



## What Is Nonprofit Strategy?

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Nonprofits differ from their counterparts in the for-profit world, and these differences must be made clear as they set out to create strategy. While for-profit organizations are primarily concerned with producing profits and beating their competition, nonprofits are primarily concerned with accomplishing their missions—making a difference for society. Therefore the objective of nonprofit strategy is to guide the organization on the way to mission accomplishment.

### WHAT IS STRATEGY?

The concept of strategy is often misunderstood in all sectors—corporate, government, and nonprofit. Hence the plethora of strategy consultants and books (here's another) abound. So let's begin by simplifying.

*Strategy is an integrated and coherent explanation of how an organization is going to guide its performance in the future. It explains how its essential operations will interact with one another, and within the organization's environment, to produce effective performance.*

We'll now look at the different parts of this definition.

### An Integrated Explanation of Performance

Many authors point out that the historic roots of strategy come from the military. For example, "The term *strategic* is derived from the Greek *strategos*, meaning 'a general set of maneuvers carried out to overcome an enemy

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during combat’” (Nutt & Backoff, 1992, p. 56). Using the same military mind-set, Hambrick & Fredrickson (2005) call strategy “the art of the general” and explain that “Great generals think about the whole. They have a strategy; it has pieces, or elements, but they form a coherent whole. Business generals . . . must also have a strategy—a central, integrated, externally oriented concept of how the business will achieve its objectives” (p. 52). Others build on this militaristic concept to describe strategy more generally for organizations as “determining *what* an organization intends to be in the future and *how* it will get there” (Barry, 1986, p. 10).

When many organizations discuss their strategy, they end up listing pieces or elements without an explanation of how these are integrated into a whole. For example, organizations will list goals, initiatives, and/or plans without an explanation of how these are connected to one another. In fact, any connection between these various elements is often unclear. It’s not that goals and initiatives and plans are bad, it is just that without an explanation of how they fit and interact together to move the organization forward, they do not constitute a strategy.

Explaining a strategy is like telling a story that has a beginning, middle, and end. As we think back to the example of generals, we can imagine them talking with their troops to explain what they are about to do: “First, we are going to . . . then some of you will . . . which will then allow others of us to . . . and that will give us the opening to . . . which will lead us on to victory.” Note how the actions in this simple example are connected with one another. Many people refer to strategy as a cause-and-effect story that describes the journey from the present to the desired future. Certain actions create certain effects, which then allow new actions to be taken, and so on. The strategy story becomes the guiding narrative for the organization’s future activities.

In order for a strategy to work well, the various strategic actions taken need to have positive interactions. They need to produce a positive reinforcing cyclical effect upon one another so that the collective result of the actions propels the organization into the future. We know that organizations can find themselves in vicious downward spirals. Good strategy creates a virtuous positive spiral toward high performance (Senge, 1990).

The importance of these positive interactions is central to the concept of systems thinking. Systems thinking seeks to understand an organization as a whole. It looks at how the different parts of the organization interact and

affect one another. Rather than analyzing each part of the organization separately, the parts are looked at synthetically. Russell L. Ackoff, one of the leaders of the systems thinking approach, describes one of the tenets of this approach: “A system’s performance is the product of the interactions of its parts” (1999, p. 33) rather than the sum of the performance of the parts or “how they act taken separately” (1999, p. 9).

Crafting strategy, this cause-and-effect story, is a creative act, not an analytical function. It is a process of considering the organization’s current situation, such as its SWOTs (strengths, weaknesses, opportunities, and threats), looking at the organization’s desired future, and designing a set of actions which will catapult it forward. Typically, an organization will want to leverage strengths, seize opportunities, fortify weaknesses, and block threats. These orchestrated actions all make up the cause-and-effect story. In this sense, there is no such thing as a right or wrong strategy and a strategy cannot be figured out. It needs to be generated from the strategist’s understanding of the current situation and commitment to pursuing the organization’s future intentions. This is what Henry Mintzberg refers to as “strategic thinking” as he compares it to the analytical function of “strategic planning”: “Strategic thinking, in contrast, is about *synthesis*. It involves intuition and creativity. The outcome of strategic thinking is an integrated perspective of the enterprise, a not-too-precisely articulated vision of direction . . .” (1994, p. 108).

