Columbia Business School

High Performing Nonprofits
Spring – B Term (B8545)

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- TA: TBD

Connection with the Core
Because this is a general management course, we will take many of the concepts from the core curriculum and apply them to the nonprofit environment. Direct connections come from five key areas: Strategy Formulation, Marketing Strategy, Operations Management, Financial Accounting and Leadership.

Overview
The nonprofit sector is full of organizations, many of which are operating below peak performance. With unlimited ideas, low barriers to entry and decidedly limited funding, we have a sector with enormous volume and an overall lack of effectiveness. While the market conditions are unlikely to change, there are worthwhile remedies.

The goal of the course is to study the solutions that work. We start by exploring the external and internal forces that cause weakness in nonprofit strategy and execution. Then we determine what factors can lead to high performance. We'll review case studies and other real-world examples to learn how the best nonprofits surmount significant barriers to produce great results.

The course is six sessions. The first three sessions focus on the nonprofit operating environment and the central strategic issues facing nonprofits today. The next two sessions deal with finances – the over-emphasized keys to smart revenue generation and the under-emphasized importance of effective spending. The last session rivets on talent – both at the board level as well as senior staff – and how you should think about crafting a path with high impact both during and after your business education.

As a newly minted MBA, your skill set will be in high demand in the sector. That said, the direct application of for-profit strategies to nonprofit work has limits. We'll look at where and how to take the best of private thinking, adjust it and apply it to nonprofit performance. We'll question many commonly held assumptions on the sector. The course will touch on theory, but will be grounded in current practice.

Whether you come with past experience, current involvement or future aspirations for the sector, you should take this course if you're interested in pushing change as a: 1.)

board member; 2.) institutional or individual donor; 3.) executive director or senior leader; or 4.) management consultant. The goal is to give you the knowledge and skills to work from either inside or outside to drive nonprofits to achieve.

Format and Assignments

With only one session per week, we'll cover a varied set of activities at each class. We'll focus a good portion of the day on case analysis. Prepare for class by completing a thorough review and analysis of the case. Come ready to kick-off our conversation with a summary of key issues, as well as to contribute strongly throughout the discussion.

In addition to class participation, you'll be evaluated on two on written assignments. For the first, complete a one-page single-spaced write-up for either Session Two or Session Three that answers the case questions posed prior to class.

For the second, select a nonprofit to evaluate over the course of the six-week class – and a near peer that will serve as a point of comparison. Your assessment will be completed using a worksheet in Canvas; you will cover core topics including strategy, impact, finances, fundraising and leadership. In addition, you will have the opportunity to review and respond to your classmates' work.

In advance of Session Four, you will form a team to prepare the case; your team will present your findings in class and submit a brief set of bullets documenting your conclusions. This assignment – plus the quality of your class participation – constitutes the remaining 40%. Preparation for Session Four, and for all class discussions, can be done in group.

Case Write-Up #1 (Session Two or Three)	25%
Final Project: Organization Assessment	40%
Class Participation	35%

Course readings will be assigned as either required or recommended. For a few sessions, you may be asked to review websites to gain an understanding of an organization's mission and operating model. We'll have a set of guest speakers over the course of the term to illustrate key points.

Topics and Readings

Session 1: Sector Overview: What Makes Performance Challenging in the Nonprofit Sector – and Where We See Evidence of Success

We start the course with a walk through the nonprofit operating environment. We'll talk about nonprofit economics and begin to understand how market forces influence performance. We'll look at how nonprofits make money and spend money – and where

incentives are often misaligned. Youth Villages, an organization with a potentially transformational model for delivering child welfare services, provides a great illustration of the barriers that nonprofit organizations face. In addition to the case, we'll examine a few examples of success – within a single organization and across a larger system of actors. And we'll assess the strengths and weaknesses of existing tools used to evaluate nonprofit capacity.

Required Reading
- Case Study: Youth Villages
- Disruptive Innovation for Social Change (Clayton M. Christensen)
- Organizational Capacity Assessment Tool (McKinsey & Co.)
- Website Review: Race to the Top

Supplemental Reading
- Nonprofits Give 'Disconnected' Youths Another Chance (NYT 2017). An update on Youth Village's programming.
- The Opioid Plague's Youngest Victims: Children in Foster Care (NYT 12/28/17). The case and complexity of overlapping problems within social services.

Session 2: Strategy: Mission and Vision, Going to Scale and Mergers

The goal for session two is to get you conversant in critical strategic issues facing nonprofits today. We lead with issues of mission and vision: what good ones look like, why so few get there and why having one is just the starting point for strategy. Then we turn to the hot topic of growth, reviewing different options and why each is fraught with a set of complex choices. We'll also tackle the meeting point between strategy and operations: why is this area so fruitful for nonprofit performance and so rarely discussed? For the second half of class, we'll work through structure issues, including alliances, mergers and dissolution. A case on the potential merger between two job training programs, Suburban Job Link and Strive, provides our jumping off point.

