. This is a partnership between the nonprofit sector, the Office of the Attorney General and the business community, to create a new pipeline of directors. Mr. Lilien explained that one of the things his office hears frequently is that it is becoming increasingly challenging to recruit people to serve on boards. He said this is especially true outside of New York City but is a problem even in Manhattan.

Large and well-known organizations probably are not having the same amount of difficulty. However, others are facing a talent pool that is not very deep. Mr. Lilien said that there are many more people who could be serving on boards from across the vast range of industries in New York than are currently serving. New York is home to a vast business sector, from advertising to insurance to finance to real estate and more. Across the board, New York businesses need to produce a greater pipeline of employees who are potential nonprofit board candidates.

The idea behind the New York On Board program is to encourage businesses to include board service in their philanthropic programs, Mr. Lilien explained. This way, the businesses would not only be providing financial capital to support nonprofits, which they do generously across New York, but also human capital to strengthen nonprofit boards.

The second recommended governance program Mr. Lilien mentioned is called Directors U, a board member training program. This idea is based on the observation that executives need to develop a special knowledge base to serve effectively on nonprofit boards.

While the Better Business Bureau and many other organizations across New York State do board training and education, it was clear to the committee and the Charities Bureau that there is also a need to have greater access to director education. This would take the form of a website with an online library of free seminars and webinars on many topics. According to Mr. Lilien, this website resource would be updated continuously over time.

This website would be supplemented by in-person training sessions. Mr. Lilien said that Baruch College and other leading universities have agreed to help develop Directors U. These include Cornell, NYU, and Columbia.

To close his update, Mr. Lilien said that what Office of the Attorney General is working with the nonprofit sector to build a stronger sector to meet tomorrow's challenges. As part of this process, he said that the regulatory environment has to

be made less burdensome so that nonprofits are able to do their jobs as effectively as possible.

It is important for everyone to work together on governance and strengthening accountability. This process is urgently needed if the nonprofit sector is to move forward effectively.

Mr. Lilien concluded by saying that if the nonprofit sector stands with the Attorney General in promoting accountability, then, in his view, everyone wins.

Panel 2: Managing Great Performance

Moderated by Hilda H. Polanco, CPA, CCSA, Founder and Managing Director, Fiscal Management Associates, LLC

Panelists:

Sister Paulette LoMonaco, Executive Director, Good Shepherd Services

Megan McAllister, Program Officer, Altman Foundation

Peter York, Senior Partner and Chief Researcher, TCC Group

Hilda Polanco, CPA, CCSA, Founder and Managing Director, Fiscal Management Associates, LLC opened the panel by thanking the audience for staying for her session. She commented that it had been an interesting and amazing morning. In her view, many topics discussed earlier in the Symposium tie beautifully to what her panel is about.

She introduced her panelists and commented on their work. The first panelist was **Sister Paulette LoMonaco**, Executive Director of Good Shepherd Services, a nonprofit leader. The second panelist was **Megan McAllister**, Program Officer at the Altman Foundation. The final panelist was **Peter York**, Senior Partner and Chief Research Officer at TCC Group, a nonprofit consulting organization.

Ms. Polanco said that performance management is the coming together of one's program model and business model. She asked how an organization gets to the best place of understanding what the program really is – meaning program codification. How does an organization grow that program? Ms. Polanco recalled that other Symposium speakers made references to replication and growth as performance issues. How does one grow locally and how does one grow beyond one's community in replicating the program itself?

She started the panel discussion with Peter York and said that Mr. York and the TCC Group do excellent work in framing difficult discussions and giving guidance. She asked Mr. York to speak about the tools that the TCC Group has developed around codification of programming.

Mr. York said he would talk about TCC Group's work evaluating different types of investments in capacity building. They have a lot of data about over 3,000 organizations throughout the country that have conducted reliable, statistically valid organizational assessments. There are a lot of questions that get posed as they have done the research over 12 years. These questions look at capacity, performance and what does it take in terms of sustainability.

Everyone wants the questions answered: what makes a sustainable organization, what makes an organization grow, and what does it take to "go to scale"? A process has started to emerge in terms of "what does it take." At a foundational level, a key effectiveness barometer for organizations that really sustain, grow and become successful is how they codify their programs. In the nonprofit sector success is not about the size of your organization or the budget or the revenues but the amount of impact one has had and how cost-effective one is at getting that.

