



Mastering the New Normal: Insights and Strategies from Change Leaders

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

February 22, 2011

There were 328 nonprofit and foundation executives, consultants, academics and other professionals in the philanthropic sector registered to attend the BBB Education and Research Foundations fifth annual Charity Effectiveness Symposium, including speakers and staff. On the program day, 250 Symposium participants were noted as present at the event.

"Mastering the New Normal" was presented with generous support from American Express, BNY Mellon, EmblemHealth, and The New York Community Trust. The Symposium was planned with aid from the Program Committee consisting of American Express, Baruch College School of Public Affairs, BNY Mellon, The Clark Foundation, The New York Community Trust, NYC Department of Youth and Community Development, and Philanthropy New York. Additional help was provided by these Event Supporters: Association of Development Officers, Association of Fundraising Professionals-Greater New York Chapter, Baruch College School of Public Affairs, The Foundation Center, 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, Inc., NYCharities.org, Philanthropy New York, Staten Island Not-For-Profit Association, United Way of New York City, Women in Development-New York, and the Young Nonprofit Professionals Network-NYC.

Program Agenda:

Welcome: Claire Rosenzweig, President and CEO, The 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 Now Needs for The New Normal"

Presented by Doug Bauer, Executive Director, The Clark 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: Champions for Change: Learning from Leaders

Moderated by Timothy J. McClimon, President, American Express Foundation

Panelists: Charles Best, Founder and CEO, Donorschoose.org; Cheryl Dorsey, President, Echoing Green; and Sheena Wright, President & CEO, Abyssinian Development Corporation.

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: Breakthrough Strategies: Using Mission Focus to Drive Effective Nonprofit Branding, Partnerships, and Results

Moderated by Carol Cone, Managing Director and Executive Vice President, Brand & Corporate Citizenship, Edelman

Panelists: Lucy Cabrera, Ph.D., CAE, President & CEO, Food Bank For New York City; Caryl M. Stern, President & CEO, U.S. Fund for UNICEF; and Susanna Zwerling, Vice President, Government and External Affairs, Verizon New York

Summary of the Program:

Claire Rosenzweig, CAE, President and CEO of the Better Business Bureau Serving Metropolitan New York welcomed attendees and acknowledged those who helped make the Symposium possible. She thanked the 2011 Symposium sponsors: American Express, BNYMellon, EmblemHealth, and The New York Community Trust. Ms. Rosenzweig also extended thanks to the Symposium's Program Committee, Supporting Organizations, Baruch as the event's Host for the fourth year, and BBB staff members who planned the event. She then introduced Dean David Birdsell of the Baruch College School of Public Affairs.

David Birdsell welcomed attendees on behalf of the Center for Nonprofit Management and Strategy and the School of Public Affairs. He said that it was an honor to collaborate once more with the BBB to focus attention on another important series of questions for the nonprofit sector. Mr. Birdsell invited the audience to consider the Symposium's title, asked "Do we have a New Normal?", and commented that he sincerely hopes that the current grim state of affairs is not the new norm.

Mr. Birdsell observed that the nonprofit community is in transition. He quoted Donald Rumsfeld's words from the past as a way to frame what is happening: "We have the known knowns, the known unknowns and the unknown unknowns." Birdsell said that many issues are moving from the first category of "known knowns" to the latter two categories. He said, however, that some things are known that are unlikely to change in the near future. These include declining government support at almost all levels of government, a strong emphasis on earned revenue for nonprofits, and a need for new sources of funding and philanthropy that can patch gaps while organizations restructure to cope with the present situation.

Mr. Birdsell said he likes to believe there are many answers to the current problems that will invigorate the sector. He looked forward to hearing the day's speakers

share some of the most sophisticated thinking on dealing with the current environment.

Claire Rosenzweig took the podium again and explained that one reason why the BBB presents an annual Charity Effectiveness Symposium is that the BBB's Standards for Charity Accountability include requirements that organizations conduct effectiveness self-reviews at least every two years, and share the results with their Boards. The Symposium is intended to help charity executives learn about leadership issues that will help their organizations to create greater mission impact and to operate more effectively.

This year's program is called "Mastering the New Normal" – meaning what is normal for organizations at this particular point in time - because the conditions will continue to change and evolve, and organizations must adjust to handle it. Speakers for this Symposium will highlight two important elements that can help nonprofits increase impact: the role of leadership, and focus on the mission.

Ms. Rosenzweig then invited Program Committee member Ronna Brown, President of Philanthropy New York, to introduce the Keynote Speaker.

Ronna Brown noted that before becoming Executive Director of The Clark Foundation, Doug Bauer held a number of senior positions: at corporations such as Goldman Sachs and SmithKline Beecham; at private foundations such as Pew Charitable Trust; and at the Rockefeller Philanthropic Advisors, where he was a Senior Vice President. Doug Bauer is also a member of the Philanthropy New York board. Throughout Mr. Bauer's career, he has been a strategic thinker and author who has encouraged funders and nonprofits to think freshly about problems. He was one of the first to talk about mission-related investing. While he has been at The Clark Foundation, Mr. Bauer has been thinking and writing about how nonprofits can deal with the crisis facing the sector. Ms. Brown said he is a foundation leader who "gets" what it takes to run a nonprofit, and called on Mr. Bauer to take the stage.

Keynote Remarks: The Now Needs for The New Normal **Doug Bauer, Executive Director, The Clark Foundation**

Doug Bauer thanked Ronna Brown and commended her work as President of Philanthropy New York, noting that they met when both were members of the BBB Wise Giving Alliance Board. He also saluted the charity standards work of Bennett Weiner, COO of the BBB Wise Giving Alliance, who was present in the audience.

When he first agreed to speak at the Symposium in October 2010, Doug Bauer was reading works by economists about the "new normal", including the book *When Markets Collide* by Mohamed El-Erian. He explained that the book talks about the shift of economic growth away from the United States to emerging markets and how the shift would be disruptive in the short term but ultimately a good thing for the markets and the world. This led Mr. Bauer to think about what the new normal could be for the nonprofit sector and what the "now needs" to deal with it might be.

Mr. Bauer commented that his remarks would be based upon his reflections and his conversations with the 130 grantees of The Clark Foundation. When looking at what happened recently to his grantees and nonprofits in general, Mr. Bauer said he felt that one should not be depressed - but *impressed*. Despite a slow recovery and cuts

in public and private funding, nonprofits providing vital services to low-income families and underserved communities have shown great resiliency and remained steadfast.

Mr. Bauer wondered how many more funding cuts and slow-paying performance-based contracts New York area nonprofits can continue to absorb or manage. He quoted figures from the Fiscal Policy Institute that New York is expected to have budget gaps of \$10, \$14 and \$17 billion during the next three fiscal years respectively. He noted that the \$10 billion was being debated in Albany at that time and represents 15% of the state budget.

Mayor Bloomberg offered some good news to report the week before the Symposium as he reported increased business and property tax revenue for New York City. However, according to the *New York Times*, Bloomberg's 2012 budget still contains the possibility of 100 senior centers closing, 6,000 teachers being laid off, and 17,000 child care slots being eliminated.

Mr. Bauer stated that the news was not that different from the outlook in other states and cities. He listed figures from the Center on Budget Policies and Priorities. According to them, 44 of 50 states face budget gaps and New York, New Jersey, Illinois and California are in the deepest trouble. This is a major cause of concern because 25% of the United States' population lives in those states and they are home to some of the deepest instances of urban poverty. Mr. Bauer noted that his colleagues at the Robin Hood Foundation always remind people that there are 1.9 million people in New York City living at or below the poverty line. That figure goes up to 3 million when you go about 200% above the poverty line and include families of 4 living on just under \$35,000 a year.

The current fiscal and political crisis will test the stamina of nonprofit staff, boards and others on the frontlines of crucial issues like poverty. At the same time, he observed that the fiscal and political situation in Washington, D.C. was deeply troubling and deserved everyone's attention.

Doug Bauer then spelled out eight things that foundations and nonprofits can do to deal with the new normal. Mr. Bauer said he was relieved that he had not yet heard calls for philanthropic dollars to make up for government budget gaps. He quoted \$4.72 billion as the total amount given by Philanthropy New York's members during 2010. He acknowledged that was a large figure, but said that much of it was accounted for by large foundations that happen to be based in New York like Ford, Rockefeller, Carnegie, and George Soros's Open Society Institute, which are international and national in scope. Remaining private philanthropic funds dedicated to giving in the Metro New York area are not enough to cover the widening holes in the New York State and City budgets. The role of money in the nonprofit sector has been and continues to be to accelerate new ideas, test models to see if they work, and scale up programs that are effective. Therefore, grants are usually not meant to fill funding gaps in existing programs.

Next Steps for Grant-Makers: Mr. Bauer suggested that grant making could be recalibrated in the short term to make maximum impact in real time in four areas.

1. *General Operating Support:* To maintain nonprofits that are essential for the social safety net, Mr. Bauer stated, grant-makers should provide general operating funds. Grants that come with the greatest flexibility are needed most.

2. *Technical Assistance*: Working “smarter” is essential in the new normal. New training for managers and staff can help an organization stay afloat. Mr. Bauer said that size or reputation will not save an organization. Instead, survival will depend on how effectively resources are deployed and how well appropriate strategies and tactics are executed.

3. *Access to Working Capital*: Banks are nervous about extending credit in the constrained funding environment. However, intermediaries like the Nonprofit Finance Fund can make it possible for foundations to establish pools of working capital for their grantees for use on project-related investments.

4. *Advocacy*: The voice of nonprofit leaders needs to be heard even more loudly than before. This advocacy needs to be driven by facts and data. Enhanced advocacy can help stave off proposed cuts.

Mr. Bauer said that these tactics are simple to implement, and can be deployed quickly and effectively; but few foundations employ them as part of their grant-making strategy. To Mr. Bauer the most important resources in the nonprofit world are money, good counsel, advocacy and time. If more grant-makers take these kinds of steps soon, it may help give nonprofits more time to react to the forces now at play in the sector.

Next Steps for Nonprofits: Doug Bauer recommended four things that he believes nonprofits should do to succeed in the new normal.

1. *Employ Brutal Honesty*: Mr. Bauer expressed amazement at organization leaders who think that they can grow their way out of a problem in the current environment. Nonprofits need to be more honest with themselves and their staff members about what avenues of revival are possible. They need to be honest about where revenue is coming from, how they monitor and control spending, how they comply with contracts, and what is really going on in the marketplace. Nonprofits also need to be clear about their competitors and peer organizations. What are they doing? Are competitors performing better in similar programs? If they are - why?

2. *Explore Mergers, Alliances, and/or Collaborations*: Mr. Bauer clarified that he did not raise this second point because he believes there are too many nonprofits but because in the new normal there may not be a mix of public and private funds that can sustain all the organizations currently in place. When it makes sense to do so, groups that share a common ideology, client base and geography can and should explore ways of working together and sharing costs. Mr. Bauer acknowledged that he knows mergers are hard, especially in the nonprofit sector, because there is no share price to settle on and usually no way for the CEO or Executive Director to leave with the kind of “golden parachute” that one receives in the private sector. In many cases, mergers might not be the answer. Sometimes an alliance or collaboration might be the right solution. It’s possible to reduce costs through collaborative tactics such as sharing spaces, bulk buying or the combined deployment of programs in a target neighborhood.

Mr. Bauer noted that he is a big fan of the *Stanford Social Innovation Review* and that last spring they published an article by David La Piana entitled “Merging Wisely”. The article suggested that there are a number of ways that nonprofits can work together that do not involve a time consuming and energy consuming merger. Mr.

Bauer encouraged attendees to seek the article out to see if it is applicable to their organizations.

