THE NONPROFIT SECTOR AND THE CITY

SPRING 2015 (A Term) Course B8544-001
Uris 141 Tuesdays, 5:45 p.m. – 9:00 p.m.

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E-mail: dbauer@clarkest.com
Office Hours: By appointment
Teaching Ass’t: Elise Miller
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REQUIRED COURSE READINGS

Excerpts from the following texts will be assigned, and as far as possible available on Canvas as well as the library:

1. Collins, Good to Great and the Social Sector
2. Crutchfield and McLeod, Forces for Good
3. Drucker, Managing The Nonprofit Organization
4. Hunter, Working Hard and Working Well
5. Marino, Leap of Reason: Managing to Outcomes in an Era of Scarcity

Marino’s “Leap of Reason” and Hunter’s “Working Hard” can be downloaded for free at www.leapofreason.org.

In addition, the following articles and case studies will be assigned; they will be available on Canvas:

4. “America’s Greatest Public Works”, Miller
5. “The World Has Changed and So Must We: Heron’s Strategy for Capital Deployment”, Miller
6. “Re-Envisioning The New York City Workforce System”, NYC Workforce Funders Group
7. “Tale of Three Cities,” Sievers
8. “The View From the Cliff”, Stid and Shah (www.bridgespan.org)
There will also be additional readings/handouts in class or available via Canvas. The additional readings are essential to comprehending the content of the class.

Finally, I urge you to learn about the sector through regular reading online of Philanthropy News Digest, Chronicle of Philanthropy and the Stanford Social Innovation Review. Stay on top of current events, especially in New York City, because they will contribute to the richness of class discussions. We will use them and expect you to be aware of them.

REQUIRED PREREQUISITES AND CONNECTION TO THE CORE

There are no prerequisites for this course. The concepts in this course will use, build on and extend concepts covered in the following core courses:

<table>
<thead>
<tr>
<th>Core Course</th>
<th>Connection with Core</th>
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<tbody>
<tr>
<td>Financial Accounting</td>
<td>1. Understanding the Accounting Equation in Nonprofits</td>
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<td>2. Revenue and Expense Models in the Nonprofit Sector</td>
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<td>3. How to Review Nonprofit Audits and Tax Returns</td>
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<tr>
<td>Strategy Formulation</td>
<td>1. What is Economic Value in Nonprofits</td>
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<td>2. How is Social/Environmental/Cultural Value Created or Generated in Nonprofits</td>
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<td>3. The Role of Competition and the Marketplace in the Nonprofit Sector</td>
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<tr>
<td>Operations Management</td>
<td>1. What is best practice in Nonprofit Management?</td>
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<td>2. What Role does Governance and Leadership play within a Nonprofit?</td>
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<td>3. How does a Nonprofit Manage to Outcomes or Achieve Impact</td>
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Students will be expected to have mastered these concepts and be able to apply them in the course.

COURSE DESCRIPTION

There are many forces that keep cities vibrant and livable. There are two forces that are clearly visible and acknowledged – government and commerce – for the good that they generate and provide. But there is another force that is not so readily acknowledged, and yet, plays a key role in ensuring that a city not only functions but is a strong community of service, health, education, and culture.

It is the nonprofit sector that supports this latter work. In New York City, nonprofits have had a long history of activity and action. Currently, there are 30,000 nonprofits in Metro New York -- and over 1,500,000 in the U.S that account for more than $1 trillion in revenues annually. The nonprofit sector is now the third largest industry in the country and bigger than construction, banking and telecommunications. Indeed, some of the largest employers in New York City are nonprofits: Mount Sinai Medical Center, New York Presbyterian Hospital, New York University, and yes, Columbia University.
Much is expected of the third sector – especially in urban communities. Not only to simply provide shelter for the night for the homeless or food for the hungry, but also to tackle more complex issues such as public education reform, developing green jobs, and rethinking and reforming the juvenile justice system. But why does this matter? Because according to Robin Hood Foundation, New York City has 1.9 million adults and children living in poverty. And fair or unfair, nonprofits have been asked to try and fill the growing chasm between the haves and have-nots. Indeed, Bill de Blasio was elected to be mayor on a platform of trying to fill that chasm.