Mr. York clarified that codifying one's programs means really understanding what works for whom under what conditions. It means learning about our programs. One cannot just assume a program is effective or that it works for everyone. Instead, he said it is much more of a studied process where you really listen to those you serve and hear whether you have achieved the desired results. You need to ask why some get the intended results, why some modestly do - and why others do not get them. With this information, one can then figure out the right model for success according to Mr. York.

The first stage of this process is not about proving that one's program works as a whole to an outside funder or other group. Instead, it is about figuring out what the ingredients and recipes are that work for the different people served in different conditions encountered by our nonprofit organizations.

This first step involves determining what works internally within an organization. No one program can guarantee 100% success. It takes multiple pathways for nonprofits to get to success for those they serve.

As an example, he brought up a time when he was a case manager working with homeless people. Mr. York recalled that he formerly used to work with people who were addicted to drugs and had been homeless since they were twelve years old. He also worked with families who were newly homeless.

When looking at these types of cases, one cannot just ask whether case management had an effect. Mr. York characterized this as a question for outsiders. Inside the organization, they needed to figure out what were the right tools and resources to address those different situations. To figure out what works, he said one needs to dissect one's programs instead of just saying to a funder: hey, the whole thing works, fund me.

The second stage of program development Mr. York described was converting the knowledge about what works into the business piece. This involves asking: now that we know what works, how do we begin to invest in reliably replicating what works. There might be multiple paths to what works.

How does one manage this replication in quality-controlled way is one of the important questions for Mr. York. Additionally, he said nonprofits should figure out the business model for resourcing program replication consistently and sustainably so that it won't become necessary to give up key sources of success and best practices.

According to Mr. York, in this second stage of program development, it is common to see nonprofits where people talk about having a great program staff person or persons. If that person got "hit by a bus" the nonprofit would lose results for a while. This is a recipe for program "shrink" and "death." This is because

idiosyncratic ways of doing things cannot be replicated and, in Mr. York's view, cannot adequately serve the community's problems.

When everything depends on particular program leaders who might become unavailable for various reasons, it is difficult for a nonprofit to ensure that it can sustain its programs. The best organizations have figured out that quality control is the key to sustainable success. There might not be one formula for success, but good organizations still figure out how to manage quality. Successful organizations build their business models around quality management practices.

Mr. York said that when a group has done both the steps of program codification and building a model to provide proper resources to replicate that program, they are then ready to reach another level of growth. He clarified that the program itself cannot be taken to scale by itself; the business model for quality that surrounds and sustains the program also needs to be taken to scale – if that is possible.

He also said that in different community contexts, nonprofits can have more learning to do. Sometimes when you take something from one community and move it to another community, you may have to go back to square one. The program will probably need to be tweaked and modified because not everything works the same way in different contexts. This is a process of learning, and learning is key to development of successful program models.

Mr. York then discussed the planning piece of performance management. He contended that organizations that grow do something very important, but only about five percent of them succeed at it. These groups collect enough data about what makes their programs work, so that they can keep all of their funders and board members out of their "program design kitchen."

Using a hypothetical example, Mr. York said that if a funder gives a sum such as \$150,000 to a nonprofit to implement a program that outside researchers have developed, then that nonprofit is likely to shrink in three to five years.

Mr. York clarified that he was referring to nonprofits with over \$250,000 in annual revenue, accounting for only five to ten percent of all nonprofits. He called them the bar to reach.

The real challenge for nonprofits, in Mr. York's view, is to control their programs, figure out what works, and build a business model while keeping interested funders and investors out of the program kitchen. He expanded his metaphor to explain that funders were welcome in the dining room and to invest in the restaurant but should be allowed in the "program kitchen."

Mr. York said this exclusion was one of the keys to success and said that successful groups found the resources to keep outsiders out of their design kitchens.

Ms. Polanco asked Sister Paulette LoMonaco how, as a leader of an organization with a diverse set of services, she has addressed the question of codification and growth in their business model.

Sister Paulette responded that she thinks there are many models for achieving performance metrics. She noted that while Mr. York had described a pyramid model, involving program building steps such as codification, replication, and scaling - she

likes to use the circular “performance measurement lifecycle” model developed by Bridgespan. Sister Paulette said she sees that model as helping to define what her group is trying to do.

