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Local Forces for Good

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Local Forces for Good

The authors of the influential book *Forces for Good* examine how their framework for creating high-impact nonprofits applies to local and smaller organizations.

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ILLUSTRATION BY CHI BIRMINGHAM

Of the more than 1.5 million nonprofits in the United States, the vast majority are local groups striving to achieve maximum results while operating on budgets well under \$1 million. Most aim to deepen their impact within the local community, rather than increase their reach by scaling up nationally. So how do the six practices outlined in our book *Forces for Good* apply to smaller groups, when we originally studied only large national and global nonprofits such as Habitat for Humanity, Teach for America, and the Environmental Defense Fund? Phrased differently, can the six practices of high-impact nonprofits be applied by local and smaller nonprofits as well?

During the five years since our book was published, this was the question we most frequently encountered as we shared our ideas with thousands of organizations, including many smaller, locally focused nonprofits with modest budgets. Although we had a strong intuition—and increasing anecdotal evidence—that nonprofits of all sizes could benefit from the six practices, we hadn't studied any local organizations until we undertook an updated edition of *Forces for Good* (published this spring by Jossey-Bass/Wiley). Last summer, we conducted new research on 13 high-impact local nonprofits with budgets ranging from \$800,000 to just under \$5 million that were applying some or all of the six practices we'd uncovered in our original research.

The big insight in our original work was that high-impact nonprofits focus on mobilizing forces beyond

their four walls, rather than worrying only about internal management or scaling up their organizations. The most successful nonprofits, we found, spend most of their time trying to change entire systems by advocating for government policies, tapping into the power of free markets, nurturing nonprofit networks, and building movements of evangelists—individual volunteers and supporters who advance their cause. And to be effective at influencing *external* systems, they share leadership *internally* and adapt quickly to changing conditions. These then were the six practices that great nonprofits use to have markedly more impact than their peers.

It was a fresh way of defining nonprofit success, and our initial framework seemed to resonate in the field. Subsequently, we've observed a shift in the mindset of many social sector leaders—not just because of our work, but because others are writing and talking about similar themes as well. If the 1990s and 2000s were about scaling up organizations and social innovations, more recently attention has shifted to understanding how large-scale social change happens through more collaborative approaches to scaling out impact. Today there is increased focus on how nonprofits tap into larger social and organizational networks and how they operate within the entire ecosystem of actors that influence societal issues. The frame of “Collective Impact,” introduced by John Kania and Mark Kramer of FSG in the winter 2011 issue of the *Stanford Social Innovation Review*, captures how key actors from every sector must join together in disciplined collaboration if they want to solve entrenched problems. This has also been a focus of the Monitor Institute's work on leveraging networks for social change. The onus is now on leaders



of all sectors—not just nonprofits—to stop acting in isolation and start systematically employing cross-sector approaches.

These shifts hold significant implications for all nonprofits—local and smaller groups in particular. For although these nonprofits still operate on shoestring budgets, they are now being told they also need to operate “outside their four walls” and create “collective impact” by working across sectors, building peer networks, and influencing local government policies and markets. Yet all the while they must still deliver quality programs, raise funds, and keep the lights on. It’s a tall order—one made even more challenging by the recent recession.

So it’s no surprise that many local and smaller nonprofits questioned the applicability of these external practices. And it’s exactly this question that prompted us to undertake our recent research to understand how local groups can leverage the six practices to do more with less. Because they are smaller and often resource-constrained, local nonprofits have to be creative in how they expand impact beyond their four walls. But successful groups don’t let their modest budgets deter them from achieving outsized impact.

WHAT’S DIFFERENT ABOUT LOCAL NONPROFITS?

Smaller and local nonprofits clearly face different challenges from those of larger groups operating at national or global scale—but being locally focused has distinct advantages as well. It also influences how these organizations employ the six practices, and means that they often build them out in a different order from nonprofits seeking to scale up as they scale out their impact.

The most obvious challenge is that local nonprofits are often resource-constrained. Because they serve only one community or region, their budgets are smaller than those of national or global nonprofits, and they are less likely to have economies of scale (shared back-office infrastructure, for example). This also means their funding options are more constrained—it’s harder to attract the attention of national funders or corporations, and private philanthropy is often limited to wealth in the local community. Plus, most local service providers receive a majority of their revenue from government grants or contracts (40 percent on average), so many are highly dependent on a single funding source, which puts them at greater risk.