Required Reading
- Case Study: Suburban Job Link and Strive/CES
- Required Readings: Lofty Missions, Down-to-Earth Plans (V. Kasturi Rangan); More Bang for the Buck (Alex Neuhoff and Robert Searle)

Supplemental Reading
- Tipping Point Community. A great overview of an impact funder's strategy to combat poverty. (Stanford GSB 2017)

Session 3: Impact: Designing and Evaluating Core Programs

Here is the heart of the matter: measuring program performance. We begin with the case of Jumpstart, a program designed to get at-risk preschoolers ready for kindergarten while engaging college students in effective service. They've expended significant effort to use data to measure performance: we'll evaluate the scorecard they've built, determining where they've succeeded and where they've fallen short. From this base, we step back and understand different frameworks for evaluating performance. We'll look at individual programs and then roll up a level to see how resource allocators like foundations and governments measure their impact.

Required Reading

- Case Study: Jumpstart
- Zeroing in on Impact (Susan Colby, Nan Stone and Paul Cattar)
- Drowning in Data (Alana Conner Snibbe)
- Calculated Impact (Paul Brest, Hal Harvey and Kelvin Low)

Supplemental Reading

- AEI's President on Measuring the Impact of Ideas. An advocacy leader shows how he put impact at the core of his decision-making. (Harvard Business Review 2018)
- What We Mean When We Say Evidence Based Medicine. (NYT 2017). A light overview of the complexities in using data to drive medicine.
- Can "effective altruism" maximize the bang for each charitable buck? A growing social movement is trying to bring scientific rigor to philanthropy. (Economist 2018)
- Why We Resist Treating Charities Like Investments. Choose a cause with you heart and an organization with your brain. (MarketWatch 2016)

Session 4: Finance: Capital Structure, Cost Analysis and Cash

After highlighting core difference between for profit and nonprofit financial treatments, we'll work through a case that requires students to analyze seven diverse nonprofits. With this foundation in place, we then pull up a level and highlight the most common areas of risk, as well as missed opportunities to use strong financial management for better program results. Topics will include general operating support and resource allocation, cost analysis, cash flow, operating reserves and capital structure.

Required Reading

- Case Study: Identify the Nonprofit
- Linking Mission and Money (Clara Miller)
- Costs are Cool: The Strategic Value of Economic Clarity (Susan Colby/Abigail Rubin)

Supplemental Reading
- How the Rich Are Hurting the Museums They Fund (NYT - 2016)

Session 5: Fundraising: Models and Techniques

Is revenue generation core strategy or an ancillary enabler? And why is it so hard? Dana Farber, a world class cancer research and treatment facility, faces a tough set of choices on where and how to bring in dollars; we'll work through their option set. We'll also review major sources of funds and the do's and don'ts of going after each. Then we tackle some other key questions. What do different revenue mixes imply about organization's prospects for growth and flexibility? How do you match sources and uses of funds to position an agency smartly and prevent unintended risk? What's the concept around growth capital and what promise does it hold?

Required Reading
- Case Study: Dana-Farber Cancer Development Strategy
- Ten Nonprofit Funding Models (William Foster, Peter Kim and Barbara Christiansen)
- Sources of Financing for New Nonprofit Ventures (Harvard Business School)

Supplemental Reading
- A New Effort Has Doctors Turn Patients into Donors. More details on Dana Farber's fundraising. (NYT 2015)
- Wounded Warrior Project Spends Lavishly on Itself, Insiders Say. Great cause with too much money and too little accountability. (NYT 2016)
- The Problem with Pink: Our Feel-Good War on Breast Cancer (NYT 2013)

Session 6: Leadership: Harnessing and Growing Board and Staff Talent

Class will kick off with the topic of governance as we define the traits of a high performing board and identify the biggest obstacles. Next up is attracting, developing and retaining a quality team. We'll use New Leaders for New Schools to look at the leadership pipeline it's working to create for public education, as well as by studying the organization itself and its leadership team. We wrap up by looking at avenues for your work in the nonprofit sector. Where do you have the best opportunity to make a difference?

Required Reading
- Case Study: New Leaders for New Schools
- The Dynamic Nonprofit Board (Paul Jansen and Andrea Kilpatrick)
- What Didn't Work: Tongue-Tied at the Top (Pete Smith)

- What Business Execs Don't Know – But Should – About Nonprofits (Les Silverman and Lyn Taliento)

Supplemental Reading

- Getting on Board. How to Become a Director. John Vogel. 2007.

In addition, the following books make excellent supplements to the work you will be doing over the semester:

- Good to Great and the Social Sectors (Jim Collins)
- They Told Me Not to Take that Job (Reynold Levy)
- Winners Take All (Anan Giridharadas)