At Good Shepherd Services, the mission is to surround vulnerable young people and families with a web of supports that help them achieve self-sufficiency. This is a very broad mission. Within that mission, her organization has a clear theory of change for each program model that they have. However, they also have an overall understanding of what they are trying to achieve.

Sister Paulette said that her organization wants every young person to feel safe. They work with young people in the juvenile justice system, in foster care, and in some very vulnerable neighborhoods where they provide community-based programs. In these contexts, she said, safety is extremely important.

The second over-arching goal Sister Paulette described was helping youth find a sense of belonging. Because it is a youth development organization, Good Shepherd wants every one of their young people to feel a sense of connectedness with themselves, within themselves, with their families and with the community.

The final main goal Sister Paulette mentioned was skill-building. She noted that many of her organization’s programs are based in public schools. In these programs they work with young people who are overage and under-credited. These students need particular supports to get through high school and it is important they they build skills and techniques needed for success.

Once her nonprofit established their overarching goals and theory of change, they began to look at how they will know when they have reached those goals. In this context, she found the performance measurement lifecycle model to be helpful. She recalled that they had to gather their program people together and really define what they wanted to achieve concretely. Then, they began to think how they would measure that achievement.

Good Shepherd purchased a database and began to enter information into it. Once they had a significant amount of information, they stepped back and brought together program people, analyzed the information, and began to look at where they were successful. Sister Paulette recounted that this involved comparing one program to another and one set of circumstances to another. This allowed them to tweak the interventions that they could provide so that they knew that they were meeting the needs of the young people and families that they were working with.

This performance management process is a constant circle of gathering information, analyzing it, reflecting upon it and making changes to help meet the mission and the purpose of the program. She recalled how Ms. Hantzopoulos said that it took three years for her organization Global Kids to develop and change their thinking about their mission. Sister Paulette stated that at her organization, which is large, they have been working on changing their conceptual frameworks for the last six or seven years and it is still a work in progress.

According to Sister Paulette LoMonaco, it is a real “sea change” to get people to frame their thinking and their work in a different way. While her organization still loves to tell their funders about this or that child’s success, they have more to

provide now because they utilize the data they have been able to collect. This helps them “sell” their work in to funders.

Ms. Polanco said that as a funder Megan McAllister often walks into the magic balance between what her foundation expects from its investments and nonprofit approaches to program codification. She asked Ms. McAllister to share some words of wisdom for the audience regarding how they can best communicate their individual situation to funders.

Ms. McAllister started her response by saying that she loved Mr. York’s metaphor about keeping funders out of the kitchen. She described her organization, the Altman Foundation, to the audience and said that they are a local funder with a broad portfolio. This portfolio includes education, health, arts & culture and strengthening communities. In addition to direct service, Altman supports capacity building, policy work and applied research in their areas of interest.

At any given time, Altman has about 170 organizations that they are supporting of various scope and capacity when it comes to performance management and evaluation. According to Ms. McAllister, what her foundation gets excited about is organizations that are really clear about what success looks like, that have articulated both internally and externally a theory of change about how they are going to get there, and that have a measurement and learning strategy which includes qualitative and quantitative data that they will collect along the way to allow them to correct their course.

Looking at outcomes as part of a long causal chain of dominoes falling, as funders, they know that they cannot expect all the results dominoes to fall in one grant period. Also, they understand that not all programs are going to be able to knock over all the dominoes. Instead, they are looking for evidence and experience-based theories for how a particular organization is going to knock over some important dominoes that significantly increase the likelihood that the long-term outcome will be achieved.

Beyond this, where a nonprofit wants to go must be in line with the results that her foundation has determined as priorities for itself. Once Altman has figured out that an organization seems to fit within their giving guidelines, then they will look at the results or benchmarks an organization can provide. Ms. McAllister explained that if it is not clear how the organization’s results or benchmarks fit the foundation’s goals, they will have a conversation with the nonprofit. It is really powerful when a nonprofit can educate her foundation about why the indicator they want to use is relevant, how they know they will make a difference, and how they will measure it. This kind of explanation helps to keep funders out of the program kitchen.

Ms. Polanco recalled that an issue that came up earlier in the Symposium was how to engage staff members who have the power to make things happen. One of the key questions in performance management is who owns it - how do you manage responsibility and get accountability? There are different ways that organizations have dealt with this over time. How do you create a culture with an everyday performance management process of checking in on your nonprofit’s progress?