While a strategy may not necessarily be right or wrong, it can be sufficient or deficient. If the strategy does not coherently explain how the various strategic actions it is going to take are integrated with one another and/or does not explain how these actions will work together to create a virtuous cycle of performance, then it will serve as little future guidance to the organization.

In order to further understand the essential elements of the strategy story, it is helpful first to understand the essential elements of the means of organization performance.

### **Essential Elements of Performance**

Many different aspects of an organization need to work together well in order for it to achieve high performance. This is true regardless of the type of organization it is—for-profit, government, or nonprofit. The strategy

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definition we are working from states that strategy *explains how its essential operations will interact with one another, and within the organization's environment, to produce effective performance*. The “essential operations” of an organization are its primary means of performance.

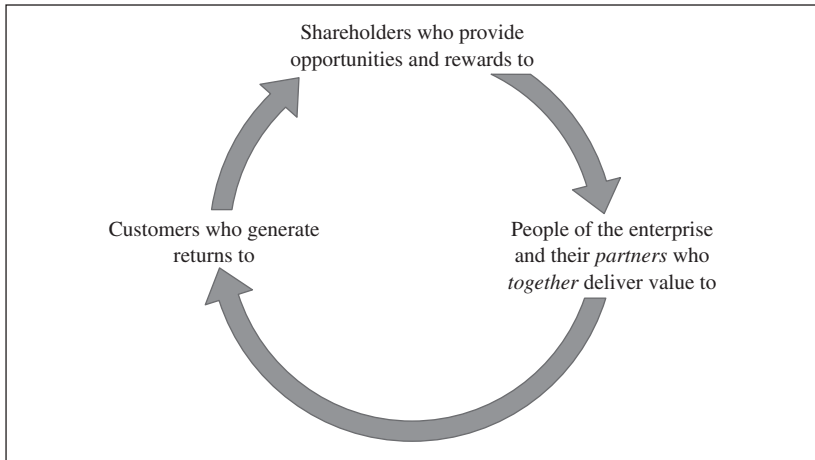
In his book *Make Success Measurable!* (1999), organization expert Doug Smith outlines the essential elements of an organization's operations, which it needs to integrate in order to be successful. These activities are essential for organizations from all three sectors. The categories of activities can be thought of as financing, staffing, and provision of products/services/programs of value.

These categories of activities will make intuitive sense to most people who are familiar with running an organization. The categories cover essential questions:

1. What products/services/programs of value are we going to provide and to whom?
2. Who do we need to hire to provide the products/services/programs?
3. How do we finance all of this activity?

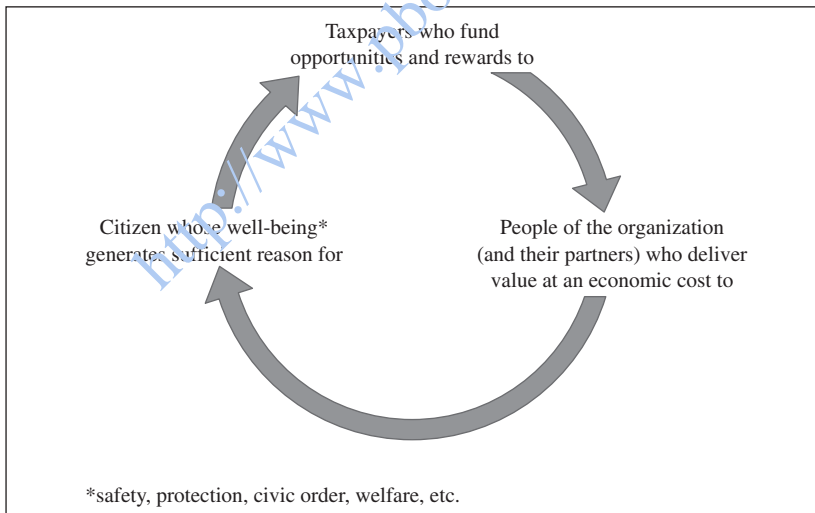
The specific ways the activities are carried out will vary within different sectors, but answering these questions is essential to each. Smith explains that organizations must create a “reinforcing cycle” of actions that connects the three categories of activity so that they build upon one another to create a “cycle of sustainable performance.”