But it’s not just about financial resources. As a consequence of smaller budgets, these nonprofits have more constrained human resources as well, often operating with a small paid staff, whose time must be focused on delivering quality programs, raising funds, managing the organization, and undertaking administrative tasks. In addition, most stand-alone local nonprofits don’t have immediate access to the knowledge or skills of peers, as do local affiliates of larger federated networks. So they don’t have an obvious place to share their successes, failures, and lessons learned.

And yet being local and smaller also has distinct advantages. Local nonprofits can build lasting bonds with community residents and better understand what works on the ground. They intimately know their volunteers, donors, local officials, business leaders, and other

stakeholders, and they can foster a sense of ownership and pride among local residents. Consequently, community-based organizations can also more easily build a trusted brand—it’s easier and less costly to reach a smaller market of supporters, and often they are one of a handful of players in town tackling a particular issue. Last, because they are smaller, it’s easier for local nonprofits to adapt quickly and respond to changing circumstances—they don’t have to cascade change throughout a large and distributed organization.

Looking through this lens of local challenges and advantages, we began to see how some of our six practices lend themselves more naturally to adoption by local nonprofits than do others, and how some were more challenging to employ. Yet to a one, we saw how the practices were applied in creative ways to suit local circumstances. Here are examples of what we found in studying local nonprofits and how they reshaped our understanding of the six practices.

THE SIX PRACTICES APPLIED LOCALLY

1. Share Leadership | The biggest breakthrough in our thinking occurred as we looked at how local nonprofits approach the practice of “sharing leadership.” It stretched our understanding of this practice, extending the notion of leadership to one that blurs internal and external boundaries. Originally, we had defined shared leadership primarily as an internal organizational trait—the ability of the CEOs of the 12 national nonprofits to share responsibility and authority with their COOs, senior management teams, boards, and other critical stakeholders. This makes sense in the context of a larger organization already operating at scale, with many layers of management.

But as we studied local and smaller nonprofits, we saw clearly that the shared leadership concept extended to groups and individuals outside the organizations’ four walls—blurring the lines between this practice and the practices of “nurturing nonprofit networks” and “inspiring evangelists.” We observed local nonprofits extending extraordinary levels of responsibility to outside volunteers and even leaders of partner organizations within community networks.

Consider Meet Each Need with Dignity (MEND), a holistic social service organization based in Southern California’s San Fernando Valley—one of the most impressive examples of this trait. MEND was launched in 1971 by a small group of Catholics and Protestants to help residents of their community in need. Today the nonprofit offers an array of programs, including hot meals and showers for the homeless; affordable medical, dental, and vision care; adult job training; and student tutoring. As if that weren’t enough, MEND is a food bank as well, supporting 30 smaller charities in the region.

In all, MEND serves as many as 32,000 people each month. Since the recession hit in 2008, applications to some MEND programs have increased 400 percent, yet the organization has never had to waitlist a person for food, clothing, or educational services. How does an organization with just 24 paid staff administer this vast offering of services without maxing out on its capacity? The answer is to share leadership—in this case, extending leadership out to its networks of evangelists and other local nonprofits.

MEND has met increased demand by expanding its volunteer force by nearly 25 percent and its total number of donated hours by 39 percent—the equivalent of adding more than 20 full-time employees. About 3,200 MEND volunteers now donate nearly 13,000 hours to the organization

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each month. And these volunteers don't just provide services; they also participate heavily in organizational leadership and in setting strategy. Volunteers write grant proposals, mount public relations campaigns, lead orientations with other community organizations, and manage shifts in the food bank and medical clinic.

"When I talk about sharing leadership, people say to me, 'Volunteers can't do that,'" says MEND CEO Marianne Haver Hill. "But when volunteers are educated about the mission and a performance standard is set, their leadership provides a tremendous advantage." MEND also shares leadership within the organization. Haver Hill recently installed Jenny Gutierrez as COO to oversee all programs and facilities, while she focuses more of her time externally on public relations, fundraising, and development. This job split has enabled both women to have

more impact and to feel less overwhelmed.

Sharing leadership is a nuanced practice that requires nonprofit executives to empower others and learn to let go, because inherent to the practice is relinquishment of some control. It's hard enough to do within an organization, let alone in a larger distributed network. We concluded that two driving forces seem to enable local nonprofits to do this.

First, sharing leadership is driven by necessity. Because local non-

profits are typically resource-constrained, they don't have the budget to build large senior teams or have layers of management. These groups face intense pressure to demonstrate that every dollar is spent as efficiently as possible on programs. So having volunteers provide leadership and services "off the balance sheet" is a creative work-around.

Second, high-impact local nonprofits share leadership because they can. Successful groups with a strong local presence build lasting local relationships and have multiple touch points with volunteers, trustees, and partners in the community. This creates a web of informal accountability that reduces much of the risk of extending authority outside the nonprofits' four walls.

