

MGMTB8545 High Performing Nonprofits

Spring 2024, 1.5 Credits

PROFESSOR AND TA INFO

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Office Hours: By appointment

TA: TBD

COURSE DESCRIPTION

Nonprofit organizations play a unique role in providing goods and services that address social, environmental or community needs. With unlimited ideas and low barriers to entry, the sector is composed of many organizations. The goal of the course is to study the solutions that work and how to build, manage and lead successful nonprofit organizations that can implement these solutions at scale.

Students will gain insights into the unique challenges and opportunities that nonprofit organizations face. We'll look at the complex public funding and policy environment many nonprofits must navigate. We'll also spend time exploring the strategic, financial, governance and leadership issues that nonprofit leaders face.

Throughout the course, we'll review case studies and other real-world examples to learn how the best nonprofits surmount significant barriers to produce great results.

REQUIRED AND RELATED COURSES

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.

STUDENT LEARNING OUTCOMES

By the end of this course, students will be able to:

- Define the unique characteristics of the nonprofit sector, including its mission-driven focus, financial considerations, and key stakeholders;
- Assess program effectiveness and impact measurement to understand whether an organization's activities align with its mission;

- Analyze nonprofit financial statements and apply financial management principles specific to nonprofit organizations, including budgeting and revenue generation; and
- Develop an understanding of board governance requirements and develop leadership skills for effective board participation and leadership.

METHOD OF EVALUATION

This course will meet once a week, and cover a variety of activities at each class. We'll focus a good portion of each session on case analysis.

In addition to class attendance, you'll be evaluated on:

- Weekly case (short) responses 10%
- Class participation 25%
- Case writeup 30%
- Additional assignment TBD 35%

CLASSROOM NORMS AND EXPECTATIONS

Core Culture

Students are expected to adhere to [CBS Core Culture](#) in this class by being Present, Prepared, Participating.

Inclusion, Accommodation, and Support for Students

At Columbia Business School we believe diversity strengthens any community or business model and brings it greater success. The School is committed to providing all students with equal opportunity to thrive in the classroom by providing a learning, living, and working environment free from discrimination, harassment, and bias on the basis of gender, sexual orientation, race, ethnicity, socioeconomic status, or ability.

Students with documented disabilities may receive reasonable accommodations. Students are encouraged to contact [Columbia University's Office of Disability Services](#) for information and to register for services.

Columbia Business School adheres to all community, state, and federal regulations as relate to Title IX and student safety. Read more about CBS' policies to support [Inclusion, Accommodations and Support for Students](#).

Honor Code and Academic Integrity

The [Columbia Business School Honor Code](#) calls on all members of the School community to adhere to and uphold the notions of truth, integrity, and respect both during their time in school, and throughout their careers as productive, moral, and caring participants in their companies and communities around the world. All students are subject to the Honor Code for all of their academic work. Failure to comply with the Honor Code may result in [Dean's Discipline](#). Here you can review [examples of Academic Misconduct](#) which may result in discipline.

Course materials (videos, assignments, problem sets, etc) are for your use in this course only. You may not upload them to external sites, share them with students outside of this course, or post them for public commentary without the instructor's permission.

Course Attendance Policies

First day attendance is required. Attendance and participation are critical to this six-week course. Students from all programs should review and be familiar with the [MBA Core Attendance Policy](#).

Course Communications

Communications from the instructor and teaching assistants about the course will take place through Canvas. Students should make sure they regularly check for announcements and messaging notifications.

COURSE ROADMAP

(Cases and readings are subject to change, but illustrate the topics we'll be covering)

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

We start the course with an overview of the nonprofit operating environment. We'll explore nonprofit economics and 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, illustrates some of the barriers that nonprofit organizations face. We'll also examine a few examples of success – within a single organization and across a larger system of actors.

Key Question: What are the strengths and weaknesses of existing tools used to evaluate nonprofit capacity?

Required Reading:

- Case Study: Youth Villages (HBS 9-309-007)
- Disruptive Innovation for Social Change (Harvard Business Review. Clayton Christensen. 2006)
- Organizational Capacity Assessment Tool (McKinsey)

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

What are the 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.

Key Question: In considering the potential merger of two job training programs, Suburban Job Link and Strive, what key issues should drive this decision?

Required Reading

- Case Study: Suburban Job Link and Strive/CES (Kellogg KEL063)
- Lofty Missions Down to Earth Plans (Harvard Business Review. V. Kasturi Rangan. 2004)
- More Bang for the Buck (Stanford Social Innovation Review. Alex Neuhoff. 2008)

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: How effective is the scorecard they've built? What alternative frameworks exist 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.

Key question: What are the strengths and weaknesses of Jumpstart's scorecard?

Required Reading

- Case Study: Jumpstart (HBS 9-301-037)
- Zeroing In on Impact (Stanford Social Innovation Review. Susan Colby. 2004)
- Drowning in Data (Stanford Social Innovation Review. Alana Snibbe. 2006)
- Calculated Impact (Stanford Social Innovation Review. Paul Brest. 2009)

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

What are the core differences between for profit and nonprofit financial treatments? We'll analyze seven diverse nonprofits and how their finances reflect their missions and operations. More broadly, what are the most common areas of risk, as well as missed opportunities to use strong financial management for better program results? Topics covered in this session will include general operating support and resource allocation, cost analysis, cash flow, operating reserves and capital structure.

Key question: what key financial metrics reflect the structure of the nonprofits in this case?

Required Reading

- Case Study: Identify the Nonprofit (HBS 9-195-215)
- Linking Mission and Money (Nonprofit Finance Fund. Clara Miller. 2001)
- Costs are Cool: The Strategic Value of Economic Clarity (Bridgespan. Susan Colby. 2003)

Session 5: Fundraising: Models and Techniques

Is revenue generation a 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.