Foundations should not be the ones to trigger explorations of nonprofit mergers and collaborations, said Mr. Bauer. Because of the grantor/grantee dynamic, there are subtleties that foundations will miss. Therefore, it is better that mergers and collaborations come from sincere interest on the part of both nonprofits. To show what he thought should be done, Mr. Bauer mentioned United Neighborhood Houses which is fostering geographical dialogues between its members to see how they can share costs and collaborate on programs.

3. Advocate for a New Model of the Social Safety Net: Mr. Bauer said that the advocacy now being done in City Hall and in Albany by the sector is what it should be: fighting budget cuts and sustaining nonprofit funding when possible. He highlighted the Human Services Council which has launched a campaign called, "Who Cares? I Do" and said that the campaign is something everyone should get behind on a statewide basis. At the city level, United Neighborhood Houses is doing "Don't Cut the Core." Mr. Bauer said these campaigns are helping to brand the battle all nonprofits are waging to stave off cuts.

However, Mr. Bauer stated that the nonprofit sector still has to do more advocacy work. After the current public funding battle, Mr. Bauer thinks funders and providers need to take a step back and construct a cost-effective, efficient, and caring social safety net for the rest of the 21st century. He suggested that most attendees at the Symposium know more than most in the public or private sector about how to help people overcome poverty, educating children, and finding jobs for hard-to-employ workers. Mr. Bauer stated that it would be great to have a safety net crafted by the people who are already grappling with these issues every day.

Mr. Bauer warned that if a new model is not developed, then nonprofits will repeat the same cycle every year when they have to say, "Don't cut us! Please don't cut us." Mr. Bauer mentioned that he read in *The Economist* that California Governor Jerry Brown's standard response when people come to ask him not to cut their program was to ask people: if he doesn't cut their program – could they recommend who else he should cut. Mr. Bauer feels that this is a no-win discussion. Therefore, he recommends a more comprehensive approach with a social safety net known to be effective and cost efficient fueled by philanthropy but also receiving public subsidy. This would involve creating what Jim Collins calls a BHAG, a Big Hairy Audacious Goal. If the nonprofit sector wants to shift the discussion, they need to come up with viable alternatives – with big goals - that will work for the new normal and beyond.

4. Engage Your Board Fully: During Clark Foundation site visits to grantees, his staff often asks if a board member can be part of the discussion. Board members almost always agree to attend and it adds to the conversation. Mr. Bauer said it is interesting to see the board member add their perspective to what the Executive Director says and, of course, see if they align. He has been impressed how many board members are engaged with the new normal and what it means for their organization. Many board members are from the private sector and have seen how devastating the new normal is for business.

Mr. Bauer mentioned examples of board member engagement: one person he met was reviewing the nonprofit's cash flows weekly to make sure he was discharging his

fiduciary responsibility. Another board member met with legislators and the mayor; yet another arranged for his organization to get a high-powered *pro bono* consultant through a business contact. When Mr. Bauer looks back at nonprofits that went down, in good times and bad, one factor in their demise is always that the board was not doing their job. He stated that an unresponsive board is something that no nonprofit can afford to have in the new normal.

According to Mr. Bauer, this is the most dynamic and fluid operating environment that the nonprofit sector has experienced in recent memory. He thinks that events in the next two years will determine what happens for nonprofits in the next 10 to 15 years. Nonprofits are re-thinking the social safety net and re-writing the social contract. Mr. Bauer reflected that since the Reagan years, America has had a debate over what the role of government is. In that time, Americans have come to rely on nonprofits to carry out many programs that were once under the purview of federal, state, and local governments.

Given the public fiscal crisis in New York and around the U.S., what is done to help the less fortunate will have to be restructured. The question for him is what role the nonprofit sector will play in the discussion. He said he hoped that the eight items he detailed earlier will be the basis for keeping nonprofits in the discussion and aiding in the short and long term success of the sector.

Mr. Bauer closed with two quotes. The first was from Henry A. Wallace, whose biography *American Dreamer* Mr. Bauer was reading at the time. Wallace was Vice President during FDR's third term, one of FDR's three Vice Presidents, and Secretary of Agriculture during FDR's first two terms. Much of the New Deal went through the Department of Agriculture because in the 1930s the American population was largely rural. Mr. Bauer noted that Wallace was pragmatic, progressive, and religious and was known for bringing parties together to hammer out policies that would help farmers get back on their feet.

In a 1933 speech to the Federal Council of Churches, Wallace said: "The world is one world and men must learn to live for all mankind and not for themselves alone. When cooperation becomes a living reality in the spiritual sense of the term, when we have defined certain broad objectives which we all want to obtain, we can then feel the significance of the forces at work not merely in our own lives, not merely in our own class, not merely in our own nation, but in the world as a whole. Then, the vision of Issah and insight of Christ will be on their way to realization." Wallace also said that what was necessary was a "declaration of interdependence, a recognition of our essential unity, and our absolute reliance upon one another."

Mr. Bauer then quoted former Senator Bill Bradley, sharing an anecdote that was attributed to Al Gore by the media commentator Chris Matthews. Senator Bradley was to give a speech at some kind of annual dinner and showed up early to have time to get his thoughts together. A waiter came by as he was sitting alone and put a roll and pad of butter on each plate. Bradley had not had lunch so he stopped the waiter and asked for another roll; but the waiter responded that only one roll and one pad of butter was allowed per seat. Senator Bradley responded, "I'm sorry, I don't think you know who I am. I'm Senator Bill Bradley. I used to play for the Knicks. I went to Princeton, I'm a Rhodes Scholar. I think I could have another roll and pad of butter." The waiter replied, "I'm sorry Mr. Senator; I don't think you know who I am." To which Bradley replied, "No, I don't actually." The waiter responded, "I'm the guy with the roll and the butter."

Mr. Bauer said that he told the story about the Senator because we in the nonprofit and philanthropic sector are the waiters with the rolls and the butter – meaning that the nonprofit sector does have power, resources, and a role to play. Mr. Bauer asserted that the solutions to the problems that nonprofits are facing are to be found in the work they do everyday. Nonprofits know what works and what doesn't work, know how to be effective and cost efficient, and know how to identify and measure outcomes. Most important of all, according to Mr. Bauer, nonprofits care.

The job of philanthropy is to sustain and strengthen nonprofits' work. According to Mr. Bauer, the nonprofit sector's job in the new normal is not just to keep supporting those who need help the most but to also begin building a new and rational reality needed in order to insure that the two to three million people in poverty or on the edge of it in New York are not left behind.

James A. Kraukopf, Director of The Center for Nonprofit Management and Strategy and Distinguished Lecturer at Baruch College School of Public Affairs moderated questions from the audience. The first question was, "The reality of deficits equals huge cuts in social services. How should individual nonprofits think about influencing this in a way that is not competitive between silos e.g. aging and child care."

Mr. Bauer said he thinks the people at United Neighborhood Houses have thought about it a lot. He suggested that it is through the power of collaboration and coalitions that the most productive responses are found. He recalled a recent meeting with the Executive Director and Director of Policy and Advocacy at UNH. They brought out a scorecard of the wins and losses of UNH's advocacy over the past year. Mr. Bauer's impression was that the result was a pretty good "hitting average" in baseball terms. Not everything was lost and quite a bit of funding was sustained or not cut as much. Mr. Bauer thought it was sad that nonprofits have to celebrate things like not cutting as much funding.

Mr. Bauer indicated that he was reassured by his talks with groups like UNH, Human Services Council, Nonprofit Coordinating Committee, and that he thinks they are doing important work in advocacy and showing the merits of working together. He warned, however, that the work of those alliances should not be taken to mean that individual nonprofits should not be talking to their local representatives. Mr. Bauer said that nonprofits need to explain to local leaders what a funding cut will mean. He used the example of Queens Community House: what will happen in the community, if they lose a daycare slot? He said it is important for legislators to understand those types of consequences. Mr. Bauer advised nonprofits to work jointly through umbrella and coalition groups as well as advocating for themselves at the local level.

The second question was, "How do you envision the blueprint for a safety net? Coalitions working in each social services field? Convening philanthropic leaders with social service and nonprofit leaders? What's the mechanism?"

Mr. Bauer said that he did not have the full answer to the question. However, he has started to talk with people and there are other funders looking at this issue. Mr. Bauer said he is very interested in encouraging the conversation. He said that the dialogue should include leaders from nonprofits and philanthropies, as well as people like Jack Krauskopf who have had a lot of experience in the public sector. He hoped

that something could actually be pulled together. He said he thought that a blueprint was needed as well for the next mayor.

Mr. Bauer asked: What will the next mayor want to do? He said that it is important for the nonprofit sector to try to influence the answer to this question by providing leaders with ideas about what the social safety net should look like.

Mr. Krauskopf asked, "What should be done about the many projects that are on the boards right now but won't be completed by the time the current mayor finishes?" Mr. Bauer asked Mr. Krauskopf how he would answer his own question. Mr. Krauskopf responded that he was not sure he knows what the mechanism is to figure out which projects should continue. The problem is that agencies doing programs to support the social safety net are likely to believe their work is essential; this makes it harder to determine whether some of the work that is currently being done isn't needed as we go into the future.

The third question from the audience focused on the foundation side of Mr. Bauer's advice: "What is being done to encourage foundations to open their minds to supporting general operating expenses?"

Mr. Bauer replied that some foundations have been giving support for general operating expenses, which is encouraging – though perhaps not as many as he would like to see following that practice. He said he thought that increasing that kind of support was something that occurred through formal and informal discussions and through places like Philanthropy New York. He indicated that he thinks a lot of the foundation leadership understands the environment nonprofits are in.

The foundation community has also been through some tough times in the last few years; that may be hard for some people to hear but it is true. Mr. Bauer emphasized that he has been in the foundation and nonprofit world for the last 23 years and that he has never seen anything like what has happened in the last few years. People have been getting laid off and foundations have been shutting down. Mr. Bauer quoted a figure that foundations have lost on average 27% of their endowments in recent times. He said that if foundations have really, really good investment people, given the right economic environment, they might be able to return to where they were before the crisis. But he does not think foundations are "out of the woods" yet.

Foundations do understand that they have to be responsive in this environment and that some foundations have stepped up. He applauded The New York Community Trust for the emergency money they have given out in the last few years. There is no doubt for him that the Trust's contributions have been important. He noted proudly that 77% of his foundation's grants are general operating support grants.

Mr. Bauer said that the best thing foundation leaders can do is talk about these issues. To do so, he put an op-ed in the issue of *Chronicle of Philanthropy* that was current at the time of the Symposium.

The fourth audience question was about how to talk to the board of directors if they push for growth of the budget during these times.

Mr. Bauer responded that he thinks that one has to push back on the board even though it is hard. He noted that most of the nonprofits his foundation works with

have not been pushing for growth. For the most part, nonprofits he is in touch with and their boards understand that this is a period where they have to think about how to sustain themselves and figure out what the new reality is going to be.

Boards need to face up to reality by taking true responsibility for the stewardship of their organizations, which may mean increased fundraising and other tasks. If the board is pushing for strong growth, Mr. Bauer suggested, the Executive Director needs to ask them why. He encouraged Executive Directors to turn the question around and ask boards if they were in his or her position what would they do with limited growth opportunities.

The fifth question regarded changes on the government side of funding: "Please address the impact of the elimination of discretionary funding for [New York State] Senate and Assembly members."

Mr. Bauer replied that he sees this issue everywhere in the grantee community of his foundation. The loss of discretionary funding can be a loss of \$50,000 here or \$25,000 there. Mr. Bauer noted that his foundation does a lot of work upstate where the Clark family is from. He said that the Glimmerglass Opera in Cooperstown, NY just lost \$100,000. Mr. Bauer called these losses "nickel and dime" but said they could represent general operating funds and leave important gaps in funding. To Mr. Bauer it does not look like that money is coming back soon. He asked Doug Sauer, CEO of the New York Council of Nonprofits, who was present in the audience, if the discretionary money was likely to come back soon. Mr. Sauer agreed that it was not.