2. Inspire Evangelists | The practice of "inspiring evangelists" is closely related to sharing leadership among local nonprofits. In our original research, we concluded that in order to inspire evangelists, high-impact nonprofits needed to create meaningful experiences and foster strong emotional attachments for volunteers and supporters. Many of the local nonprofits we studied are particularly adept at creating this "sticky" experience.

Why are they able to do this so well? Because inspiring evangelists plays to one of the distinct advantages that local nonprofits have over large national groups. Through neighborhood-based nonprofits, community

residents can become more personally and deeply engaged in issues than they typically could with a national or global organization. Volunteers can physically visit the soup kitchen or food bank and bring along their children. They can spend time reading to the elderly who were born, raised, and retired there. They can mobilize their friends and social networks to build playgrounds, houses, or contribute to a cause. (In fact, it's one reason that many federated networks maintain local chapters—so they can build these local relationships and deliver local services.)

The road to inspiring local evangelists starts with persuasive storytelling—about the organization's mission, values, and impact—to establish that first strong emotional bond with supporters. One local nonprofit that does this extremely well is Partnership to End Poverty, which strives to eliminate poverty in rural Oregon through economic development.

Two years ago, CEO Scott Cooper had grown weary of his typical PowerPoint presentation and decided to do something different when asked to speak at a local lunch. He titled his talk "What You Don't Know About Me," and called on two prominent community members to help deliver his message.

First, Cooper asked the audience to list some stereotypes of people living in poverty. "Dirty," one audience member volunteered. "Mentally ill." "Unmotivated." "Uneducated." "Minority." Then he asked a well-known local city manager to approach the microphone. This man talked about how he was raised as a migrant worker with seven siblings, crossing the western United States, attending 22 schools, and at one point being placed in special education because he was academically behind. Yet today he was a well-known civic leader.

A city councilmember spoke next. She shared how she'd been a successful bank vice president in Denver, but lost her job. When she gave birth to a baby who was lactose intolerant, she couldn't afford the special food the baby needed. The woman says she would lie on the floor and wish to die. "Do you know what it's like when you can't feed your own child?" she asked a stunned audience. She was saved by kind neighbors who quietly slipped coupons under her door. "No one knew those stories—and there wasn't a dry eye in the house," Cooper says. "There are more people who have those stories than you'd think."

Once a local nonprofit has captured people's attention with its story, it then needs to create meaningful experiences for supporters that cement their commitment. For Partnership to End Poverty, that vehicle is Project Connect, a volunteer-driven social service delivery system. "We have 800 people volunteering at our events," Cooper says. "They are on the ground, getting hands-on experience about what it means to live in poverty. We then provide them with a kit so they can frame a conversation, go run a program, or talk about the subject." Cooper calls Partnership's evangelists his "boots on the ground," relying on them to provide knowledge of what's happening in the field and to inspire other local evangelists.

3. Nurture Nonprofit Networks | Over and over, as we encountered high-impact local nonprofits, we observed that they intuitively understood the potential for working through peer networks rather than going it alone. And for every one of the groups we studied, investment in networks was not only a strategic choice, it was often a means of survival. Building networks can at first seem altruistic, but ultimately it's more akin to enlightened self-interest.

As we studied how local nonprofits apply this practice, we also gained new insights into how the practice of nurturing nonprofit networks is

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closely interwoven with inspiring evangelists and sharing leadership. Attracting and cultivating relationships with individual supporters can be a first step to creating trust with people who lead and work for peer nonprofits. These social ties can form an important building block in the process of creating more formal organizational networks. Ultimately, fostering networks can provide real benefits to a local nonprofit—it helps them to share resources and ideas, learn new approaches, engage others in their cause, capture economies of scale, and coordinate actions across sectors to achieve impact.

That's not to say working through networks is always easy, nor is it the obvious choice. There is a growing pressure in the social sector for nonprofits to measure and report on the results of their work. This reinforces organization-centric behavior, rather than collaboration, as well-intentioned donors and government agencies try to pick the very best nonprofits without regard to the larger system in which these groups operate. And when nonprofits do work through networks, it's harder to measure impact and to assign causality. "It is a little hard to get the credit we perhaps deserve when it comes to articulating our impact," says Cooper. "But that's the deal you make. You need the network to have impact. If we worked alone, we'd have a far worse problem."