For the for-profit entity, the cycle includes shareholders who provide opportunities and rewards to people of the enterprise and their partners who provide value to customers who generate returns to shareholders . . . and the cycle continues (see Figure 1.1). Each of the three parts of the cycle benefits from the other two and contributes to them as well. Smith then changes the terminology slightly to demonstrate how the same logic works for government and nonprofit organizations. In government, shareholders are taxpayers, while in nonprofits they are funders. In each case, though, the function is about financing the operation. Customers become citizens in the government model and beneficiaries in the nonprofit model. In this case, it is all about providing products/services/programs of value regardless of the sector (see Figures 1.2 and 1.3).



**FIGURE 1.1** Cycle of Sustainable Performance (a)

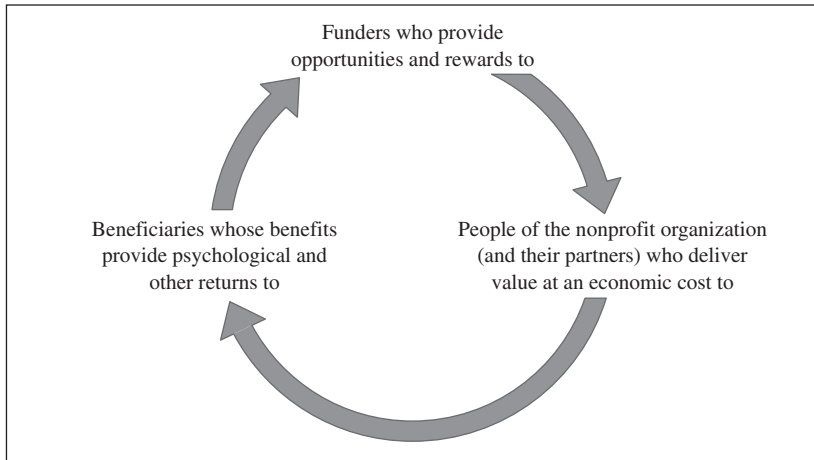
Source: Douglas Smith, *Make Success Measurable!* (1999). Reprinted with permission of John Wiley & Sons, Inc.



**FIGURE 1.2** Cycle of Sustainable Performance (b)

Source: Douglas Smith, *Make Success Measurable!* (1999). Reprinted with permission of John Wiley & Sons, Inc.

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**FIGURE 1.3 Cycle of Sustainable Performance (c)**

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For each sector, the same cause-and-effect logic applies to the explanation of how strategic actions in one area of the organization's operations will impact the others. Smith calls this logic a "performance story," and he points out the "cyclical interdependence" that each area has on the others.

Consider some examples of this cyclical interdependence in the non-profit world:

- If not properly financed, then a nonprofit will not be able to retain the quality or quantity of staff it needs. Therefore, it needs to figure out how to be well financed.
- If the appropriate quantity and quality of staff (and/or volunteers) are not attracted and retained, then it will not be able to provide programs and services well. Therefore, it needs to figure out how to attract and retain staff and/or volunteers.
- If programs and services are not provided well, then funders (which can include those paying fees for service) will not renew their support. Therefore, it needs to figure out how to provide programs and services well.

Without all three of these areas of activities working well and positively feeding off of one another, the cyclical interdependence breaks down and performance is not optimized.

So as organizations answer the three questions posed at the outset of this section, they need to be sure that their plans in each category positively interact with their plans in the other categories. Since the answers to these questions are essential to the organization's performance, they are also essential to the organization's strategy and need to be included in the organization's strategy story.