Mr. Bauer said that nonprofits could not really expect those kinds of funds from legislators in the current environment. Legislators are not happy about this situation either. From his talks with legislators, he feels they understand how important nonprofit funding is but that they have to be responsible about the budget.

The sixth question was: "Foundations are partly responsible for the challenges nonprofits are facing. Hoops nonprofits must jump through to get funding don't make sense in these times. What are you doing to reduce the administrative burden on nonprofits?"

Mr. Bauer responded that he thinks there are things that the philanthropic field has tried to do to reduce the administrative burden on nonprofits. He used the example of the common grant application form at Philanthropy New York that creates a uniform application process. Mr. Bauer admitted that there is no question that there are some foundations that require a higher level of reporting and that can be burdensome to people in the nonprofit sector.

But he also understood where those foundations are coming from. There has been quite a debate in the field of philanthropy over the last 20 years about outcomes, measurement, and evaluation. According to Mr. Bauer, the forces pushing for those things have won. It has become very clear that boards of foundations big and small are very interested in the return on the "investment" they make in a nonprofit. That emphasis requires some additional reporting on the part of nonprofits. Mr. Bauer said that it has generally been a good thing for the nonprofit community.

Reporting on results is part of the reality right now. Nonprofits should describe results in the terms they are comfortable with. The issue is not how nonprofits apply for grants but the nature of what they are being asked to report on. It is very

important for nonprofits to be absolutely clear about what results they are truly delivering, as they consider the different models for assessing those results that are out there.

Mr. Bauer noted that his foundation has been a big proponent of “outcomes thinking.” They have put over 75 of their grantees through outcomes training at the Rensselaerville Institute. Mr. Bauer believes that the training made those nonprofits better nonprofits. He said that they are now very clear about what they get done and why and how much it costs. According to Mr. Bauer, that makes those nonprofits much more competitive in the current reality.

The seventh question was: “Some nonprofit organizations, not foundations, have restricted endowments, staff are being let go, programs are being dropped, etc. because the endowment can’t be touched. Any suggestions?”

Mr. Bauer answered by noting that the question was technical. He said he did not have a response other than that it was a legal and fiduciary question. The question should be considered by the nonprofit’s board of directors with good advice from lawyers and auditors.

The eighth question was: “What do you see as missions that the government has abandoned and how can nonprofits address them? Do you think there will be a shift in what is seen as the responsibility of government and the responsibility of the private sector?”

Mr. Bauer responded that as someone who has been committed to the nonprofit sector and a political “junkie,” he finds the forces at play right now fascinating. He said that Jack Krauskopf was more of an expert on the issue since Mr. Krauskopf used to be in government. Mr. Bauer noted that a lot of what government used to do has been outsourced through the nonprofit sector. There is a debate right now about what that outsourcing is going to be exactly: at what level and at what capacity. To Mr. Bauer, the complicated factor is that we do not really know what the balance needs to be.

He recalled a session that Philanthropy New York had with a highly-placed government official in Albany. The official said that they had to understand that the debate in Albany was about opposing forces, often business versus labor. The common good is not included in that discussion. Mr. Bauer said that the leaders in the audience and nonprofits in general represent the common good and that it is something everyone should think about. It can be a basis for figuring out what do we want nonprofits to do, what their role should be, and what services do we want them to be providing out there in the community.

Mr. Bauer said that some kind of government subsidy will be required for nonprofits to do their jobs effectively. To Mr. Bauer the debate is around how much that subsidy needs to be and how a safety net can be maintained.

Mr. Krauskopf joined in, saying that we have a joint government-nonprofit system for funding human services, arts and culture, education, and health care, and we have to regard it that way when it comes to making public policy. He said that nonprofits, foundation and service delivery agencies need to be included in the tough planning decisions. The government does not always issue fiats without nonprofit

input, but it is hard to describe the government-nonprofit services delivery system as one that is jointly managed.

The last question was, "How can we encourage corporations with significant resources to contribute more to basic community needs and less to strategic marketing philanthropy?"

Mr. Bauer responded that it is an important question and noted that he had been a corporate grant maker and now works with and observes corporate grant makers. There are many corporations that give both to support basic community needs and for marketing purposes. Mr. Bauer said it important to build social responsibility into businesses.

He used the example of Walmart and acknowledged that many in the audience might not like Walmart. They have reviewed their business practices, and incorporated a lot of good thinking about sustainability and waste reduction into their operations. Walmart recently announced that they intend to sell locally grown produce in their stores. Mr. Bauer said this would be important for Upstate farmers and others in the northeast corridor. At the current time, only two percent of local produce from Upstate New York makes it to New York City. A corporation like Walmart has the power to lift this figure through its purchasing practices.

Mr. Bauer concluded by remarking that corporations can have a positive impact by implementing three practices: philanthropy; cause marketing efforts, if suitably matched to the company's work and done with sincerity; and building social responsibility strategies into their business practices.

Panel 1: Champions for Change: Learning from Leaders
Moderated by Timothy McClimon, President, American Express Foundation

Panelists:

Charles Best, Founder and CEO, Donorschoose.org

Cheryl Dorsey, President, Echoing Green

Sheena Wright, President & CEO, Abyssinian Development Corporation

Claire Rosenzweig introduced the moderator of the Champions for Change panel **Timothy McClimon**. She noted that Mr. McClimon is the President of the American Express Foundation and the head of Corporate Social Responsibility for American Express, overseeing their global efforts in philanthropy, responsibility, and employee engagement.

Mr. McClimon introduced the panelists and asked each of them to describe their work and to explain how they manage change in their organizations and fields.

Sheena Wright remarked that she does not feel she has the rolls or butter from Mr. Bauer's anecdote and that now is really a tough time. She is the CEO of a comprehensive community and economic development organization. Her nonprofit tries to answer the question of what are the core elements that are needed to have a sustainable and successful community. They do a lot of things: affordable housing, commercial development, education, advocacy, and social services.

Ms. Wright said that the new environment has been very challenging because her organization does so many things. Her organization raises funds from philanthropic sources such as foundations, corporations and government but they also have earned revenue from their real estate activities. In the current situation, because the real estate market has been decimated, their revenue opportunities in that sector have been seriously diminished. Additionally, philanthropic funding has been declining while the need for aid in the communities they serve has risen to four or five times what it was before. What then can nonprofit leaders and institutions do?

When trying to figure out how to do the best in difficult situations, Ms. Wright said she always goes back to "Stockdale Paradox" from Jim Collins's book *Good to Great*. She explained that Jim Stockdale was a Prisoner of War in Vietnam who has talked about what helped him persevere until he was rescued. Stockdale was a POW for years and said that among his peers, the ones who perished first were the pessimists. The next ones after them were the optimists who were sure they would be home by Thanksgiving and then Christmas and then Easter. When those days came and went, it was too large of a blow for the optimists to handle. According to Ms. Wright, Stockdale recounted that the ones who were able to endure until help arrived were those who could confront the brutal facts of their situation but still maintain faith that they would prevail in the end.

Ms. Wright said that it is hard to face the brutal facts of the current situation and also maintain faith that one's endeavors are going to be successful. To her, that combination is essential for nonprofit and for-profit leaders who are dealing with the current environment. She noted that Mr. Bauer had pointed out many of the brutal facts very concretely.

Responding to the current environment means specific things to Ms. Wright. The challenge for her nonprofit, as a comprehensive community development organization, is to know exactly how their business works. According to her, they are very experienced in figuring out if they are being effective and gauging the needs of the community, but have a harder time figuring the exact costs of what they need to do. Her organization embarked on a project to figure out what the true costs of their programs were. Ms. Wright explained that for each individual program there are overhead costs that funders are less willing to cover. Through their investigations they discovered that grants for programming were only covering 70% to 75% of the true costs of running the programs.

Ms. Wright noted how there was a tendency in the past to look at programs as if they were covering themselves, but they realized none of them were covering themselves. Once they had a clear picture of the costs they had to face the reality of cuts. Ms. Wright mentioned how the idea of budget "cuts" makes one think of a jagged knife stuck in one's gut and how painful it would be. This is because cuts may involve nonprofit leaders needing to fire people who they have worked closely with and who have given their best in service of the cause.

Although cuts are hard, Ms. Wright stated, they are often a reality that must be addressed. Budget cuts need to be done in a way that makes sense. The cuts need to be strategic which for her means looking both at the areas of difficulty and at opportunities.

Since her nonprofit is a community development organization, they have been primarily financed through financial institutions that needed to get their Community Reinvestment Act commitments filled. During the financial crisis, these same financial institutions were shrinking considerably. Because of this, her organization needed to change its messaging and change some of what it was doing for the community to attract other types of funders. She noted that there are other types of corporations that should be interested in community development and that individual giving has seemed to be growing with the "giving pledge" from wealthy individuals who are committing to donate at least half their fortunes. Ms. Wright said that recognizing trends like these allow nonprofits to revamp their revenue-generating engines in constructive ways.

Ms. Wright noted that written plans may seem totally reasonable on paper, but can look very different when you actually have to put them into practice. She mentioned that she likes the Better Business Bureau's slogan "Start With Trust" because a leader can have a great plan that is expertly worked out, but no one will follow him or her if he or she does not seem trustworthy. Ms. Wright also mentioned that she has a sign behind her desk which reads, "Change at the speed of trust."

She described the current environment as one where people facing budget cuts ask themselves "am I next?", people have to work three times as hard, and funders are grappling with their own issues. To Ms. Wright the question is how can leaders engender the trust that is needed in all sectors to get everyone moving in the right direction. To get to that trust, she recommended that leaders follow principles of honest, clarity, and transparency. It is really important that a leader's vision be clear and so that people will not think that things are happening haphazardly or that they have not been thought through.

Ms. Wright said leaders need to spend enough time thinking key issues to arrive at that kind of clarity. It can be hard when leaders are so busy "doing the doing" to pull back and focus on broader ideas and strategies. Ms. Wright said that broader types of thinking are required in the current environment.

She ended her opening remarks by reinforcing the need to look at the brutal facts but also the need to keep the faith that obstacles can be overcome as they have been before.

Mr. McClimon asked Ms. Wright how she was able to fulfill her commitment to be honest, clear, and transparent with her Board of Directors and staff.

Ms. Wright replied that she explained the true costs of programs and also emphasized the Board members' responsibility to bring in revenue. She and her staff colleagues made their case to the board for their recommendations about how to move forward during these financially difficult times. Then the Board's role was to stand behind the nonprofit's senior executives as they carried out the Board's decisions, including tough ones such as laying off staff.

Ms. Wright described the important, honest conversations as ones where a beloved program might be brought up that they could not manage to continue right then. The best thing to do was present the distressing situation with no "sugar-coating."

Mr. McClimon asked if the Board was supportive when Ms. Wright or her colleagues presented ugly truths.

Ms. Wright replied that they were and that it was a time for Board members to be honest with themselves. Maybe some of them had signed up because they like the nonprofit's nice events and so on and making distressing decisions was too much pressure for them. Ms. Wright said some of them realized that being on the Board was not right for them, along with some staff members who chose to move on. She said that this type of "pruning" was good and was important for growth and health.

Charles Best gave his opening remarks following Ms. Wright. He began by asking the audience how many of them had been to his website Donorschoose.org. The majority of the audience had seen his site.

He explained that Donorschoose.org grew out of a high school in the Bronx where he used to teach. He and fellow teachers would talk about all the books they wished they could get for their students, field trips they wanted to take, and art projects they needed supplies for. Mr. Best recalled that they would spend their own money on extra supplies, but lacked the resources to bring their best ideas to life in a way that would excite students about the subject matter.