Partnership to End Poverty provides an excellent example of a local networked approach. With a small staff and a budget of \$650,000, this nonprofit aims to eliminate poverty among 20,000 Oregon residents. Cooper began building a formal network in 2009, when he came across data that he found stunning: Nearly half of all referrals to Partnership's services came from faith-based groups, and the vast majority—85 percent—were directed to the wrong agency.

"There was a chronic inefficiency in our system," Cooper says. "The denominations didn't work together or talk to each other. They didn't have reason to." So Cooper convened a series of meetings among local faith-based agencies to lay the groundwork for a more formal network. His goal: enable each organization to improve outcomes for low-income clients through better coordination among all the agencies.

Cooper structured the network into five teams and introduced regular monthly meetings. They quickly identified redundancies in their services and learned how their referrals to social service groups could be expedited. As the network grew and trust was developed among members, they also learned to talk candidly with each other about their challenges or share the learning of groups that were stronger on certain issues. Partnership's strategy of nurturing a local nonprofit network has paid off already: A group in Madras, Ore., created a coordinated intake system for all clients seeking help from faith-based institutions. "Now we have clothing banks, food banks, and community gardens all working together," Cooper says.

Because groups like Partnership and MEND are focused on advancing larger causes, they intuitively build peer networks, empower individual supporters, and share leadership. In turn, these practices lend themselves to adoption by successful local nonprofits because they don't require huge additional investments of financial or human capital. By contrast, the next two practices are harder to employ because they require resources and expertise that many local nonprofits lack.

4. Advocate and Serve | As we learned, this practice presents real challenges for local and smaller nonprofits. It forces them to confront serious resource constraints and to consider trade-offs that many aren't prepared to make. So it's not surprising that this practice received the

most skepticism from local and smaller nonprofit leaders as we presented our research findings at workshops. We heard local nonprofits protest that they couldn't afford to hire lobbyists, and even if they did scrape together the resources, some feared risking government grants and contracts or losing donors. We also heard local donors question whether advocacy—in particular, policy lobbying—was even legal for nonprofits. (It is, as long as conducted within specified parameters.)

We observed three main obstacles preventing more widespread adoption of this practice among small and local nonprofits. First is a lack of funding and resources. The vast majority of local nonprofits are service providers. So as some considered venturing into advocacy, a big hurdle was convincing funders—who were often reluctant to underwrite indirect activities that didn't produce immediate results—to support efforts to change policy. Compounding the problem was that local funding sources could be limited, and tapping into national foundation grants is ambitious for any local nonprofit.

Second, even if a local nonprofit could find funding, employing an advocate or lobbyist on staff was usually out of the question. The legal parameters around lobbying specify that only a relatively small percentage of a 501(c)(3) nonprofit's budget can go toward lobbying, and hiring the equivalent of a full-time employee would throw that proportion out of balance. Also, even if it were legally permissible, most local nonprofits could not afford to spend that much on a non-direct service position.

Last, local nonprofits faced another very real constraint to advocacy—overcoming both their own aversion to it and fears among their supporters of becoming too political. As a result, it's easier to avoid advocacy, rather than take on the dual challenge of raising money while also convincing donors of its worth.

Given these barriers, it's understandable that local nonprofits shy away from combining service and advocacy. Still, we encountered numerous local nonprofits that had overcome these barriers—demonstrating that this practice is difficult, but has potential for great leverage.

Take Regional Youth Adult Social Action Partnership (RYASAP), a \$3.2 million organization based in Bridgeport, Conn. This nonprofit aspired to improve the lives of local young people involved in the Connecticut court system, which formerly had one of the highest rates of adult incarceration of juveniles in the United States.

RYASAP started out providing mostly counseling services to court-involved youth, but by 2001 executive director Bob Francis realized that if he wanted to help tens of thousands of young people rather than the few hundred served directly by RYASAP's programs, he would need to

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venture into advocacy. He joined forces with a broad coalition of local nonprofit service providers, child advocates, judges, law enforcement officers, caseworkers, and other representatives from the juvenile justice system to address the problem collectively. With a seed grant from the Tow Foundation, a local family foundation, the groups formed the Connecticut Juvenile Justice Alliance (CTJJA) to coordinate their actions and lobby for policy change.

Instead of dedicating the time of an internal staff person to lead the lobbying effort, RYASAP offered to house the CTJJA, which in turn hired a lobbyist. That way, the broader coalition shared the resource; no single local nonprofit had to pay—or account for—a full-time advocate.

The CTJJA was ultimately instrumental in achieving significant legislative reforms, including replacing the local juvenile court and detention center, moving youth care out of centralized state facilities and into local residential communities, and raising the age of jurisdiction from 16 to 18 years (this is the age at which a young person could be tried and sentenced as an adult). As a result, recidivism and juvenile incarcerations have decreased, and low-income youths in Connecticut's system are now receiving much fairer treatment.