She asked Mr. York to share some inventive methods he has seen for sharing accountability while at the same time having people own it through project management or other tools.

Mr. York responded that there are two main dimensions to accountability in this context. When TCC Group looks at measurement work and accountability and who's responsible, they find some organizations are design leaders.

He asked if the audience was familiar with the acronym RACI. Mr. York explained that it is a beneficial project management tool and recommended that the nonprofits in the audience look at it. He heard of it from some corporate clients that were using it and then looked it up on Wikipedia. It is very simple, though there are many variations of it. RACI looks at how can one get things done and have accountability for success. It can work for projects and tasks and be adapted to different things.

It is very important to distinguish between responsibility and accountability, the R and the A of RACI. For Mr. York, accountability is where the buck stops such as in leadership positions. Ultimately someone is accountable for whether something has succeeded or not. An "accountable" person will decide on the program metrics, its ultimate design and what is "in" or not.

"Responsible" people are the ones who are really managing the process of getting to a program's goal. This management includes the implementation of the program and managing what is done in a way that is clear. Those who are accountable and those who are responsible are typically different people: this is important.

C in RACI is for consulting. "Consultants" are people who are the "brains in the room." They are bringing information, advice, resources and input. Their contributions relate to what an organization is trying to do, how it is trying to make change, how programs should look, and what success measures should be chosen. Consultants inform these decisions through smarts.

The I in RACI is for the informed. "Informed" people do not have a role but need to know about what is going on. It is important to make these distinctions. In TCC Group's work with performance measurement, they have found that currently everyone seems to want to have a voice on every measure and they want to get consensus. Mr. York characterized this as a recipe for disaster.

Instead, he said that one has to draw lines. There needs to be someone ultimately accountable for the design of a program and the accountability metrics.

Mr. York acknowledged that he intentionally speaks in generalities. He explained that he does so because he sees patterns in data across their database of 3,000 organizations. These patterns show that nonprofits demonstrate the "reverse" of sustainability and growth when organizations take a "touch-feely, pats on the back, everybody's happy" approach to management.

He asked whether the audience members had seen the *New Yorker* article about brainstorming from January 30, 2012. Mr. York recommended that audience members read it. He said that it disproves the theory that in brainstorming all ideas should just be thrown at the wall and that no one should get critiqued and there should be no debates or arguments. Debates and arguments are a good thing provided they stay constructive.

Mr. York spoke of a second dimension: who do nonprofit professionals listen to when gathering data to measure performance and making decisions? According to him,

those in the nonprofit sector are more likely to listen to implementers than clients. Nonprofits collect a lot of output data. In his former role as a case manager, he himself recorded how much service he delivered, how many people he interacted with, and how many referrals he made to food and clothing pantries. In his view, that is analogous to a manager in the private sector only assessing whether the products are placed on the shelf.

Just knowing that an output happened does not reveal whether the provided services actually accomplished anything. At the TCC Group, the best organizations they see are those that gather data from clients who receive their services. This is a practice all nonprofits should look at and try to make part of their program design.

When a program implementer self-reports that a service was delivered, that is a subjective measurement. Mr. York said that it is more objective to have aggregate data from clients, giving their viewpoints about whether or not they received what you said you gave them – whether they experienced any results.

There needs to be clarity about who is asked for perspectives about program results and who makes decisions. In this context, he contended that ideas and constructive debates are a good thing. Conversely, he said that consensus in terms of measurement and effectiveness sometimes turns out to be a reverse predictor of success and growth.

Ms. Polanco then asked Ms. McAllister: when she is in a partnership with a grantee and the question of accountability and ownership comes up, what are some of the successful strategies she has seen for addressing it?

Ms. McAllister responded by recounting that her foundation switched over to a results-based approach in 2008. At that time, they held day-long trainings and workshops for all of their grantees. In every case, they asked their grantees to bring either an Executive Director or Program Director (depending on the size of the organization), along with a senior development person, to the trainings. The reason for this was that the trainings were principally about organizational management rather than reporting to funders.

The leadership has to decide what the organization wants to be accountable for-- what success looks like, how it is defined and how it will be measured. In some cases the development staff seemed to be driving the accountability and measurement processes, in order to respond to the queries of funders. The trainings were designed to help nonprofit leaders think about an outcome orientation as an overall management strategy. Ms. McAllister said that the educational program was fairly successful. Many participants said that the trainings made them think differently about their work.