In addition, the third sector is called on to tackle issues that government cannot address or is not willing to address and usually do it with fewer resources. Thanks to the current crisis in public finance at the federal, state and city level, this is quite a challenge. Some say it impossible; the challenge is far too steep. Others argue that this country’s nonprofits are dynamic and resilient and can indeed meet the challenge – by being deeply connected to the communities they serve and being nimble enough to provide the services that are truly needed and demonstrate impact.

Some questions for the class to consider:

- Is the third sector a viable answer – a panacea – to many of the problems that hinder urban communities?
- What would real public-private-nonprofit partnerships that can provide various services to the less fortunate look like? What will happen to the social safety net?
- What tools, tactics, and strategies does a professional working in the nonprofit sector need to succeed?
- Is there enough capital in the nonprofit sector – public, private or philanthropic – to go around? Where is it going? Why is it going there? How is it used effectively?

This class explores this energetic sector. While much can be learned and gained from reading and reviewing various books, articles, and websites, the instructor not only believes in bringing the class into the community to engage first-hand the issues and nonprofits, but also to meet and engage with the leaders behind these efforts. This is a class that bridges theory and practice. We are deeply fortunate that New York City provides such a full array of leaders, organizations and programs that are concerned with tackling and solving issues and problems that confront us as a community.

**COURSE FORMAT**

This will be an active three-hour class. The instructor has knowledge and experience to impart, but very much sees himself as a facilitator. Lecturing will be kept to a minimum. In the course of the half term, we will read various books, articles, and documents and discuss them. Be ready to do so. You will meet leaders from the nonprofit and philanthropic community. Be ready to engage them. In the course of the semester, you will visit and consult with nonprofit executives for your final project. Be ready to observe.

This course is not for the student who wants to receive information and then simply present it back in the form of papers. We are looking for students who want to engage with the material and the people in this vibrant sector. Class
participation is vital and will count toward your overall grade (see next section). Get to know your classmates as the journey in this work is better understood and enjoyed by shared experience.

COURSE REQUIREMENTS

There are three major components for this course.

I. **Class participation.** Class attendance and preparation are critical. All of us bring different perceptions and ideas to this dialogue about the nonprofit sector, cities and how they both function. Prepare for each class by immersing yourself reviewing in the readings, and be ready to provide an open and comfortable atmosphere in which to share comments and participate.

II. **Mid-term paper (due February 17).** You will be presented with a scenario on in which you will be asked to respond. The mid-term paper will be in the form of a memo from you, an executive director of a NYC-based human services nonprofit, to your board chair. In this memo you will highlight how you will move your organization forward given a set of circumstances described in the scenario. While pulling on your own set of experiences is certainly acceptable, it will be important to consider ideas, strategies and tactics you have absorbed from the readings, class presentations and discussions.

III. **Final: Team project and presentation (due March 3).** Each student will participate in a team project and do a presentation during the final class session. There are seven neighborhoods in New York City that have some of highest rates of poverty in the U.S.: Bedford-Stuyvesant (34%), Bushwick (31%), East Harlem (31%), East New York (28%), Lower East Side (26%), Mott Haven/Hunt’s Point (43%) and Sunset Park (23%). Each team will select one of seven neighborhoods and explore the role of the nonprofit sector. Is the sector helping to alleviate poverty? Reforming public education? Does it effectively partner with the government? How does philanthropy play a role in assisting nonprofits in the neighborhood? Which are the most effective nonprofits? Why? Over the course of the class, student teams will visit the neighborhood, interact with and interview senior staff of at least three nonprofits serving that neighborhood. In the final presentation the team will share and analyze what they have learned about that neighborhood and its issues and the nonprofits and the programs they provide. The team will also develop a set of tangible recommendations or solutions that can be considered by the nonprofits and community leadership. Presentations (and a paper of 5 to 10 pages) in the final class will be judged by not only the instructor but by two leaders from the nonprofit community.

Along with the content of the papers and presentations, they also will be graded for clarity and sharpness of the analysis and possible recommendations.
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<th>Type</th>
<th>Designation</th>
<th>Discussion of concepts</th>
<th>Preparation of submission</th>
<th>Grade</th>
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<td>group / group</td>
<td>Permitted with designated group*</td>
<td>By the group</td>
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<td>B</td>
<td>group / individual</td>
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Mid-term paper (type C) 30%
Final paper and presentation (type A) 50%
Active class participation (type C) 20%

CLASSROOM NORMS AND EXPECTATIONS

As noted earlier, the class and its content should be a bridge between theory and practice. The readings we discuss in class and the speakers we invite into the class complement each other. We will spend time in each session exploring the readings and interacting with the speakers, so please complete the readings before class for which they’re assigned.