It's a striking example of how one relatively small nonprofit, by working across sectors and advocating in coordination with its peers, can contribute to statewide impact.

5. Make Markets Work | We received slightly lower levels of skepticism around the practice “make markets work.” In our original research on large national nonprofits, we identified three ways high-impact groups harness market forces to drive change. They can change business practices, partner with businesses, or run a business such as a social enterprise. Each of these activities requires an ability either to gain access to, or to manage, for-profit companies—a capability that not all local nonprofits have. Nevertheless, given cutbacks in government funding and philanthropy, the most enterprising local nonprofits have found ways to make markets work on behalf of their cause and provide financial stability to boot.

Take Live Local Alberta, a nonprofit founded in 2007 that helps Canadians in Edmonton eat, dine, and shop locally. It started when the group's founder, Jessie Radies, a former PepsiCo executive, discovered how challenging it was to source local, sustainable foods for a restaurant she and her husband had opened. So she reached out to form networks with local growers and independent restaurants to try to make the local food system more efficient and effective.

Ultimately, Live Local helped build a local sustainable food market while also contributing to the regional economy. Today the nonprofit offers more than 800 food products from more than 70 Alberta food producers and growers on its website, where the products can then be purchased by individual consumers and restaurants. Live Local runs the supply chain infrastructure as well, from warehousing to delivery.

The nonprofit has built a business model that allows it to thrive without relying heavily on charitable contributions. It generates 75 percent of its \$1 million annual budget through various earned income streams. Live Local charges membership dues to its network, takes a small percentage of revenue from food passing through its online and distribution platform, sells gift certificates to local restaurants, and runs a loyalty program. “We operate a lot of our programs like a business—there has to be a revenue stream *and* a benefit to the community,” says Radies. “We're always looking for the win-win-win.”

6. Master the Art of Adaptation | The last practice, adaptability, is an elemental trait that enables high-impact organizations of any size—local, national, or global—to employ the other five practices. At its core, adaptability entails the ability to perceive changes in the external environment and respond with innovative solutions. It requires being open to new inputs and putting into place intentional systems that enable organization-wide learning and reflection. Adaptation begins with listening for external cues in the environment and looking for opportunities to increase impact. Then it continues through a cycle that includes three additional components: experimentation and innovation, evaluation and learning, and modification of programs and plans.

Each of the stories we've shared in this article illustrates how local nonprofits have mastered the art of adaptation. When Partnership to End Poverty recognized it couldn't effectively serve the population of central Oregon alone, it launched a regional network of faith-based and social service nonprofits to create greater impact. RYASAP moved into advocacy when it realized that it could help change tens of thousands of young people's lives while still directly serving several hundred annually. Live Local Alberta forged networks of independent restaurateurs and food providers to create a new market for locally sourced and prepared food. And when MEND faced rising demands for its social services, it mobilized, trained, and managed a network of more than 3,000 volunteer evangelists—the majority of whom are responsible for directly providing services and helping run the organization. In the process, MEND extended our understanding of what it means for high-impact nonprofits to share leadership beyond its own four walls. In each of these cases, the organization demonstrated an ability to perceive changes in its environment and introduce new programs and approaches—often taking enormous risks.

GROWING MORE LOCAL FORCES FOR GOOD

Studying high-impact local nonprofits has stretched our thinking about how organizations can achieve greater results by applying the six practices—and even prompted us to reframe how we originally conceived some practices, such as shared leadership. The findings are relevant to nonprofits of all sizes, because they imply that national and global organizations stand to learn from their local counterparts, as well as the other way around.

We believe that it is now more important than ever that local and smaller nonprofits embrace these practices. We have seen how they can help local groups achieve greater impact with limited resources—even in these challenging economic times. And as field-wide thinking evolves and more emphasis is placed on fostering networks, understanding ecosystems, and galvanizing collective impact, local nonprofits must be at the forefront of adopting these changes. Local and smaller nonprofits make up the bulk of the social sector, determining how the vast majority of the \$300 billion given in the United States each year is spent. They are the vanguard of social change. It is imperative that they maximize impact—and these practices are the best ways we've uncovered so far to do this. ■

The revised and updated edition of the book *Forces for Good* (Jossey-Bass/Wiley 2012), by Leslie R. Crutchfield and Heather McLeod-Grant, includes new research on local and smaller nonprofits and updates on how the original 12 high-impact featured nonprofits have fared since the 2008-09 global recession.