Mr. Best said he and his colleagues thought that there were many people who wanted to help improve public schools but were leery of writing a check to a big institution and not knowing where their money was going. Therefore, he explained, they created a website where teachers can post classroom project requests and donors can pick a classroom project they want to support. In return for their support, donors get pictures of their project taking place, a thank you letter from the teacher, an impact statement explaining the learning that was happening, and a report of how the money was spent. Mr. Best noted that if donors spent over \$100, they receive thank you letters from the students themselves.

Mr. Best recalled that for the first few years, his organization operated out of his classroom and his students were the primary staff members. Today, he said, one out of three schools in America have a teacher that has posted a request on his website. He also quoted a figure that one half of the Title I schools have a teacher who has used the site.

Donorschoose.org has seen the impact of the recession. Mr. Best said that the average size of donations to classroom projects has fallen precipitously during the last three years. However, they have been able to make up for that drop in average contribution by through increase in the number of people donating to projects. The total number of donors has been growing at a rate that keeps pace with the growing number of teachers posting projects. He gave his organization's projections for the end of their fiscal year in June as 250,000 donors and cause marketing partners giving \$30 million to 60,000 classroom projects posted by 50,000 teachers.

He stated that one of the possible reasons for his organization's growth is that he has fellow panelist Cheryl Dorsey on his Board of Directors.

Mr. Best went on to describe three components of their success he thought might be applicable to attendees' work. The first was his organization's approach to choice and transparency in terms of where money is going: donors choose if their money supports overhead and how dollars are spent. After some tweaking, they have arrived at a business model that is totally self-funding though they are a charity. He

claimed the crux of the strategy was that every donor can choose if they want 15 percent of their donation to go to general operating expenses or not.

Mr. Best clarified that there is also a \$35 flat fee to cover the costs of fulfilling the project. His organization vets all the classrooms projects, manages the contribution process, and arranges feedback for the donor. All of that service is covered by the \$35 fee and noted on the project cost report.

Regarding covering overhead, Mr. Best noted that 76% of donors decide to let 15% of their donation go to outreach and overhead while the others want all of their money going to the project. The situation works out because larger donors are more likely to allow 15% to go to overhead while small donors typically want all their money going to the project. Because of the amount of money given by larger donors, Mr. Best quoted a figure that 93% of donated dollars included allocation for overhead.

Mr. Best explained that though it has taken a few years to build up, within a few months of the Symposium, they expect that 100% of their operating costs will be covered by the optional 15% allocation. He said that this accomplishment that will allow them to focus all their time on building their service and encouraging the small donations they call "citizen philanthropy." They won't have to spend as much time fundraising to pay the rent and other general costs.

The second component that Mr. Best focused on was crowdsourcing. He mentioned that their whole model is built on crowdsourcing. Their ideology is that teachers on the front lines in classrooms know best what their students need. Their plan was to tap into the creative and innovative ideas that teachers had. Teachers are able to come up with micro-solutions that are much more appropriate than what his staff might think of in their office in the Garment District.

Mr. Best said that the design of projects is the first type of crowdsourcing they use, but that there is another important example. At Donorschoose.org, they vet every project proposal for approval. Mr. Best recalled that previously they had college interns doing this vetting. The interns would read the proposals to see if they checked out, would send follow-up questions to teachers and do whatever else was needed to authenticate the proposal. Even though the internship was paid, Mr. Best said that they had a very hard time getting enough interns, training them, and getting them to perform at the right times when there were spikes in the number of proposals.

Previously, the average time needed to process proposals with the paid labor model, from a teacher submitting a proposal to it being posted online, was about 10 days. Mr. Best and his staff realized, however, that teacher beneficiaries were more than willing to read over the requests of other teachers. He stated that a teacher who had already had many projects approved was the best person to ask to review other teachers' proposals. His organization likes to think of this arrangement as academic peer review meets Wikipedia.

Switching to the model of have teachers review project proposals drastically reduced the turn around time for approvals. The average turn-around time was reduced from about 10 days with paid intern labor to a day and a half with volunteer teacher review. They now have only one paid employee overseeing hundreds of teacher-reviewers. Mr. Best claimed that the staffer was responsible in the last year for

making sure 100,000 proposals were individually read and checked; ultimately, 60,000 of those proposals were approved.

Mr. Best challenged attendees to think about pieces of their work that could be crowdsourced to their own beneficiaries or stakeholders.

The third component Mr. Best mentioned was the importance of storytelling. He noted that when some people hear about his site or Kick Starter or Global Giving they think that the idea is good but that it wouldn't apply to them because they might just run an afterschool program that can't be divided into many small parts that donors can choose between to support. Mr. Best said however that he considers the strength of his site to be the ability to tell stories and not the fact that there are many projects to choose from. His organization's website allows donors to see themselves in the cause they are giving to, through the stories.

Mr. Best mentioned charity:water as another good example of the power of storytelling. He said that organization's site also allows donors to go on a journey through videos, pictures, narratives, names and personalities instead of just telling what happened through statistics and annual reports.

Mr. McClimon asked Mr. Best how many staff people his organization had besides the one who manages the teacher reviews. He also asked what their annual budget is and how many teachers there were reviewing proposals.

Mr. Best answered that he has 53 full-time staff members, their annual budget is around six million dollars, and there were about 300 volunteer reviewers

Mr. McClimon also asked what the role of Donorschoose.org's Board was in everything Mr. Best described.

Mr. Best said every Board member was really engaged in their strategy and growth plan. He noted that a few years ago they opened their site to all the public schools in America and that was based upon an expansion plan that their Board members "kicked the tires" to develop.

He also said that in a few days from the Symposium he and his Board will be discussing a potential expansion of their model. Instead of opening up wider and including social workers or schools in India, they were planning to go deeper into public education and connect donors with classrooms in new ways beyond just giving money.

Cheryl Dorsey began her comments by explaining that her group Echoing Green sees itself as "angel" investors in the social sector. They provide seed capital and technical support to what she said were some of the best emerging social entrepreneurs in the world. She described her organization as "risk capitalists" who provide first funding or almost first funding to social change leaders who are trying to launch. They are the "friends and family" round of investing for the nonprofit sector.

Ms. Dorsey gave some background and explained that Echoing Green was started 20 years ago by the senior leadership of a private equity firm called General Atlantic. She said that they had a smart, optimistic and pioneering model of what transformative leadership can look like around the world.

She noted that they do a global business plan competition once a year that she thinks is really fun. She explained that they put out a call to wherever they can for ideas for social change. Ms. Dorsey quoted a figure that they usually get around 1,000 entries of social business plans from 70 countries. However, in the latest competition they got close to 3,000 entries from 122 countries.

Ms. Dorsey said that over the years they have become really good at spotting good ideas for social change. Echoing Green was an early funder of groups like Teach for America, Public Allies, City Year, Freelancers Union, Portable Benefits Association and SKS Microfinance. She noted that SKS is one of the fastest growing micro credit institutions and the second to have its IPO on the global markets. Another example she cited was Seed School, the United State's first urban boarding school.

Looking at all the examples, Ms. Dorsey remarked that her organization has a firm grasp on the art and science of identifying talent in taking on tough social issues. She noted that in the past couple of decades they invested in about 500 of these social change leaders working in over 40 countries.

She shared some lessons from her experiences with Echoing Green. She said she had been President for the last 10 years. Before that, the organization gave her seed capital to start a mobile health unit in inner-city Boston which she said was a very transformative process for her. It is really interesting to compare the social change leaders of her time and those of today. There is a blurring of sector boundaries among young change leaders. Ms. Dorsey predicted that today's young leaders will move back and forth between different sectors.

She noted that the most popular conference at Harvard Business School is the Social Enterprise Conference. She described how in about three weeks from the Symposium around 1,000 young people from around the country will convene on Harvard's campus to talk about social innovation and solving social problems.

Ms. Dorsey commented that another aspect of the blurring of boundaries is seeing capital markets differently. She recalled that in 2007 Echoing Green's portfolio had one for-profit social business. Today, a third of the proposals they receive are about for-profit businesses, B Corporations, L three C's, or other hybrid entities. Ms. Dorsey mentioned the organizations of her fellow panelists as good examples of hybrids.

Another aspect she mentioned as rising in prominence was performance metrics and accountability. Ms. Dorsey cited Mr. Best's description of the difference of turn around time for proposals after changing the proposal processing model as an example of results that can flow from performance measurement. She went on to say that the financial and organizational "dashboards" that Donorschoose.org uses show how their organization is run like a business. They showed a high level of business savvy and a commitment to be accountable to the vision their organization was founded to carry out.

Ms. Dorsey said that these practices fit with the founding principles of venture philanthropy. Venture philanthropists have given a lot of money to Donorschoose.org and other social innovators.

She then said that leverage is a key strategic choice in a time of diminished returns and resources. She called the current approach "deficit based." The dampening down of innovation can be "exploded" with leverage. According to her, some nonprofits are leveraging the capital markets to bring new sources of revenue and resources to address social problems.

Ms. Dorsey said another aspect of leveraging is collaboration and partnership. She stressed the importance of seeing oneself as part of a larger cause and figuring out who the other players are. Once the players are known, one can begin to orchestrate a strategy to make change.

She mentioned the book *Forces For Good* by former Echoing Green fellows Leslie Crutchfield and Heather McLeod Grant as a social sector version of the Jim Collins book *Good to Great* that Ms. Wright spoke of. According to Ms. Dorsey, Crutchfield and McLeod Grant took the methodology of Collins and applied it to nonprofits. She described one of their findings as showing a strong correlation between nonprofit success and collaboration with others. This is important because it is usually less productive for nonprofit organizations to tackle social problems by themselves. To Ms. Dorsey the movement-building approach to taking on social problems is critical.

The last notion she brought up was how do nonprofit leaders view themselves as leaders. She recalled how after the last Presidential election presidential historian Doris Kearns Goodwin was on TV a lot speaking about leadership from the time of Lincoln until now. Ms. Dorsey said that Goodwin stated that the most important aspect of leadership was not what a leader was doing with their particular institution. What was more important was the power a leader had to influence other people to "walk through the world" differently.

Ms. Dorsey said that nonprofit leaders should inspire their peers and motivate them to act differently and innovate. She noted that even though financial capital is seriously diminished, leaders still have plenty of social capital to use.

She recalled a TED talk she listened to from Simon Sinek called "How Great Leaders Inspire Action." Ms. Dorsey said that Sinek states that leadership is not about telling people what one's organization does or how it does it, but instead is about explaining why one's organization does its work. The key question according to Ms. Dorsey is how does one inspire other champions to one's cause. She noted that Sinek says that it was not an accident that Martin Luther King called his speech "I Have a Dream" and not "I Have a Plan." For Ms. Dorsey, explaining one's vision and communicating the "why" are important for building the social capital to get through the current tough times.

Mr. McClimon asked Ms. Dorsey if Echoing Green gave any grants to innovators working in existing nonprofits who wanted to innovate within their organizations.

Ms. Dorsey answered that they do not. She explained that they look for social entrepreneurs who are starting new organizations that push from the outside in on the existing status quo of their program area. She also mentioned that her organization is trying to mine and codify some of the core intellectual property they have developed over the years. They want to do more to share the best practices of the entrepreneurs they have worked with because according to Ms. Dorsey those lessons are also applicable to innovators in existing organizations.

Mr. McClimon asked Ms. Wright if she had any additional advice to share.

Ms. Wright responded that the work of drilling-down is really important and that nonprofits should ask for what they need. She said that once her organization figured out how much money was actually needed to run their programs, they shifted their donation appeals and grant proposals accordingly. Each ask or proposal included the amount of funds needed for general operating support. Ms. Wright noted that about 85-90% of the time, funders have responded well and understood the need for that extra general funding. Asking for what your organization really needs can really change how the game is played.