This course is not for the student who wants to receive information passively and then simply present it back in the form of papers. We are looking for students who want to engage with the material and the people in this vibrant sector, through site visits as well as in-class opportunities. Class participation is vital and will count toward your overall grade. Get to know your classmates as the journey in this work is better understood and enjoyed by shared experience. Since the topics discussed in this class often involve values and personal beliefs, we expect everyone to respect diverse viewpoints and experiences.

Students are expected to attend all classes for the three hour sessions each time. Absences, as well as partial attendance of a session, must be justified in advance to the satisfaction of the instructor.

Use of cell phones is strictly prohibited.

January 27 – Week One

**Topic: Introduction and Overview on the Nonprofit Sector**

Our first class will provide an overview on the course, an introduction to the nonprofit sector and the assignment of your team’s neighborhood. In the introduction to the sector, we will explore the history, values, politics and economics of the sector.

- Miller, “America’s Greatest Public Works”
Columbia Business School

- Sievers, “Tale of Three Cities”
- Download: “Wake Up Everybody,” Harold Melvin and the Bluenotes; and “Dear Mr. President,” Fitz and the Tantrums

February 3 – Week Two

**Topic: The True Capacity of the Third Sector**

This class will focus on what the nonprofit sector can actually deliver in the form of services and programs. As we look at issues like poverty, education reform, access to the arts, and healthcare, is the sector doing its job? What helps or hurts the sector in being successful or not? What role does politics and policy play in the sector’s ability to perform? We will be joined by two leaders from the sector who will discuss all these issues and more.

Guest speakers: Ronna Brown, President and CEO, Philanthropy New York, and Tim Delaney, CEO, National Council on Nonprofits.

- Bernholz, “Philanthropy and the Social Economy: Blueprint 2015”
- Gravelle and Sherlock, 2009 Congressional Research Service Report for Congress: An Overview of the Nonprofit and Charitable Sector
- Salamon, The State of Nonprofit America
- Stid and Shah, “The View From the Cliff” (www.bridgespan.org)

February 10 – Week Three

**Topic: Nonprofit Management: Theory and Practice**

This is the first of two classes devoted to the principles and practices of nonprofit management. This class will focus on the ideas of the leading thinkers on management – the late Peter Drucker and current guru Jim Collins. Drucker spent the last years of his life devoted to the nonprofit sector and Collins is spending more and more time trying to apply his ideas to the sector. But how does that thinking translate into real day-to-day management? We will also explore the role of outcomes in nonprofit management via the thinking of businessman and philanthropist Mario Morino and longtime nonprofit evaluation guru David Hunter. And, in a discussion with a top management consultant from the NYC nonprofit sector, we will explore what really works in the real world. We will also check in on the status of your team’s final project.

Guest Speaker: Don Crocker, CEO, Support Center for Nonprofit Management (www.supportcenteronline.org)

- Collins, *Good to Great and the Social Sectors*
- Drucker, *Managing The Nonprofit Organization* (Parts One, Two and Three)
- Download: “Volunteers,” Jefferson Airplane
February 17 – Week Four (MID-TERM PAPER DUE)

Topic: Nonprofit Management: The Manager as Leader

To get things done you need leaders. This seems especially true in the always resource starved nonprofit sector. What is leadership in the nonprofit sector? Is it different than in the private or public sectors? We will explore this critical dynamic by engaging two leaders in the field of social justice and youth development in what promises to be a provocative conversation about this vital important topic.

Guest Speakers: Laurie Parise, Founder and CEO, Youth Represent (www.youthrepresent.org) CEO; and Rich Souto, Chief Operating Officer, Harlem RBI (www.harlemrbi.org).