They enlisted the Rensselaerville Institute to run the training program. In the sessions, participants discussed the challenges of management, what energizes one's organizations and how to get people responsible for execution on the same page about outcomes, important benchmarks and indicators.

For Ms. McAllister, another key issue is boards of directors. She recalled that Mr. Lilien had mentioned the challenges of engaging boards, developing them and giving them clear roles. She said that boards are hugely energized by good performance management. Also, she said that boards respond well when they share

accountability for keeping performance strong and making business models sustainable. Her foundation encourages this and often involves nonprofit board members in meetings that they have with potential grantees.

Ms. Polanco noted that Sister Paulette has a very significant number of members in her senior team. Her organization delivers over 70 programs. Some of her nonprofit's programs are in a replicated form and others less so. Ms. Polanco asked Sister Paulette to share her thoughts on how she has gotten accountability in these programs under control.

Sister Paulette responded that while she would like to think that accountability in her organization is totally under control, these things are always a work in progress. Her organization must deal with lots of different government agencies and many different expectations. Looking at the audience members, she commented that many of them could be sitting in her place at the panel and saying similar things.

It really is a challenge when you step back and look at the different expectations from government funders, private funders, program participants and their families and one's own staff. At Good Shepherd Services, a couple of years ago, they realized that there was going to be a different way of doing their work. At that point, she said her organization decided that it had to own its outcomes.

Sister Paulette explained that for them that meant listening respectfully to what the government was asking of them in terms of outputs. For example, how many times did a worker see a particular client or how many times was a home visit done.

She noted that her organization considers itself to be very strongly mission-driven. Helping young people to survive and do well is a strong element of Good Shepherd Services. Her organization started with this mission and asked themselves: how are we going to know if they are doing a good job at that?

To find out, Sister Paulette's nonprofit started doing yearly surveys of program participants and their families and of all their staff. Then, they pulled all that information together and worked with a consultant. Sister Paulette explained that the consultant helped her organization understand what a theory of change is and how to take their idea of good program outcomes and begin to quantify them, track them, and use them to measure their success.

However, the point of doing this should not be to say "Okay, we did a good job." Instead, as Peter York mentioned, the real challenge is learning from one's mistakes. It is important to be able to use the knowledge of mistakes to tweak programs to meet the needs of those who are being served more effectively. This process is always in progress.

Being clear about what your organization wants to achieve is extremely important. It is difficult to stay true to what one's staff and participants feel should be the goals and outcomes of programs when there are different pressures from multiple government and private funding sources.

Sister Paulette said that the next step is advocacy and education. Both Ms. McAllister and Mr. York spoke about the need to do education to inform funders. She said she wanted to go further and that advocacy is very important. This is

particularly urgent in the current environment when money is scarce and there is a great emphasis on evidence-based practices.

She said that nonprofits need to help government agencies and other funders understand that they cannot have it “both ways.” That is, that they cannot expect nonprofits to count “touches” and also expect that an organization is going to move in a different direction and use more evidence-based practices. Sister Paulette contended that the nonprofit community is at a crossroads and that the advocacy and education that needs to go on within our organizations and also with funders is extremely important.

In her view, nonprofits need to use their resources externally to advocate for good funding practices as much as they use resources internally to make sure they are following good practices.

Ms. Polanco remarked that she could not moderate a panel without asking about finances and costs. How much does all of this performance management cost? Are all the costs in administration or are they program costs? How are the costs built into the program model? How does one build a cost model that allows us to request funding in a comprehensive way?

To start this line of discussion, Ms. Polanco asked Sister Paulette: how does her organization accumulate the full cost of their programs, and where does program evaluation and performance management play in?

Sister Paulette responded by explaining that her organization’s general framework for these issues is to ask “can we afford to operate a program?” When a new RFP for a program comes up they will determine whether her organization can get sufficient government support or raise enough private money to carry it out. If not, they will not be able to do the program, even if it is very aligned with their mission.

It is extremely important to have a strategic plan with a goal of where your organization wants to be. Then, you can look at opportunities that cross your desk and determine whether you can actually afford to implement it. Program leaders need to be involved in this process. At Good Shepherd, they are now looking concretely at what it costs them to do program measurement.

Her organization is also doing an evaluation of one of their program models which was for transfer schools. They are in a two-year evaluation process of that model, which is only one part of the overall evaluation that is done. For standard program evaluation and the work of their performance measurement department, Good Shepherd Services estimates that it takes up about 18% of their total administrative expenses and 2% of their overall budget.