Ms. Wright also mentioned that her organization was taking advantage of volunteers more. She noted that it might be a challenge to utilize volunteers from among the population her organization serves, but it might also be a good opportunity. She also talked about the many organizations that are set up to help provide volunteers for nonprofits. She mentioned that her organization is a Taproot Foundation grantee and they provide great resources and said that her organization has 6-7 volunteers from AARP who work 20 hours a week. She also mentioned Reserve as another group providing volunteers and said that there are many high-quality low- and no-cost services out there for nonprofits.

Mr. McClimon asked the panelists to describe their collaborations with other leaders, institutions and individuals.

Mr. Best described an experiment that his organization is conducting. They are trying to get donors and teachers to meet in person to put faces to the donations received and projects aided. Mr. Best said that his organization has tested these meet-ups in New York, Indianapolis and Raleigh, N.C. He noted that all three times people cried or almost cried because the conversations got so intense. Mr. Best's organization did not coordinate the events themselves but asked donors and teachers to use meetup.com and organize their own events.

Ms. Wright noted that for her organization their business is collaboration. She recounted how her organization was formed 22 years ago through the Abyssinian Baptist Church which has been around for over 200 years in Harlem. She explained that when people got together around 1987-88 they could see Harlem was facing a lot of devastation. At the time, 60% of the housing was owned by the City of New York and the community was affected by crack, AIDS, crime, and struggling educational institutions. However, those gathered could also point to many success stories. Ms. Wright recalled that some could point to groups working with young people and others working with seniors.

Ms. Wright said that a community development organization has the power to call on people to lock arms and create a collective vision for what their community should be. She said this included figuring out what strong institutions the community needs. Her organization has about 100 partners that they work with.

Ms. Wright stated that one of the most important aspects of her organization's partnerships is accountability. To her, accountability means making sure that her organization and its partners actually do what they have said they will do for each other and the people they serve. That way real trust and strong bonds can be formed.

She explained that her organization does not see itself as being in competition with others. She said they do not approach the work like a franchise that has trade secrets to hide. Since their success is measured by the growth and strength of their community, collaboration is critical to that success.

Ms. Dorsey said that a disturbing trend in the nonprofit field is that many people conflate growth and scale instead of relating scale to impact. She said she has seen this in a lot in applications to her organization. Ms. Dorsey made the case that if impact was more of a focus, this would lead naturally to more collaborations.

She noted that her organization has no desire to become a huge nonprofit. Ms. Dorsey considers Echoing Green a small organization with an annual budget of \$4.2 million and 18 staff members.

Ms. Dorsey turned back to the concept of leverage and mentioned again that her organization seeks to identify good ideas and best practices to share from their experience. She remarked that it doesn't make sense for her as the leader of a small organization to develop that kind of research and advisory capacity herself. Instead, in order to bring new knowledge products to the nonprofit sector, her organization is working with a Harvard Business School professor and some students. With help from Harvard, they are creating a methodologically sound report that will review and evaluate social entrepreneurship business plans from Echoing Green's records for the last five years. Ms. Dorsey then emphasized that "scaling up" should be tied to impact and should not be pursued for its own sake.

Mr. McClimon moved on to taking questions from the audience. The first question was: "You have shared lessons learned, but what is a specific challenge that you are actively trying to figure out right now? What is not working? What would you do to strengthen your models?"

Ms. Wright responded first and said that the big challenge for her was keeping up morale. She observed that it is very hard to maintain morale in the current environment. It is a challenge to show colleagues that their work is valuable while also asking them to do more and more. This is an issue that keeps her up at night.

She observed that it is helpful to celebrate the small victories and milestones. Even though it is important to have a grand vision, she said one has to appreciate the steps along the way. Ms. Wright warned that if a leader does not highlight these steps, then his or her workers will get worn out and won't feel like they can make it to the "big, hairy, audacious" goal.

Ms. Wright said that a top challenge for leaders is to stay on course rather than letting themselves get blown away by changes and challenges. She noted that one can get in a situation where he or she feels battered and is seeing challenge after challenge. Her advice is to see the challenges as the path that has to be taken and look for the steps that are going to get the organization through.

She commented that there are things leaders must do for themselves, in order to be able to lead through difficult challenges. According to her, they need to strengthen their resolve and "screw their courage to the sticking-place" as in Shakespeare's phrase from *Macbeth*.

Mr. Best said that one worry for his organization is that much of their recent growth has come from events that are non-recurring. They have an exciting growth rate: an 83% increase from year to year of people giving to classroom projects. However, much of the growth last year came from the fact that Stephen Colbert's fans decided that they could convince Colbert to do the *Rally to Restore Sanity and/or Fear* by donating to hundreds of projects on Donorschoose.org. Mr. Best clarified that Colbert is on the organization's Board of Directors and many of his fans knew that.

During the uptick, they saw 11,000 people give \$600,000 to classroom projects. The new donors called this "blackmailing Stephen Colbert with kindness." Mr. Best is concerned that those donors will not be coming back in the next year because their primary loyalty is to Colbert and not to Donorschoose.org. He said he would be thrilled if 10% of them become repeat donors. Overall, 20% of their donors give again in subsequent years. He said that the repeat donation figure did not seem as sustainable as his organization wanted it to be.

Mr. Best described a new Internet concept, the viral coefficient. It refers to the number of one's users who help the website get more users. Mr. Best explained that if on average every donor was able to attract 10 new donors for them, then they would have a viral coefficient of 10. He noted that Donorschoose.org's actual viral coefficient is .2. That means that when they work hard to acquire a new donor, either through online marketing or Stephen Colbert's rally or something else, that donor is going to help them get another 1/5 of a donor.

Mr. Best explained that their viral coefficient of .2 and return giving rate of 20% do not add up to a breakaway phenomena that will sustain itself in the absence of marketing efforts. Even a viral coefficient of 1 would be extraordinary because you have a process where you are acquiring another new donor for every new donor. According to Mr. Best, this type of extremely high growth rate has only been achieved by Facebook, Hotmail, and a few other entities. His calculations show that the current Donorschoose.org growth rate is not inherently sustainable. This fact keeps him up at night.

Ms. Dorsey said that what worries her is mining for talent. Even though raising money has been difficult recently, securing human capital is even more of a challenge. She said that they need to have the best human capital to really fulfill their potential.

Her organization has grown around 43% in terms of human capital in the past year. She thinks prospecting for talent is not just an HR function. Ms. Dorsey said that everyone should be on the lookout all the time for new talent, whether it may be useful tomorrow, next year, or five years from now.

Since July 2010, Echoing Green has been without a VP of Development. Ms. Dorsey said that there has been a silver lining to being without their "key moneymaker." In the absence of the Development VP, Ms. Dorsey has needed to help raise funds along with the rest of her staff. She described how the wall built up between programs and development had to be knocked down. Despite the change, they are on pace with their revenue goals and Ms. Dorsey expressed a lot of pride in her staff for making that possible.

She said it is really good for her and her staff to have to do the work of making the "sales." She noted that soon after the Symposium her organization would be getting

a new VP of Development but she will make sure that the “wall” does not go back up and that the skills learned are still utilized so all staff remain revenue-generators.

Mr. McClimon asked the panelists about how an organization attracts and retains excellent talent, especially in this time of diminished funding.

Mr. Best responded that his organization hustles to recruit “awesome” people with the same “persistence, shamelessness and ingenuity” that they display when trying to get a big grant.

Ms. Wright said that though her organization’s mission is crucial, having the right people in the right seats to make it happen is supremely important. She said that making sure they are focused on that human capital is absolutely critical to their success. If her organization does not have the right people for a task, it is not going to get done.

Mr. McClimon then presented another question from the audience: “How do you partner with organizations that think they can do the work themselves?”

Ms. Wright responded that one has to try to make partnerships, but you cannot force other organizations. She also noted that if a partnership is forced then it is not going to be a genuine partnership. In a forced situation the other partner is not going to bring their best to bear. One will have to spend a lot of time convincing the other partner why they should be collaborating according to her. These are times when nonprofits need to cut their losses.

Mr. McClimon gave the panelists a third question from the audience: “If you are the Director of an existing nonprofit, how do you suggest melding this ‘new thinking’ with a 35 or 40 year old organization?”

Ms. Dorsey responded that she is an “anti-institutionalist” which is part of why she does the work she does. She explained that she feels that the status quo uses shame and fear as its most powerful tools to tamp down innovation within existing organizations and across society. Most people are not willing to take the leap to innovate because of fear of failure. Being able to take that leap and deal with failure might help people get past a lot of log jams according to Ms. Dorsey.

She encouraged people to be able to say that they fell and fell hard, but also be able to figure out what they can learn from it. Breaking that silence about failure would go a long way to enabling innovation outside of existing organizations but also within them.

Ms. Dorsey also championed the importance of having distinct lines of authority within organizations and letting people own certain responsibilities and staying out of their way. She said they should be free to innovate within that area and tangentially with other staff members. There may be many such change management strategies usually applied to entrepreneurs that could apply to existing institutions.

To her what is key is to be able to “walk through” the fear of failure that inhibits innovation.

Ms. Wright responded by first noting that she is a “recovering” private lawyer and has worked in the private equity field. She stressed the importance of being open to

non-traditional voices. Voices on the staff and the Board need an equal “seat at the table” according to Ms. Wright. She said this would also help spur innovation.

Mr. McClimon gave the panelists some time to give their closing remarks.

Ms. Dorsey focused on the notion of attendees as leaders and specifically leaders of the nonprofit field. She noted that it might be difficult for those who spend their lives doing things for others to build their own personal “brand.” She said this might be even truer when one is serving women or minority groups. However, in a noisy media environment dominated by social media, personal brand does matter. In that environment there is a lot of diffusion and diffuse information according to Ms. Dorsey. Because of that, she said that allowing people to focus on one’s brand and identity can help attract attention to one’s organization and the work he or she cares about.

Even if building that personal brand goes against a nonprofit leader’s inclination, the leader should do it. For example, he or she should get on panels, write op-eds, and do networking. Ms. Dorsey stated that these things can really affect the work that their organizations do. She urged attendees to not be afraid getting out in front of their organizations. Instead, she said they should embrace it and find others to go on that journey with them.

Mr. Best briefly emphasized that nonprofits need to give their supporters transparency and choice, that they should crowdsource work to their own users, and that they need to tell stories that allow donors to see themselves in the nonprofit’s work. He noted that none of these things necessarily require a website or a bunch of fancy technology.

Ms. Wright ended by quoting Adam Clay Powell who was a pastor at Abyssinian Baptist Church and according to her one of Harlem’s most prolific congressmen. She said that at the end of Powell’s sermons he would say, “Keep the faith, baby. Keep the faith.” Keeping that faith is what Ms. Wright wanted to leave attendees with. She asserted that they should hold on to the faith and nourish it and that is what will see the sector through the tough environment.

Insights from the Charities Bureau

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

Jason Lilien began by thanking the Better Business Bureau for inviting him to address the Symposium audience once again. He said that it is important for the Charities Bureau to collaborate with groups like the BBB on efforts such as the Symposium that are intended to help strengthen the nonprofit sector.

Mr. Lilien said that during the past year many of the Charities Bureau's enforcement efforts have focused on fraudulent fundraising. However, he said that Attorney General Schneiderman believes that it is not enough simply to catch bad guys, but it is also important to help good guys, and the Attorney General is committed to working with the nonprofit sector to strengthen it. When nonprofits succeed, New York succeeds; and when nonprofits suffer, people and communities suffer as well.

Mr. Lilien said that he was recently in Albany at a program attended by a number of social service organizations. The organizations told story after story that pointed out the real impact of budget cuts. He observed that when funding decreases it is the most vulnerable who are affected the most - especially those who are homeless, children, and the poor. Mr. Lilien stressed the importance of understanding the human impact of the financial situation in New York.

Mr. Lilien said that organizations that rely on State funding may have to weather the "storm" a bit longer and that it is critical that nonprofits come together at events such as the BBB's annual Symposium and try to partner and work together.