The three essential elements of staffing, financing, and products/services/programs are the "means" of performance, and they need to be addressed by organizations in all three sectors. However, an important way that the for-profit, government, and nonprofit sectors differ is by their core purpose—why they exist. Therefore, while they have similar categories of means of production and performance, their ends are quite different—and this will impact how they craft strategy.

## STRATEGY GUIDES PERFORMANCE

The purpose of having a strategy is to guide the organization toward its desired future. In other words, the strategy guides the organization's performance. With this in mind, we can examine the different ways in which for-profit and nonprofit organizations think about performance and then look at implications for strategy.

For a number of decades, consultants and authors have taken the general idea of strategy—built upon its militaristic past—to design methods for corporate organizations to craft and implement strategy. In more recent years, nonprofit organizations have begun seeing the value of strategic planning. They have attempted to take methodologies used in the for-profit world and apply them to nonprofits.

The results of these efforts have been mixed. The difficulty in translating for-profit methods of strategy development into the nonprofit world was one of the motivating forces behind a research forum sponsored at Harvard in 1998. From their work with nonprofit practitioners, the conveners stated, "The feedback from these practitioners was that strategy models developed for for-profit organizations were relevant for their purposes, but these models required significant modification

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or adjustment to work in nonprofit settings” (Backman, Grossman, & Rangan, 2000, p. 2).

While numerous books and articles on nonprofit strategy have been produced since this conference was held more than 10 years ago, nonprofit executives still find difficulty in applying for-profit methods to their unique situations. The development of modifications and adjustments that need to be made in for-profit methodologies of strategy development, in order for them to work for nonprofits, begins by examining the key differences between the two types of organizations—their reasons for being and their notions of performance.

### **For-Profit Performance**

For-profit organizations typically judge their performance by various perspectives on how much profit they make. They have investors who expect a return on that investment. Many companies will also monitor metrics such as customer and/or employee satisfaction, but most do this as a means to the important end of making profit. Some companies may take a shorter-term view of profits (e.g., most companies listed on the New York Stock Exchange) while some may focus on the longer term (e.g., Berkshire Hathaway). Some may look at different permutations of profit, such as price of traded shares or return on invested capital. But, essentially, the idea is to make a profit.

Certainly, many for-profit entities are also concerned about the “social value” they produce for society and they are increasingly concerned about their impact on other various stakeholders. However, for most, these are secondary to their interest in making a profit and returning value to shareholders. A statement from the Business Roundtable, an association of CEOs of leading U.S. companies, reinforces this in its 2005 version of its Principles of Corporate Governance:

Corporations are often said to have obligations to shareholders and other constituencies, including employees, the communities in which they do business and government, but these obligations are best viewed as part of the paramount duty to optimize long-term shareholder value. (2005, p. 31)

This statement is not as blunt as renowned economist Milton Friedman's famous article "The Social Responsibility of the Corporation is to Increase its Profits" (1970), but it makes the same point.

The definition we are working from states that strategy *explains how its essential operations will interact with one another, and within the organization's environment, to produce effective performance*. We see that *effective performance* means making profit for the for-profit organization (aptly named). But it is also important here to comment on the *environment* in which for-profit organizations operate.

A key challenge that for-profit organizations face is that they exist within a highly competitive environment where other organizations also exist to make a profit. Once they start making a good profit on a particular product or service, then other organizations will enter their market to make a profit by selling a similar service or product to the same types of customers. Therefore, the for-profit world is understandably preoccupied with the problems of competition. A leading expert on corporate strategy is Michael Porter, whose *Competitive Strategy* (1980) is perhaps the most widely read book on the subject. In Porter's view, "Strategy is making trade-offs in competing" (1996, p. 70). This is why the military roots of strategy apply so nicely to the for-profit world. A military general may want to take territory, while a business general may want to take market share. They are both very much concerned with the others in their competitive space and take their actions accordingly.