It is not always clear if there will be enough money for this evaluation because it is very challenging to get sufficient funding for administrative costs, especially from government sources, but also from private sources. Sister LoMonaco said that some foundations would rather fund a particular program than try to help improve performance overall.

She encouraged any foundations that might be attending the Symposium to consider the importance of giving general support. This allows one to support needed

investigations into whether nonprofit programs are really meeting their goals and fulfilling their purposes.

Ms. Polanco commented that program administration is still a program cost. There has been some debate and controversy in the sector about whether charities over-invest in infrastructure. However, Ms. Polanco asserted that expenses associated with performance management of outcomes can legitimately be regarded as program expense allocations for purposes of categorizing functional expenses in statements such as an annual financial report. She said that acknowledging these expenses appropriately was part of recognizing the "full" cost of programs.

Ms. Polanco asked Ms. McAllister how her foundation considers the full cost of programs including the expenses needed for performance management and evaluation.

Ms. McAllister responded that she always encourages nonprofits to include performance management in their program budgets. Her foundation does not have a big emphasis on percentages of program administration versus other components.

Their main focus on costs has shifted along with their shift to a results-based approach to grant-making. They ask grantees to calculate the cost per result of their program. This is different than calculating the cost per participant. She quoted Mr. York in saying that not all programs work for all participants and said that there is usually a "funnel." She gave an example to describe how the funnel might work: a program has 100 participants, 80 complete it and 70 achieve the desired result.

In this case, Ms. McAllister said that the real cost for success is the *entire* program budget including evaluation and benchmarking and learning. One should take that and divide it by the number of participants who achieved the desired result to get the cost per successful result. Her foundation has asked grantees to look at that number for the last three years. Sometimes either her foundation or the nonprofit is surprised by the number.

This leads to an interesting discussion according to Ms. McAllister. For example, if a program or nonprofit were to try to grow, would the cost per successful result go down? Is there sustainable funding to support this cost per participant, through earned income, public funding, or private dollars? Since Ms. McAllister's foundation sees this as a good exercise, it is where they focus their cost discussions.

Ms. Polanco emphasized the importance of distinguishing between cost per participant and cost per outcome, as well as having a common definition of "outcome." Years ago the nonprofit community was looking at cost reimbursement contracts. Then, there was a trend of performance-based funding. Now, according to Ms. Polanco, the sector appears to be shifting towards outcomes-based funding.

She asked Mr. York to add his insights to the discussion of cost.

Mr. York responded that as organizations start to grow and look at what the percentage spent on evaluation and performance management gets them, it becomes clear that what they are buying is objectivity, especially for smaller organizations. Ideally the evaluator will come in and help to ensure they are not being totally self-serving with the questions they are asking, so that the organization is actually learning something.

One of the principles of learning-based performance measurement is to ask every question with the hope that all the respondents will answer in the middle of the scale. If you ask a question expecting a "pat on the back," then it may skew how you ask the question so that everyone answers with a rating of "10." That is not learning according to him. Learning involves hoping for a normal distribution so that one can evaluate why a program may be working for some but not for others. Mr. York said that real learning requires asking questions that are "tough enough" and that nonprofits owe it to their participants to do so.

Nonprofits should ask program participants about how well their programs deliver the desired outcomes, and program implementers should know that they are going to be evaluated based upon those results. Mr. York characterized this as a human resources and organizational culture cost. He said leaders will have to stand their ground and say they will talk to participants and not talk only to program officers. This is because the nonprofit is really there to serve the participants.

Mr. York spoke of a leadership cost arising from asking: who is the nonprofit really listening to? How tough is the organization being with the questions it asks?

As organizations grow, they are able to afford more in terms of objectivity, rigor and analytics in their evaluations. In his view, it is key to invest 2 to 5 percent of one's budget to this analysis because what one can learn could be beneficial to everyone.

Ms. Polanco began to pose questions from the audience. The first question she presented noted that there had been a lot of talk at the Symposium about encouraging staff to do their best. The questioner asked the panelists to take some time to identify specific professional development concepts and ideas to help staff in the framework of performance, particularly in reference to the supposed decrease in nonprofit leaders. Ms. Polanco clarified that many nonprofit leaders will retire or move on and that the question seems to ask how the younger generation can be prepared to assume the leadership vacancies that are occurring.

