High Performing Nonprofits  
Spring – B Term (B8499-005)

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Connection with the Core  
Because this is a general management course at its core, this course will take many of  
the concepts from the core curriculum and apply them to the nonprofit environment.  
The most direct connections come from five key courses: Strategy Formulation,  

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  
overall problem definition is accurate, well trod and unlikely to change, there are  
worthwhile remedies.

The goal of the course is to study the solutions that work. We start by exploring all of  
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 have past experience, current involvement or future aspirations, 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 and assignments in each meeting. 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.

You’ll be evaluated first on two brief written assignments. Complete a one-page single-spaced write-up for either Session Two or Session Three that answers the case questions posed prior to class. Complete a second one-page single-spaced write-up in preparation for Session Six. Together, these will represent 60% of your grade and must be completed individually (e.g., Type C).

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 (e.g., Type A).

| Case Write-Up #1 (Session Two or Three) | 30% |
| Case Write-Up #2 (Session Six) | 30% |
| Session Four Presentation + Participation | 40% |

Course readings will be assigned as either required or recommended. For a few sessions, you may be asked to review websites in order 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: Strategy 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 organizations face. In addition to the problem set, we’ll examine 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.

- Case Study: Youth Villages
- Required Readings: Disruptive Innovation for Social Change (Clayton M. Christensen); Organizational Capacity Assessment Tool (McKinsey & Co.); What Business Execs Don’t Know – But Should – About the Nonprofit Sector (Les Silverman and Lyn Taliento)
- Website Review: Race to the Top

Session 2: Strategy Part Two: 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 looks 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.

- Case Study: Suburban Job Link and Strive/CES
- Required Readings: Lofty Missions, Down-to-Earth Plans (V. Kasturi Rangan)

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.

- Case Study: Jumpstart
- Required Readings: 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)
- Website Review: Acumen Fund; Global Impact Investing Network
Session 4: Managing Resources Effectively: 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.

- Case Study: Identify the Nonprofit
- Required Readings: Linking Mission and Money (Clara Miller); Costs are Cool: The Strategic Value of Economic Clarity (Susan Colby and Abigail Rubin); More Bang for the Buck (Alex Neuhoff and Robert Searle)

Session 5: Securing Financing: 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?

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

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. This case will also provide a good foundation to review all of the key concepts we’ve covered in previous sessions. Finally 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?

- Case Study: New Leaders for New Schools
- Required Readings: The Dynamic Nonprofit Board (Paul Jansen and Andrea Kilpatrick); What Didn’t Work: Tongue-Tied at the Top (Pete Smith)
- Recommended Reading: Good to Great and the Social Sectors (Jim Collins)