

SCALING YOUR SUSTAINABLE NONPROFIT

**THE PUBLIC
GOOD**



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Hello!

Thanks so much for your interest in learning more about how to scale your nonprofit program. As a consultant to nonprofits who are looking for ways to maintain (and increase) their financial sustainability, I'm excited to share the following information that details how scaling often provides a clear and successful solution when properly implemented.

So, why me?

Before starting The Public Good 12 years ago, I spent approximately 10 years in city and federal government managing public resources through financial planning, contracting, procurement, and human resource planning. I also worked with nonprofits that were contracted by government entities to create and manage the growing needs of NYC's homeless population. Scaling public services was something I thought about and was involved with every day.

I honed my financial planning skills for government and nonprofit clients as a Senior Consultant and Manager in KPMG's Public Sector Advisory Practice. Here, we developed costing tools to help clients maximize revenues and budget more efficiently. As a global professional service firm, our business model had to operate at scale.

Ironically, the large-scale government and corporate environments I worked in also helped me realize my real passion: helping community-based and entrepreneurial organizations design and implement services and products that maximize public resources for exponential social impact. In other words, I knew that my mission was to share business skills and insights with public sector innovators in order to help them reach more of the people they're dedicated to helping. And that's why I started The Public Good.

Here at The Public Good, we provide research and planning to increase social impact, develop business strategies for non-profits and the public sector, and offer expert guidance in nonprofit and social enterprise scaling. Our goal is to help those who are doing good to do even better. Each day we're given the opportunity to do that is a day that we consider well lived.

Sincerely,

Tricia Davies, MPA



SCALING? WHAT'S THAT?

(AND WHAT DOES IT MEAN FOR NONPROFITS?)

The term "scaling" has been used in the for-profit sector for decades in reference to how businesses are grown AND how revenues are increased. Today, this concept is also gaining attention in nonprofit and philanthropic circles. But does "scaling" mean the same thing for us as it does for-profit entities? The simple answer is "no."

For nonprofits, "scaling" refers to expanding effective programs so that funder investments can reach more people and have greater impact. It's NOT focused on increasing revenue (although that's an important part of scaling). And it's also NOT the same thing as creating a new, unproven program to see if it'll work (although understanding what works is absolutely essential for scaling).

A Simple Example

Let's consider a neighborhood summer youth program that serves 150 children. It has a specific curriculum with social or educational goals, the demand for spots keeps increasing due to its popularity, and a funder pledges to help the program grow to the next level. However, that grant might only last a year. The program's board and executive director are faced with tough decisions: What is the right rate of growth--and what's the time frame? Will they need to lease new space soon? What if a demand the following summer isn't what they expected? And most importantly, how will they scale their success without jeopardizing quality? Will they be able to provide the same, high quality program with comparable outcomes that stakeholders have come to expect? This is when a discussion about scaling--and how to do it effectively-- should take place.

As nonprofits, our passion is improving the lives of others. Scaling provides a way to do that on an entirely different level.

IS SCALING WITHOUT PROFIT POSSIBLE?

ANSWER: IT CERTAINLY IS.
(But there are things you need to know first.)



THE SHARED CHALLENGES

For non-profits looking to scale their offerings, there are shared challenges faced by all. The difference can be found in how each of these challenges is overcome.

Adhering to mission and vision

Knowing your “market” in a non-traditional market

Maintaining financial stability and healthy cash flow

Access to financial capital (or finding money to finance growth)

Managing government policy changes

SCALING STARTS HERE

Thinking about scaling up your nonprofit's services? Great! But before moving forward, be sure you and your team address the five key elements listed on this page. Successful scaling starts with honest conversations about your nonprofit's current challenges and opportunities.



Have a successful program or product in place.



Clarify your goals for scaling.



Know what you do well—and what you don't.



Standardize your processes.



Find strategic partners.

HAVE A FINANCIAL STRATEGY

When determining the financial implications related to scaling, guessing isn't an option. Having accurate data and realistic goals is absolutely essential.

CAPITAL NEEDS

What are your capital needs -including sunk or initial costs? And how will they be financed? Through debt? One-time grants? Capital campaign? Crowdsourcing?.

MONTHLY OPERATING COSTS

Understand the difference between fixed and variable costs. And know your options for affording and finding the best human talent (salaried vs. contracted, full-time vs. part-time, interns, volunteers, etc.). Be sure to consider the pros and cons of each option and what's required regarding compliance with tax and labor laws.

REVENUE STREAMS

Where is your funding coming from? Grants? Government contracts? User fees? Corporate sponsors? Donations? Other sources?

PATHWAYS TO SCALING

YOU CAN GET THERE FROM HERE.



BRANCHING

A lead organization expands its own capacity to offer a program at multiple sites in new locations or to new target groups.



FRANCHISE/ AFFILIATE

Involves partnering with an affiliate organization that can share in growth and create economies of scale.



DISTRIBUTION

A model where the nonprofit partners with a larger organization to speed program diffusion.