- Crutchfield and McLeod, Forces for Good (Chapters 1, 8 and 9)
- Hunter, Working Hard and Working Well (Chapters 2 and 3)
- Case Study: De La Salle Academy

February 24 – Week Five

Topic: The Role of Capital in the Nonprofit Sector

Money matters -- and it really matters in the nonprofit sector. Yet a proper system of accessing capital does not exist in the nonprofit sector the way it does in the private sector. Through a combination of philanthropy, government support and/or contracts, and if applicable, earned revenue, nonprofits cobble together revenue to survive and deliver services. But is this any way to grow or sustain a sector? To build additional capacity or scale up to serve more people? We will explore this question with a pioneer from the impact investing movement who has devoted a lot of time, energy and intellect looking at how to build better streams of capital for the third sector.

Guest Speaker: John Macintosh, Partner, SeaChange Capital Partners (www.seachangecap.org)

- Bugg-Levine, Kagut and Kulatilaka, “A New Approach to Funding Social Enterprise”
- Miller, “The World Has Changed and So Must We: Heron’s Strategy for Capital Deployment”

March 4 – Week Six (FINAL PRESENTATION DUE)

Topic: Team Presentations on NYC Neighborhoods

The final class will be mostly devoted to the final presentations by the teams on the neighborhoods they explored. Each team will present their analysis to a panel of nonprofit leaders/experts. Judges as well as fellow classmates will critique each presentation. The final hour of the final class will be focused on the key themes and ideas discussed during the class.

Guest Judge: Yancy Garrido, Senior Program Officer, The Clark Foundation
INSTRUCTOR BIO

Doug Bauer is Executive Director of The Clark Foundation. The Foundation focuses on helping individuals out of poverty and then leading independent and productive lives, and supports nonprofits and programs in New York City and Cooperstown, NY. Doug manages not only the Clark Foundation but is also executive director of the Skewen and Fernleigh Foundations. Together, the three foundations have assets over $800 million and provides over $35 million in grants, scholarships and programs annually. Prior to Clark, Doug was a Senior Vice President with Rockefeller Philanthropy Advisors (RPA) from 2002 to 2009 and led the organization’s Strategic Initiatives Team. Prior to joining RPA, he was a Vice President at Goldman Sachs and President of the Goldman Sachs Philanthropy Fund, the firm’s charitable gift fund. From 1997 to 2000, Doug was Director of Community Partnership at SmithKline Beecham (now GlaxoSmithKline) and Executive Director of the SmithKline Beecham Foundation, where he focused on community-based health care around the world. From 1992 to 1996, Doug was a Program Officer for Culture at the Pew Charitable Trusts. And from 1988 to 1992, he managed the Scott Paper Company Foundation. Doug’s opinions and ideas on philanthropy have been featured in the Associated Press, The Chronicle of Philanthropy, Contribute, the Financial Times, the Los Angeles Times, The New York Post, Stanford Social Innovation Review, The Wall Street Journal and on NPR, PBS and CNBC. Doug co-authored, with Steven Godeke, Philanthropy’s New Passing Gear: Mission Related Investing, A Policy and Implementation Guide for Foundation Trustees. Doug is a past chair of Philanthropy New York and current co-chair of its Public Policy Committee and also serves on boards or committees for Confluence Philanthropy, the Melalucca Foundation, The National Council of Nonprofits, and the Rockefeller Institute of Government. He is also an adjunct faculty member at the University of Pennsylvania and its School of Social Policy and Practice. Doug is a graduate of Michigan State University. He also holds a M.S. from Penn and a M.J. from Temple University.

TEACHING ASSISTANT BIO

Elise Miller is a third-year dual degree student at Columbia Business School and Columbia School of Social Work, pursuing an MBA and MSW. She was recently a Summer Associate at the Robin Hood Foundation, where she worked with grantees in the Jobs and Economic Security portfolio to strengthen social enterprise activities. Prior to graduate school, Elise worked as a Research Analyst at the Vera Institute of Justice and managed and analyzed data for national legal service programs for detained immigrants and unaccompanied immigrant children. She was also a Social Work Intern at Federal Defenders of New York, where she worked with incarcerated clients on reentry planning and sentencing mitigation, and was an MBA Intern at the Center for Employment Opportunities, where she conducted a feasibility analysis of a revenue-generating enterprise. Elise has volunteered teaching financial literacy classes in prisons and homeless shelters, preparing taxes at a credit union, and conducting food stamp outreach. Elise holds a BA in Philosophy, Politics and Economics from the University of Pennsylvania.