What are the pros and cons of their different options? We'll also review major sources of funds and the do's and don'ts of going after each. Key questions explored in this session include: What do different revenue mixes imply about an 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?

Key question: what source of funds would you recommend Dana-Farber focus on?

Required Reading

- Case Study: Dana-Farber Cancer Development Strategy (HBS 9-599-104) (V. Kasturi Rangan)
- Sources of Financing for New Nonprofit Ventures (Harvard Business School)
- Ten Nonprofit Funding Models (Stanford Social Innovation Review. William Foster. 2009)

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

Leadership and governance are keystones of high performing organizations. What are some of the traits of a high performing board and some of the biggest obstacles? We'll also explore how to attract, develop and retain a quality team and talent. We wrap up by looking at avenues for your engagement in the nonprofit sector. Where do you have the best opportunity to make a difference?

Key question: what are the similarities and differences that nonprofits face in building a high performing board?

Required Reading

- What Business Execs Don't Know – But Should – About Nonprofits (Stanford Social Innovation Review. Les Silverman. 2006)
- The Dynamic Nonprofit Board (McKinsey Quarterly. Paul Jansen. 2004)
- Tongue-Tied at the Top (Stanford Social Innovation Review. Pete Smith. 2009)

Optional readings for each session

Session 1: Nonprofit Performance

- Business Principles: The Professionalisation of Charities. (The Economist. Anonymous. 9/30/2017) *Short and clear framing of the state of the MBA mindset and the sector.*
- Extreme Poverty Has Been Sharply Cut. What Has Changed? (New York Times. Tomkins, Lucy. 12/2/21). *We think the big problems are too big. Think again – while recognizing government's outsized role.*

Session 2: Strategy and Scale

- Building Capacity for Sustained Collaboration. (Open Impact/Sea Change. Heather Macleod Grant. 2021) *Merger case studies, supporting the ongoing call for increased collaboration.*
- Nonprofit mergers and acquisitions: more than a tool for tough times. (Bridgespan. William Foster. 2009) *Strong overview of how to do nonprofit mergers.*

Session 3: Impact

- Most Nonprofits Are Highly Effective. Check the Data. (Chronicle of Philanthropy. Elijah Goldberg. 2021) *A charity evaluator reflects on the (surprisingly good) results he found.*
- Can “effective altruism” maximise the bang for each charitable buck? (The Economist. Anonymous. 2018) *A growing social movement is trying to bring scientific rigor to philanthropy.*
- Why We Resist Treating Charities Like Investments. (MarketWatch. Alixandra Barasch. 2016) *Choose a cause with your heart and an organization with your brain.*
- What We Mean When We Say Evidence Based Medicine. (New York Times. Aaron Carroll. 2017). *A light overview of the complexities in using data to drive medicine. Since the pandemic, we're all experts.*
- Bill Gates: My Plan to Fix the World's Biggest Problems - Measure Them! (Wall Street Journal. Bill Gates. 2013) *Bill Gates articulates the case for measuring nonprofit impact.*
- Melinda French Gates Says Her Future Giving Will Be Guided by Feedback from Nonprofits, Not Just Metrics. (Chronicle of Philanthropy. Alex Daniels. 2022). *Melinda Gates punches back this spring with an alternate approach.*
- AEI's President on Measuring the Impact of Ideas. Harvard Business Review. Arthur Brooks. 2018). *An advocacy leader shows how he put impact at the core of his decision-making.*
- Data at the Speed of Life. (Chronicle of Philanthropy. Marc Gunther. 2016) *Neat overview from one of lead evaluators of international impact work.*

Session 4: Finance

- How the Rich Are Hurting the Museums They Fund. (New York Times. B. Davis. 2016) *The disconnect between funding sources and uses.*
- St. Jude Hoards Billions While Many of Its Families Drain Their Savings. (ProPublica. David Armstrong. 2021) *A very deep dive into the tradeoff of spending today or saving for tomorrow.*
- Social Entrepreneur's Quandary: Nonprofit or For-Profit? (New York Times. Esha Chhabra. 2013)
- Social Entrepreneur Transforms a Nonprofit into a Money-Making Enterprise. (New York Times. Esha Chhabra. 2013)
- Lightbulb Moments for a Nonprofit. (New York Times. Christine Larson. 2014)

Session 5: Fundraising

- What I Learned from the Nonprofit News Revolution. (Columbia Journalism Review. Richard Tofel. 2021) *Great advice across the board, with a focus on fundraising.*
- New Effort Has Doctors Turn Patients into Donors. (New York Times. Gina Kolata. 2015). *More details on Dana Farber's fundraising – and the complexity of raising money from patients.*
- Wounded Warrior Project Spends Lavishly on Itself, Insiders Say. (New York Times. Paul Jansen. 2016) *Great cause with too much money and too little accountability.*
- How Nonprofits Helped Fuel the Opioid Crisis. (Chronicle of Philanthropy. Jim Rendon. 2022) *An expose on the danger of misusing the nonprofit halo.*
- Our Feel-Good War on Breast Cancer. (New York Times. Peggy Orenstein. 2013) *Same theme, not as much corruption, worth reading.*

Session 6: Leadership and Talent

- Mindset of a Social Entrepreneur. Harvard Business School (2021) *Three pages to skim on the characteristics needed to succeed.*

Optional Books

These books make excellent supplements to the topics covered in this course, listed below in priority order:

- Good to Great and the Social Sectors (Jim Collins. 2011)
- Winners Take All: The Elite Charade of Changing the World (Anand Giridharadas. 2019)
- They Told Me Not to Take That Job (Reynold Levy. 2015)