He said that a charity's most valuable asset is often its name and it is essential that the nonprofits protect their names and reputation. This is particularly important when nonprofits engage others, such as professional fundraisers, to speak on their behalf or partner with commercial companies that promise some of their proceeds to charity.

Mr. Lilien discussed the Attorney General's Annual publication - *Pennies for Charity* - which reports the fees paid to professional telemarketers who raise funds for charity. He said that it is troubling to see that some fundraisers retain 80 to 85 percent of the funds they raise.

He said that sometimes campaigns do have high costs in the first year or two, and it may take a little while for a new charity build up its brand and reputation. However, there are steps nonprofits can take to make sure they get the best deal possible.

Mr. Lilien urged nonprofits to be prudent when engaging fundraisers, negotiate hard, insist on advantageous agreements with fundraisers and not to settle for the first offer they get. He reminded nonprofits that professional fundraisers need the charity's name and brand and that getting access to that brand is essential for the fundraisers' business model. Nonprofits can leverage the value of their brand when negotiating a contract. For example, he said nonprofits should get bids from several fundraisers and interview their past clients to find out how they did before entering into a contract. He noted that BBB Charity Standard 9 states that fundraising expenses should not be higher than 35% of raised funds.

He also said that once a fundraiser is hired, nonprofits should review and approve the scripts they use when calling potential contributors and the materials sent by mail. They should also demand regular progress reports to see how the campaign is performing. Nonprofits should not renew contracts with a fundraiser that is not meeting expectations.

Mr. Lilien said that cause marketing is an area of increasing interest for the Charities Bureau. By "cause marketing", he meant marketing claiming that a charitable benefit will result from the consumer's purchase of a product or service. This is a huge industry - most supermarket shelves are lined with products that are part of cause marketing campaigns.

Cause marketing can result in a real benefit to charities, and it can be a win-win situation for both nonprofits and companies. However, Mr. Lilien stated that nonprofits engaging in cause marketing need to be sure that they are protecting their brand and that the for-profit partner will protect their name as well. If a problem occurs in the cause marketing deal, both the nonprofit and the company

might suffer damage to their reputations, and consumers might be less inclined to trust both the charity and the business.

The Charities Bureau has looked at products and found that many do not state key information. Some labels, according to Mr. Lilien, do not specify the percentage given to charity, the charity receiving donations, or whether there are any terms or limitations that apply to the offer, such as a maximum or minimum donation. On the front of a product, one often finds bold language saying "Help such-and-such cause." On the back of the box, in fine print, Mr. Lilien said, the consumer can often find significant limitations to the offer.

Another example that Mr. Lilien shared was that advertisements and packaging often attract attention by mentioning a benefit to a cause but do not disclose clearly that an additional action besides purchase is needed to get aid to the cause. Some cause marketing campaigns ask consumers to not only buy a product but also go online and enter a code. Members of his staff have found that sometimes those codes do not work. On some packaging, consumers need a magnifying glass to see the fine print detailing limitations or even to see the asterisk implying further information.

Mr. Lilien also noted that if profits, depending on the definition of profit, are not made from the sale, then possibly no donation will result if the wording was something like "a percentage of profits."

Mr. Lilien spoke about ways in which practices relating to cause marketing can be elevated. He acknowledged that it may be difficult for some charities to exercise leverage against large companies. These charities also recognize that a large corporation can choose cancer organization B over cancer organization A if A asks for too much. However, at the end of the day, it is the nonprofit's brand that is being used. Consumers who are upset by certain campaigns may also include the nonprofit's own donors, current or future.

Mr. Lilien ended by listing four factors that he said should be the cornerstone of any good cause marketing campaign:

1. Make sure there is clear and prominent disclosure of all key terms.
2. Avoid requiring consumers to take extra steps to activate a cause marketing donation.
3. Be specific about how much money will be donated to the charity for item purchased – a fixed amount per sale, for example.
4. Avoid using campaigns where products are saturating the market at a rate that is not proportionate to the maximum possible donation, if there is a limitation.

When consumers are misled, even though the advertising might have been done by the for-profit partner, the charity may get the blame. Mr. Lilien said that the nonprofit community would be hearing more in the future from the Charities Bureau about cause marketing.

Claire Rosenzweig then thanked Jason Lilien for his remarks and noted that the Better Business Bureau has Standards for both charities and businesses that charities can look at when considering a cause marketing partnership. She also explained that the BBB encourages for-profit companies to pursue deals with nonprofits that conform to the BBB's charity standards.

Panel 2: Breakthrough Strategies: Using Mission Focus to Drive Effective Nonprofit Branding, Partnerships and Results

Moderated by Carol Cone, Managing Director and Executive Vice President, Brand & Corporate Citizenship, Edelman

Panelists:

Lucy Cabrera, Ph.D., CAE, President & CEO, Food Bank For New York City

Caryl M. Stern, President & CEO, U.S. Fund for UNICEF

Susanna Zwerling, Vice President, Government and External Affairs, Verizon New York

Carol Cone began the panel by agreeing with Jason Lilien that the marketing side of nonprofit/for-profit partnerships has evolved. When Edelman recently released its *goodpurpose Global Study* she wrote that “cause marketing as we know it is dead.”

Ms. Cone co-wrote the book *Breakthrough Nonprofit Branding* to share her experience from the last 25 years of helping nonprofits to partner with for-profits. An example of this work she mentioned was with American Heart Association and their rebranding and focusing on core issues.

Nonprofits do have power. Ms. Cone recalled that the *goodpurpose* study interviewed 7,000 consumers in 13 countries and they found that 87% in the U.S. and 86% of respondents around the world believe businesses need to put as much emphasis on social concerns as on their business interests. What this means for the nonprofit sector is that partnerships with charities are being sought by businesses.

Her book, she clarified, was about finding mission focus and distinct brand meaning instead of just looking at the charity’s name or tagline. Clarifying that meaning can help nonprofits do the most important things they do and say no to other things.

Panelists Caryl Stern and Lucy Cabrera run organizations that were featured as case studies in Ms. Cone’s book and their organizations were chosen for that purpose by Association of Fundraising Professionals’ members. She also noted that both Ms. Stern and Ms. Cabrera have Ph.D. level education; Susanna Zwerling of Verizon is an attorney. Executives working in the nonprofit arena can now bring very evolved skills and backgrounds to the field.

She explained that the panel would speak about authentic brand meaning and about how it is important for nonprofits. Ms. Cone said that brand meaning is key to attracting the “best and brightest” recruits. Distinctive brand meaning is also beneficial in seeking foundation grants, corporate partners, better volunteers, and new earned income and revenue resources.

Ms. Cone acknowledged that many nonprofit leaders feel they do not have the time to focus on brand because there are so many other pressing issues. In response to this, Ms. Cone repeated a comment by previous panelist Sheena Wright, who said that it is important to “spend the time to do the thinking” on strategy.

She noted that Ms. Stern and Ms. Cabrera both have experience “doing the thinking” for their own organizations. Ms. Zwerling has experience on the other side looking for good potential partners for Verizon’s corporate giving program.

Ms. Cone discussed the example of a small organization in Austin, Texas that helps underserved Hispanic students get into college. Previously, their name was "Admission Control" with their logo a spaceship. The brand was indeed a problem, according to Ms. Cone, because the confusion with their name prevented the foundation community from understanding the organization's mission and they received little support.

She shared an anecdote about how at one point a family member of one of the staff called the office. When the phone was answered, "Hello, Admission Control", the relative calling hung up thinking this was part of NASA. Ms. Cone said that this event helped them realize that they had significant challenges with their brand.

Ms. Cone explained that they went through a long process. They realized that what they do is help students move forward to college and changed their name to College Forward.

Ms. Cone clarified that what she sees as important is not just the name itself but also the process organizations go through when reconsidering their brands. She called this a brand "check-up". According to Ms. Cone, times when nonprofits need to do a check-up include when there is more competition in the "marketplace", donations have been falling, or there is a bad economy as there is currently.

She reported the financial results of College Forward's branding efforts. They went from \$200,000 in revenue in 2006 to \$1.8 million anticipated in 2011. Ms. Cone recounted that when they went through a brand check-up, all their staff got together and conducted deep soul searching, supported by some professional researchers and marketers, to truly understand what they stood for. This deep introspection and a commitment to understand the distinct mission of the organization and then determine its singular focus is a key lesson of her book.

Ms. Cone described the three-part value proposition for charities that is central to her book. The first component is the head which represents the question of what a nonprofit stands for, what is the rational thing that they do. The second component is the heart. Ms. Cone said that no one volunteers for a nonprofit, gives them money, or creates a community around them for the name. Instead, she said, it is really about the cause, the emotional part. The third component is the hand which stands for how nonprofits can invite supporters to join in their mission. According to Ms. Cone, this relationship needs to be more than just a transaction.

Ms. Cone asked Caryl Stern to describe the brand "journey" at her organization, U.S. Fund for UNICEF, and to explain what some of the challenges and outcomes were.

Caryl Stern responded that her organization's journey started in 2006. They had done some internal and external studies about their brand. The impetus for these studies was that the organization was keeping pace but not really growing. They started looking at what the American public really knows about their organization, asking whether they were just the "orange Trick or Treat box" to most people.

Through the studies they learned that they have great brand name recognition. They are recognized second only to the American Red Cross and Ms. Stern thought this was remarkable. When people were asked to say more about what UNICEF does, however, respondents did not know. According to Ms. Stern, most

respondents knew that the work had something to do with kids, but were not sure what exactly that might be.

A decision was made to communicate more clearly with the public about the nature UNICEF's work. They did another survey around employee morale and realized that there was work to do in that area as well. Instead of dealing with these issues on separate tracks, her organization tried to figure out how to deal with these issues together.

The first step to improvement was a staff retreat with about 50 staff. Ms. Stern said the retreat was started with a blow-up of a fictional Newsweek cover featuring her organization's senior staff. The cover was supposed to be five years in the future and the headline read, "U.S. Fund for UNICEF named charity of the year."

They asked the staff attendees on the retreat to write the article to go with the cover. This was a phenomenal experience because she got to see her staff explain why they would become the top charity in five years. The staff's responses included imagining what the organization would look like then, what it would be like to work there, and what had been achieved. They spent the rest of the retreat figuring out how to get to that imagined point.

Rebranding, according to Ms. Stern, was a major part of this exercise because it was about getting Americans to understand what her organization does and getting employees to feel like they are part of what the organization does too. She said they wanted to show how they were not just raising money but, like Mr. Best's organization, were also doing a lot of other things.

They began looking at what makes their organization unique. They have a UN affiliation which can be an asset sometimes and a liability at other times. According to Ms. Stern, they worked on figuring out what it really means to have that UN affiliation. She explained how the UN is able to broker ceasefires in the middle of battle so that UNICEF can do vaccination campaigns. Ms. Stern also explained how, through the UN, UNICEF is able to reach the most remote area. She claimed that they were the "trusted neighbor" in 157 countries.

She gave some examples of this advantage of positioning. She said that in Myanmar (presumably after the harsh storms of 2008), UNICEF was already on the ground helping people while others were waiting to get flights. Ms. Stern also noted that when the other NGOs were expelled from Darfur, UNICEF was allowed to stay.

She described these things as "selling propositions" about their work that the general American public did not know. Ms. Stern claimed that her organization figured out that they had saved the lives of more children than any other humanitarian group in history. She said it was clear that they needed to use this information more, but the challenge remained how to package it into an "elevator speech" that will concisely describe what UNICEF does.

They realized that they are the organization that does whatever it takes to save a child. Ms. Stern explained that sometimes this means providing water, sometimes housing, sometimes nutrition, sometimes child protection or many other things. Whatever it may be, they do it if it means saving a child.