A CASE STUDY IN BRANCHING EXPANDING A MISSION

The Need

The Public Good was hired by Marlene Meyerson JCC Manhattan to expand the reach of its mission to work with its community in “creating opportunities for people to connect, grow, and learn within an ever-changing Jewish landscape.” And, having achieved significant success at its primary location on 76th Street, this large community center wanted to carry this mission into surrounding neighborhoods by creating a micro-hub. To be successful and sustainable, the new space needed to attract a robust audience with enough in-demand and drop-in programs that participants would be willing to pay fees to attend. And it also needed to be a space that would foster excitement and a sense of inclusion to sustain growing and dynamic interest throughout the community.

The Approach

The Marlene Meyerson JCC Manhattan used a seed grant to fund the micro-hub’s lease and core staff for the first two years of operation. Administrative support and overhead costs were covered by the Marlene Meyerson JCC Manhattan itself. The goal was to have the micro-hub generating its own revenues to cover operating costs after the initial two-year period of external support.

The Result

The Harlem JCC opened in January 2017 with a staff of two that organized sporadic events. Since then, it has grown to a staff of nine and offers kids activities, health & wellness programs, and get-togethers every day of the week for community members of all ages. It also hosts special events and Jewish happenings throughout the year.

The Success Factors

- Leveraged the assets of the “parent” organization
- Studied the new neighborhood to understand community needs before building the micro-hub
- Benefited from partner-invested initial capital
- Galvanized local support, including volunteers, to build the audience





A CASE STUDY IN FRANCHISING SPREADING OUT

The Need

A successful summer teen program operating within a senior adult community center in Manhattan was prompted by its funders to replicate itself at additional sites in other boroughs. After a tricky expansion into its first “franchise” site, its leaders decided a more strategic approach was needed for vetting potential future affiliate sites.

The Approach

The program contacted The Public Good for assistance in its expansion efforts. The Public Good worked with the program director to create a partner vetting tool and to establish a process that could be repeatedly and successfully used to identify partner sites.

The Result

A customized vetting tool was created to strategically source and select affiliate partners. Additionally, a standardized process was developed and implemented for future expansion.

The Success Factors

- Articulation of the unique qualities of the program
- Communicating what is required to maintain program fidelity in a new setting with an autonomous partner
- Willingness to learn from the past--both good and bad
- Documentation and standardization of processes for future expansion efforts



HOW DISTRIBUTION WORKS

THE ART OF GROWING

A Hypothetical

A cultural arts program in Brooklyn wants to grow its audience, increase its revenues, and promote its reputation in new communities throughout NYC. However, the program doesn't have the funding sources needed to achieve such an ambitious goal.

A Potential Solution

The program finds a strategic partner with two key qualities. First, the partner has excess capacity. It's an independent movie theater and its facilities aren't used during the weekdays. Second, it shares the vision of the program. Exposing community members to the arts is central to its mission.

Together, the program and its strategic partner negotiate a win-win opportunity. Because the program has packaged its offerings with different options and price points geared toward scaling, it will be able to pay the movie theater rent. This creates a new revenue stream for the theater. And because the program doesn't have to build or retrofit a new facility, its focus and funds can be targeted toward expansion.



A CASE STUDY IN GROWTH MEETING COMMUNITY DEMAND

The Need

The Educational Alliance, a 125-year-old CBO, has operated an innovative preschool out of its flagship space--the Manny Cantor Center-- for over 20 years. The Public Good was asked to evaluate the financial feasibility of expanding its existing programs to serve toddlers and infants --something they wanted to do, but not without strong data and a clear business plan.

The Approach

The Public Good assessed the local market for infant and toddler care through the use of target surveys, focus groups , and competitive research. We developed a flexible financial model based on the client's vision for a high quality program. It included the client's initial investment, ongoing operating costs, and different price points for end users.

The Result

After reviewing our analysis and proposed financial model, the board approved the expansion and a new toddler program launched eight months later; infants were welcomed the following year. Manny Cantor Center has fulfilled its long-time dream of offering high-quality, flexible early childhood drop off programs that serve infants through four year olds.

The Success Factors

- The client's board and leadership team were actively involved in the process.
- Key information was obtained by speaking with the community.
- Multiple options were developed and presented for consideration.



HOW CAN WE HELP?

As a nonprofit, you face many unique challenges when it comes to achieving and maintaining financial sustainability. At The Public Good, we're committed to helping you turn those challenges into opportunities so that you can do more good for more people.

Our services--which have been tailored specifically to the nonprofit sector--include:

- Feasibility studies for creating or scaling programs
- Financial modeling for nonprofit and social enterprise programs
- End user and data-driven strategic planning
- Policy research and analysis
- Executive coaching and
- Workshops --including strategies for scaling!

Interested in learning more about how scaling can make it possible for your nonprofit to have a greater impact and make a bigger difference? [We'd love to talk with you!](#)

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