Sister Paulette responded that in her view leadership development is one of the most important things that an organization can do to ensure sustainability. Behind every current worker, there needs to be someone being trained. This does not a lot of money. It is a mindset that everyone who works in the organization is dispensable and that the mission is more important than any one person in the organization. If you really are mission-driven and want the work to live on beyond your own time at an organization, then succession planning is essential.

She takes issue with the argument that there are not enough new nonprofit leaders emerging. There are many promising nonprofit professionals who are ready to pick up the reins. It is the responsibility of those already in leadership positions to help them get there. She noted that there are many good programs for leadership development including external and internal ones. Leadership development involves coaching and training promising staff members so that they can grow and learn.

Sister Paulette spoke of the need to create a "learning organization" in which everyone feels they are part of the nonprofit to grow themselves along with aiding in the growth of the program participants.

Next, Ms. Polanco asked Ms. McAllister about cost per outcome versus cost per participant. The questioner asked whether her foundation would consider the idea that program participants who did not reach the desired outcome might still gain a benefit from the program. And if so, how would they account for those costs?

Ms. McAllister responded that this consideration was in mind when they looking at the numbers regarding performance. However, she said that it is important to believe in one's own theory of change and to own the cost of that change. She explained that her foundation does not have a "hard, fast" number in mind when considering costs. They also do not look at two different numbers from two different programs and just fund the one that is less expensive.

It is very rare to have an "apples to apples" comparison because of the nature of the participants, the ambition of the outcomes or other variables of programs are often very different. Instead, she thinks comparing the cost per outcome is an important exercise and can lead to interesting discussions.

Ms. McAllister admitted that she sometimes focuses too much on program codification instead of business model codification in her own work. In order for a program to grow, even at a modest rate without really scaling up, both types of codification need to be happening. Her foundation knows that they need to develop learning agendas around cost. There is good work being done in that area and said that Mr. York could probably speak more about that issue.

Mr. York responded that he thinks one of the challenges inherent to the question is something that the nonprofit sector has not yet acknowledged which is that there is not agreement between investors/funders and those on the ground as to what successful outcomes look like.

To give an example to illustrate this disconnect, he mentioned that he has a one year old baby at home. When his daughter was born he wanted to give his wife, who is a first generation Italian from Philadelphia, a "push gift" of a doula. A doula is someone who helps out during or after a woman's pregnancy. Mr. York recalled that he looked up doula services and their websites list outcomes that one will get from their services.

These services are geared towards people can afford a doula and do not face the obstacles when bringing a new baby home that others might. For those who can afford it, the results they claim to provide are less stress and better communication with health care providers among other things. Mr. York characterized these things as very tangible, allowing him to gauge whether he got his money's worth.

In the nonprofit context, he explained, some organizations provide similar aid to mothers facing challenges such as poor and teenage moms. When one looks at what outcomes that they are held responsible for, they are results such as preventing juvenile delinquency and child abuse among other things. Mr. York said that it is completely unreasonable to expect those kinds of outcomes from this one service.

In his view, if there is not a clear picture of cause and effect, that is a large problem. He mentioned the book *Switch* by Chip and Dan Heath. He said that if there could be one "switch" in the nonprofit sector, it would be what he calls "outcomes synchronicity." This approach could also be called "get real" he explained. Mr. York said that if one wants to figure out what can really be measured

in terms of success, one should put their desired outcomes and theory of change on paper. Then, as funders or nonprofits, we should ask three questions: really? really? really?

Mr. York said that once you have picked this metric, you can then go through a process of awareness, knowledge, and exchange of motivation, skills and opportunities. In his view, behavior is not just modified at once. Instead, one needs to develop habits that require feedback, systems, competence and other factors. These are all difficult outcomes to generate.

He is all for measuring cost per result. According to his research, organizations are 3.5 times more likely to grow when they are led from cost per result rather than cost per output. However, Mr. York said that expanding this practice is hard because nonprofits and funders have not settled on which results they are measuring against costs.

Ms. Polanco thanked all the attendees for participating in the Symposium and said she hoped that they heard some ideas that would have practical applications to their work.

Claire Rosenzweig added her thanks and asked the attendees: Did we deliver what we promised? Ms. Rosenzweig thanked the Symposium sponsors and participants, and concluded the program.

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