After arriving at this definition of themselves, Ms. Stern recalled that they began to take the time to figure out who their donors were. She mentioned that they were fortunate to have some volunteer help in compiling this information. Some of it was demographic information about how old donors were, where they lived, their religion, etc. Ms. Stern noted that in addition they did "psychographic" research about their supporters.

Ms. Stern explained that they found that their donors fit into two main archetypes. The first are "empathetic globals", people who care about development in the world, believe that governments should do more and that the most important thing to contribute to is the provision of basic survival needs.

The second group Ms. Stern mentioned were "free spirits". They are young, secular givers who also listed international causes as most important to them. This is in contrast to the majority of American philanthropy, which goes to domestic causes according to Ms. Stern.

Ms. Stern recalled that to focus their fundraising they created two composite "people". She explained that one composite person was nicknamed "Jackie", to represent an empathetic global. Her profile: Jackie is a 48 year old executive with a husband and two children and lives in Connecticut. Jackie believes that society has an obligation to address ills, she cares about kids, and spirituality plays a role in her life. Jackie has achieved financial stability. As a concerned global citizen, she reads *The New York Times*, listens to NPR and watches CNN. She also watches Bravo and old movies on Turner Classic Movies.

Knowing these details about their typical "empathetic global" donor allowed them to pinpoint where to spend their dollars once they had fashioned their new brand. She admitted that this was not the kind of thing she had ever looked at before joining U.S. Fund for UNICEF.

She described their second, free spirit giver, nicknamed "Paul." Ms. Stern explained that he is a 35 year old unmarried computer programmer who lives in Seattle. He has very liberal views and believes that it is society's responsibility to help others. International causes are among Paul's top concerns, he gets news from cnn.com, and enjoys blogging. He also reads *National Geographic*, watches HBO and Animal Planet and listens to Alternative Rock. Ms. Stern noted that Paul wants to pay off his debts but wants to do whatever he can to help others.

With this idea of who Paul and Jackie are, Ms. Stern recalled, her organization began asking of every new fundraising campaign, "What would Paul think? What would Jackie think? Will she be able to see it?" She said that U.S. Fund for UNICEF knew they had already hooked some but not all of the Jackies and Pauls and that they had good odds for getting donations from additional people like them.

Ms. Stern said that knowing about Paul and Jackie was not enough; they also needed a call to action. Therefore, they created a campaign called "Believe in Zero." According to Ms. Stern, 22,000 children die every day from preventable causes. These deaths are not from diseases that cannot be cured or disasters that cannot be predicted. Instead, the deaths are predictable and preventable and yet have not been stopped so far.

At U.S. Fund for UNICEF, they are campaigning to get that number down to zero because they believe that the preventable death of even one child is one death too many.

They communicate this belief through telling stories. Ms. Stern related a story she often tells about seeing a child die in front of her from Tetanus. According to her, 70 cents could have saved that child's life. Ms. Stern asked audience members to imagine speaking to a 19 year old mother who lost her child at six days because she cut the umbilical cord with the only sharp item in her hut, a rusty piece of metal.

Ms. Stern said that this anecdote both showed how preventable child deaths are, in a way that is compelling for the listener.

They launched the "Believe in Zero" campaign with their staff first and tried to get them to make "zero" a part of everything they do. Ms. Stern showed a poster that is in every U.S. Fund for UNICEF office that explains the "Believe in Zero" campaign and lists the calls to action. She recounted the action steps: spread the word, enlist others, secure resources.

According to Ms. Stern, the figure was 26,000 children dying every day when they started and they have been able to celebrate successes every year as it has dropped to 22,000 children per day. She said this figure was still much too high and still inspires her organization to move forward towards zero.

The campaign was launched at their annual event for top donors and supporters. It was met with tremendous enthusiasm and they asked those supporters to join their advertising campaign. This campaign included print ads with celebrities saying that they Believed in Zero. Ms. Stern showed two examples that featured Lawrence Fishburne and Lucy Liu. She explained that less famous donors were invited to participate by making cards with their faces in the ad. They took the campaign to college campuses as well.

Ms. Stern said that it had been three years since the retreat and the beginning of the "Believe in Zero" campaign and their main goals were for U.S. Fund for UNICEF to be the place people wanted to work for and to double its income from half a billion dollars to one billion over five years. According to Ms. Stern, they are on track to this financial goal even despite the economic situation.

She stated that their success towards their goal resulted from their ability to rally their staff around getting to zero. To Ms. Stern, the branding process is not just about what one is able to put out there in the world, but what an organization is able to develop internally.

Ms. Cone responded by saying that "focus is your friend." She emphasized the common problem of "mission creep". In the current environment, organizations should be very focused on the essential things they aim to achieve.

Lucy Cabrera began by quoting Ms. Cone who once said that a brand is an investment. She remarked that this how her organization approached their branding process.

Ms. Cabrera explained that the Food Bank for New York City was started in 1983 for the main purpose of making it easy for businesses and government agencies to

donate food to the over 400 community food providers active at that time in New York. Now, the Food Bank provides food to around 1,000 programs across the city.

It was too difficult for people who might have excess food to have 400 different groups asking them for donations. Instead the Food Bank was started in the Bronx as a central warehouse where food could be donated and then providers could get supplies.

Having an address in the Bronx limited her organization because the perception was that they were only serving that borough though they were actually providing food citywide. To combat this perception, Ms. Cabrera recalled, they opened a Manhattan office with the intention that it would mainly be for PR and marketing. It was staffed by Ms. Cabrera and Lisa Jakobsberg, who is currently the Food Bank's Vice President for Marketing.

They originally thought that the only problem with their brand was their logo, Ms. Cabrera recalled. Their logo said, "Food for Survival, The New York City Food Bank." Ms. Cabrera said they found two problems with that logo as they went through their review. The first was that "food for survival" is a vague phrase and people would constantly ask them what it meant. The second was that "New York City Food Bank" sounded like a government agency and donors would be reluctant to fund something already funded by the government.

The process of brand re-evaluation was interrupted by September 11th and the Food Bank's role as a disaster response organization. They were unable to focus on branding for about a year and a half and had brought on new staff during that time.

Ms. Cabrera recounted that they involved the Board, leadership and staff in creating a new logo and thought that it was the only thing they were going to change. However, they ended up changing their name as well. While considering an update to the "food for survival" name, they realized that people understood what a food bank was. This process led them to change the organization's name to Food Bank *For* New York City.

The "for" is very important according to Ms. Cabrera. She said they used it to help make sure they were not perceived as a government agency and that it was clear that their work was for the entire city.

During this process they realized that what is important is not just the logo but also what they do: the services they provide, their operations, and their mission. She noted that their mission is about providing food and other services to agencies doing grassroots work in the community. According to Ms. Cabrera, distinguishing that they are not a direct service provider is important.

As they were still working on a new logo, their mission changed and broadened. Even though they described themselves mainly as food provider, they became very conscious about nutrition and education and aided grassroots organizations in providing more balanced meals.

Ms. Cabrera said her love of research became useful in gathering information to convince the public and government agencies that there is a real problem in the city of New York. There are working poor who need assistance in obtaining food so that

they can use their limited resources to pay their rent and utilities and for school books and clothes for their children.

They had spent years building a very strong, cost-effective infrastructure to help the working poor. Despite this, people did not know who they were or what they were doing. They felt that if they could go out and promote the work they were doing, that it would increase the visibility of poverty in New York. They wanted to show that there were New Yorkers being helped by food distribution programs and government agencies and there was an entire coalition battling hunger.

Ms. Cabrera observed that it is hard for some people to believe people are going hungry in the city of New York. This is an obstacle to overcome.

The Food Bank started doing a lot of research on the issue because of their belief that if they have scientific data showing that hunger is a problem then no one can dispute that reality. Even though they were doing all this work they were still perceived by most as nothing more than a distribution organization.

During this time, Ms. Cabrera recalled, they were going through a strategic planning process and had a five year plan. Their objective was moving from just being a food provider for tackling current problems to becoming a force for ending food poverty in New York. This change represented a major shift but they were still not communicating it well enough. Therefore, they started looking at how they could change their messaging.

Even before being able to make this change, Ms. Cabrera recounted how they were able to merge with another organization whose work fit with their new strategic plan.

At this point the Food Bank staff and Board had to decide whether, as Ms. Cabrera described the choice, to “renovate or buy.” She explained that to buy was to create new programs from scratch whereas to renovate meant to take an existing program and adapt it to serve their current priorities. The merger presented the opportunity to renovate.

Ms. Cabrera noted that the organization they joined with had already built up goodwill for its programs including food stamp outreach, Earned Income Tax Credit help, and hunger relief. The organization they merged with was then Food Change and before that was the Community Food Resource Center (CFRC). CFRC was actually the organization that launched the Food Bank back in 1983.

With the addition of Food Change’s staff and resources, the Food Bank For New York City became a totally different organization. After all this, however, they were still describing themselves primarily as a food distributor with then after that the Earned Income Tax Credit help, nutrition education in and out of public schools, and other programs.

They realized that it was too much to give funders two pages listing all the programs. It was unrealistic to expect funders to figure out how it was all related to hunger and nutrition.

She said that their statistics at the time were showing that their network of providers were providing around 450,000 meals every day. To figure out how to get this

information across, they started holding focus groups and getting staff and Board involved in thinking of how to update their messaging.

The result of this evaluation was a new way of describing themselves: "The Food Bank addresses food poverty on three fronts: food distribution, income support, and nutrition education; all guided by its research." This statement conveys the message they want to give the public in just a few phrases. She reiterated that the more they are able to get out there spreading their message, the more visibility of the issue increases.

She noted that since 2006, the Food Bank's fundraising has increased by 170 percent. They now have hundreds of partnerships including one with Verizon [Susanna Zwerling's company at the time of this program]. Ms. Cabrera said that what they learned from their partnerships is that there are give and takes and it cannot just be all about the Food Bank.

One important lesson learned was that the Food Bank needed to help promote partners' brands and logos along with their own. When fundraising campaigns are finished, they provide sponsors with all of the materials and press clippings that mentioned their brand, logo or name.

Following Ms. Cabrera's remarks, Ms. Cone asked Susanna Zwerling to speak about the Verizon Foundation's focus and how they go about finding partners.

Susanna Zwerling began by commenting that as a corporate funder, she feels like she is an outsider on the panel. However, she said that branding is as important if not more important to the philanthropic and cause marketing work of her corporation.

She described Verizon Foundation as a nonprofit within a for-profit company focused on domestic violence prevention and education. Those are the foundation's national focuses and Ms. Zwerling ran the New York section of the foundation. The domestic violence focus emerged from the activities of Verizon's wireless service. They were donating cellphones to domestic violence victims that could be used to call 911 even if they were not registered.

According to Ms. Zwerling, that practice was discontinued because as 911 systems have evolved, police departments no longer want people using unregistered phones because they can't be tracked. So what used to be the Helpline program became the Used Cellphone Donation Program. The new program uses the proceeds from refurbishing and reselling used phones to provide phones with minutes or credits to domestic violence shelters and programs.

There is another side to the Verizon Foundation focused on literacy and that too was related to the activities of the company. She noted that Verizon has been going through its own rebranding recently from just a phone company to a technology company. Ms. Zwerling said they are now a multi-platform content distributor and corporate cloud computing provider.

She recounted speaking to a nonprofit who had the idea that since Verizon is the "phone company" they should fund the nonprofit's toll free hotline. Ms. Zwerling responded that they might consider funding the nonprofit's website because that is closer to what Verizon wants to do in the future. Now, when they look at groups

working in their focus areas, even groups that they already fund, they check to see whether the nonprofits have websites or databases that need updating or other technology issues.

Ms. Zwerling recalled one organization had a website where they get public input and provide resources. Her organization decided to fund the website's underlying database. She recounted getting a call from the person who runs the database who was really thankful because funders do not usually help with things like that.

If they are going to fund a website, they may be able to get their Verizon Foundation logo on the site and that helps them out. She clarified that they can't make organizations use Verizon technology, but they are happy to be involved somehow with technology.

Ms. Zwerling explained that Verizon is very serious about technology and that they believe that broadband can do amazing things. Many of the nonprofits she works with are just starting to figure that out.

She gave an example of an organization that wanted to put its archive online and was scanning its documents. Ms. Zwerling said that in a situation like that they will typically tell the nonprofit that they should digitize the files instead, so they become searchable and are of high quality. Expanded broadband capacity really helps make this kind of digitizing possible.

Ms. Zwerling said the key point was how her foundation's nonprofit partners help them with their mission. Verizon is promoting itself as a technology company while the nonprofits are helped to advance technologically. They also fund technology education programs or have Verizon volunteers go to technology training centers. In addition, they fund expanding educational curricula to include technology.

On the domestic violence side of their work, they have supported technology training specifically for domestic violence victims. These programs teach basic tips such as not putting pictures of one's children with their school's name in them online. Verizon Foundation also funded "safe" social networking sites that are secure for victims to communicate on. Ms. Zwerling said that these projects fit with the original goals of the domestic violence focus but are moving them into the technology space.

Another big focus was getting the word out about what the Verizon Foundation is doing. According to Ms. Zwerling, media channels are becoming more local. This includes local blogs, websites, and weekly papers. She explained that the *New York Times* might not run a story about a \$10,000 grant to some local organization but the local weekly might and the organization might put it on their website. This other piece of their work is about letting the community know what they are doing and how they are involved locally.

Even though promoting this kind of work does not seem that unique, there was a worry at Verizon that if they publicize what they are giving, too many new organizations are going to request contributions. However, she said that they have come to the realization that it is more important to let people know what work they are doing and how it might relate to technology than to worry about being inundated with grant requests.

The Verizon Foundation gets a lot of “cold” grant requests through their system and they get sorted geographically by zip code. The person responsible for a particular area then looks at the request. She noted that in this context Ms. Cabrera’s frustrations with being based in the Bronx are important. Ms. Zwerling said that if a request comes in from Manhattan it will be looked at in a national context because so many national organizations are based in Manhattan but if a nonprofit is in the Bronx it may only be seen as a regional issue.

She said that it is very important to make contact with her organization before submitting something electronically. The number of cold submissions that receive grants is very low. According to Ms. Zwerling, usually a relationship has been developed before a proposal is received. Before making initial contact, it is important for the nonprofit to try to review her foundation’s areas of focus.

The strongest partnerships her foundation has had are with groups that have known that Verizon wants to do things with technology or in certain communities. They then explain how they can offer a program in that area and publicize it. Some also offer Verizon a chance to be a part of something else not even related to the grant.

Ms. Zwerling noted that she is part of the government and external affairs group at Verizon. She said that shrewd nonprofits might whether the Foundation wants their grant announced so that local officials might hear of it. According to Ms. Zwerling this is exactly the kind of thing they like because it helps them let people know about the work they are doing in the community.

She recalled a cold proposal they got from an area where they had not done much funding. Verizon happened to be rolling out its new Fios product in the same area. Ms. Zwerling called the person who submitted it to ask how they saw them working together and how the grant might be publicized. She ended up not being able to make it work because he was not giving her anything to work with. She said that if he had asked what her foundation’s goals were, and requested time to figure out how his organization could meet those goals, it might have worked out.

Ms. Zwerling ended her remarks by clarifying that what she thinks is essential to partnerships is really looking for what both partners can do for each other.

Ms. Cone noted that the best feedback she has gotten on her book is on the chapter about partnerships, especially the part about setting goals that are mutual goals. She then asked the panelists what was the most important outcome of focusing their brands?

Ms. Cabrera replied briefly that the most important outcome was making new friends for the Food Bank.

Ms. Stern said that concentrating on U.S. Fund for UNICEF’s brand focused her and her staff. The branding process helped produce a new rallying call for staff and volunteers.

Ms. Zwerling responded that when her foundation looks at brand and then looks at grant requests, it helps focus them on what they really want to do with the grants and the foundation as a whole.

Ms. Cone then took questions from the audience. The first was how does one get started on researching who their donors are? What are some good practices and what should one avoid?

Ms. Stern responded that if an organization has the ability to do so, they should hire a professional researcher. It is doubtful that you can find the information you need otherwise. She said that organizations need to find someone who knows the right questions to ask and how to ask them and get them answered. Ms. Stern noted that the work sometimes can be done by a volunteer expert or someone who is hired, but either way her organization did not have the capacity to do the research internally.

Ms. Cabrera explained that she also believes in having experts do their jobs. She said she is fine with outsourcing and recalled that the latter end of their branding and re-focusing work was done with high-end consulting firms.

These consultants looked not only at the demographics of their current donors but also looked for gaps where potential donors could be found. They compared the Food Bank with other social service and anti-hunger organizations in New York. She noted that they are working on a plan to close the gap of missing potential donations.

Ms. Zwerling said that the question pertains to her foundation differently because it is a funder and not a nonprofit providing services. When people research her foundation, they often look at past grants which might not give a good indication of current giving preferences. The grant may have been given for a reason that is not immediately obvious. She said that it is a better idea to look at the mission statement of a foundation and its funding goals, to figure out what they are trying to do with their grant-making.

Ms. Cone presented a follow-up question from the audience. How do nonprofits with small budgets do demographic surveys on their donor base?

Ms. Cone returned to her earlier example of College Forward. She recalled that while they were still Admission Control, they did an employee retreat like U.S. Fund for UNICEF had done and then held regular meetings over six months. They discussed among themselves what their brand was and what they stood for. This helped them to realize that more clearly that they help students both get to college and succeed when they are there.

According to Ms. Cone, the organization was able to use their new understanding of the mission to generate ideas for new names. They put together a Survey Monkey (a free online survey) to ask donors what name appealed to them the most. Once they learned what name was the most popular, they changed their name. Ms. Cone said that the same process also helped them realize how much their organization really did.

The next question from the audience was what does one do if their nonprofit's Board does not "get" branding?

Ms. Stern recalled that on her organization's Board, there was at first a split over whether or not to allocate funds for working on branding. She explained that some board members expressed concern about using money that was supposed to be for saving children to do research on brand. Ms. Stern claimed it was a hard sell to

show the Board that the investment in branding would pay off in raising more dollars. It was really helpful to bring in an expert on branding who could provide concrete evidence of past successes. Ms. Stern took incremental steps in the branding process and reported often to the Board on progress.

Now there are enough nonprofits doing branding research, nonprofit leaders can cite such models to show the wisdom of focusing on brand. She claimed this had changed dramatically even in the last five years and that organizations like hers are happy to share their results with others.

Ms. Cabrera stated that it is all about the culture of the Board. From 1983 to 2001, the Food Bank had a Board that did not want to spend any money on public relations, marketing or communications. They just wanted to focus on food distribution.

One day, at a Board meeting, a new member asked how come no one knows who the Food Bank is and what they do. According to Ms. Cabrera, that question got everyone challenged and engaged. She also said that the quality of the staff helped convince the Board to let them pursue branding.

Ms. Cone presented the next audience question: how does one develop a relationship with a corporate funder when they may not be looking to fund new organizations?

Ms. Zwerling responded that she believes that corporate funders should always be looking for new relationships. She said that the dynamic between corporations and nonprofits is always shifting and if you are just funding the same organizations year after year, you may be missing opportunities.

Her advice to nonprofits was to find a way to get through to someone in the foundation instead of just putting a cold application in. The introduction might be a mutual acquaintance of someone in a foundation. The aim of such a conversation should be to learn more about what the foundation's goals are and to think about whether and how one's organization can meet them.

She also stated that nonprofits need to be open to having dialogues when funding might not be available this year. Ms. Zwerling recalled that she has spoken at length to nonprofits while having all her funds committed. Sometimes, at the end of the year expected grantees are not able to provide what Verizon needs and Ms. Zwerling is able to get back to those she had spoken with and work out grants for them. She noted that these grants often need to be put together rather quickly and that can be a very productive process.

Ms. Cone noted that the branding process can take a very long time and asked Ms. Stern and Ms. Cabrera when they started their brand focusing.

Ms. Cabrera responded that her organization started their branding process in 2001.

Ms. Stern said that her organization began developing their new brand in 2006.

The next audience question was is the branding process the new strategic plan?

Ms. Cone noted that the branding process involves looking at one's brand and figuring out what it really means, what emotional ties and engagements there are.

The process itself can be important because as in Ms. Stern's case, one has to bring together staff to figure out what the organization's focus should be and what should be let go of.

Ms. Stern noted that her organization has a strategic plan, of which modifying the brand is one part. Changing the brand focused everyone at her organization in a way that allowed them to write a strategic plan towards a common goal.

She explained that in their year end evaluation, beyond looking at how much money they received and paid out, they assessed indicators such as how many volunteers they got and retained and how much has the rate of children dying per day decreased. They evaluated how well they could articulate their progress towards "zero" child deaths for preventable reasons. Everything had to tie back to "zero."

In U.S. Fund for UNICEF's branding process they let some things go and did not hold on to everything. Previous campaigns had been dictatorial with clear guidelines of what will be said, how it will be said, what colors appear on materials, and what size things will be. She said that the UN is very strict about its logo and similar issues; they could not deviate from requirements about the UNICEF name.

Despite these restrictions, Ms. Stern explained that they have had leeway to do more with the "believe in zero" tagline. She noted that they are able to be flexible with partners to figure out what works for them which allows more people to be involved.

Ms. Cone presented another audience question for Ms. Cabrera who was about to leave the Food Bank after 23 years. The question asked how Ms. Cabrera would lead the brand through the transition process.

Ms. Cabrera responded that because of the branding process they went through and the fact that many of the same staff are staying on, brand is now embedded in what the Food Bank does. She said it was part of how they communicated with the outside world and internally.

She also noted that branding was part of their strategic plan 5 years ago and now it is time for a new plan but that will be the next CEO's job.

Ms. Cone asked the panelists to give their final statements about branding and the power of focus.

Ms. Zwerling reiterated her advice that nonprofits need to figure out what donors' goals and areas of focus are. Nonprofits need to think about how they can help the donor. According to her, there needs to be some return on investment for the funder which might be getting their logo out there or even something more behind the scenes.

Ms. Cabrera said that nonprofits need to remember to put the same energy that they put into developing new partnerships into keeping those "friends." There is a lot of value in an organization's brand and name and they should not just give it away.

Ms. Stern said she agreed with Ms. Zwerling and Ms. Cabrera's points. According to her, it is important for brand to be both "bright" enough to attract people and "hot" enough to propel them to action. She explained that this can mean not taking one's self too seriously but seriously enough.

Finding that balance was one of the most important parts of the success of her organization's branding process.

Ms. Cone recalled visiting U.S. Fund for UNICEF and said that everyone there used "Believe in Zero" as filter to evaluate their roles and commitments.

Ms. Cone urged attendees not be afraid of their brands. Brands are not just about communications or marketing. Instead she said that it is a set of beliefs and expectations that the marketplace has about an organization. According to Ms. Cone a good brand allows organizations to attract the best and brightest volunteers, get more donations and cut through the "clutter." Corporations look for partnerships with powerful, focused brands.

Ms. Cone reminded the audience about her idea of branding as the head, heart and hands. Nonprofits can use these brand elements to find their leadership position, elevate their cause, and build a community around it.

In conclusion, she quoted Jennifer Dorian, a volunteer for U.S. Fund for UNICEF. Ms. Dorian said, "Be brave, bold, and bigger than the whole organization. That's what breakthrough brands do. It's got to be an invitation to join a cause and join a movement."

Claire Rosenzweig then concluded the Symposium. She noted that the benefits from branding and effective leadership can give organizations and edge in the "new normal" environment.

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