It is understandable, then, that people refer to the "competitive paradigm that is one of the drivers of the business world" (Kearns, 2000, pp. xiv–xv). Since making profit is its purpose and competition is an important aspect of the environment in which it operates, a for-profit organization needs to address these issues in its strategy story. Next, we look at how the purpose and environment for nonprofits differ.

## **Nonprofit Performance**

While for-profit organizations are accurately labeled according to purpose, using the term *nonprofit* does not describe the purpose of these organizations. People have tried to promote other labels, such as charitable or philanthropic organizations, but none of these have caught on,

and we seem to be stuck with the *nonprofit* term for at least a while longer.

Nonprofit organizations are formed for different purposes than for-profit organizations. By definition and by charter, they are given permission by the federal government to exist as organizations that do not pay taxes on their net revenues because their purpose is to make a difference in society. Some nonprofits may also accept contributions, for which donors may receive a federal tax deduction. Nonprofit organizations need to be financially viable, but they do not judge their success by how much their revenue exceeds their expenses. In the absence, though, of profit as a performance criterion, we find that notions of nonprofit performance can become much more complex.

Much has been written and researched regarding nonprofit performance (or in other words, effectiveness) to try to clear up this complexity (Forbes, 1998). Yet, after many years of research and writings by many people, the concept remains elusive. Recently, two of the most notable contributors to the nonprofit effectiveness research literature stated, “Nonprofit organization effectiveness remains a complicated and challenging construct for researchers and practitioners alike” (Herman & Renz, 2008, p. 412).

The view on this issue that I have long advocated—and used as a nonprofit CEO and consultant—is the “Mission Accomplishment as Nonprofit Organization Effectiveness” approach (Sheehan, 1994, 1999, 2005, 2009). Essentially, this approach says that the core purpose of a nonprofit is to carry out its mission—to make a difference for society. The extent to which it is accomplishing its mission is its level of performance. Therefore, the focus of its strategy should be to maximize mission accomplishment.

A number of scholars and authors support this idea:

- James Phills, in *Integrating Mission and Strategy for Nonprofit Organizations*, suggests “For a for-profit organization, performance is typically defined in terms of profitability or economic returns to its owners. For the nonprofit (as well as for some for-profits), performance is defined more broadly, typically in terms of achieving the mission” (2005, p. 17).
- In their review of a collection of articles on nonprofit strategy, Backman et al. conclude that “The most important and perhaps most obvious theme that emerges from these articles is that mission and

values, rather than industry structure or internal capacities, are the starting points for strategy development in the nonprofit sector” (2000, p. 6).

- Paul Light, in his survey of 250 executive directors of nonprofits identified as “high performing,” found that “three in five equated effectiveness with being focused on or accomplishing a mission or goals” (2002, p. 39).
- Mark Moore, in “Managing for Value: Organizational Strategy in For Profit, Nonprofit, and Governmental Organizations,” states that “Just as financial performance becomes the touchstone for gauging past and planning future performance in the for-profit sector, so mission performance becomes the touchstone for gauging past and planning future performance in the nonprofit sector” (2000, p. 194). He suggests that the key calculation for public-sector strategy should be to “find better ways to achieve mission” (p. 189).
- Numerous other researchers have suggested effectiveness approaches consistent with the mission accomplishment approach (e.g., Stauber, 2001; Sawhill & Williamson, 2001a, 2001b; Singh, 2005).

While the mission accomplishment approach seems very straightforward to numerous practitioners, consultants, and researchers, there are those who promote other approaches. Three other popular perspectives are the goal approach, the internal process approach, and the social construction approach. Each of these provides interesting viewpoints.

The goal approach was preferred as a method of assessing effectiveness of all types of organizations for many years (e.g., Price, 1968). This approach considered an organization effective to the extent that it met its goals. But problems persisted with this approach. First, organization goals are often not clear, and this makes it difficult to tell if they have been met. Next, even when they are clear, conflicting goals often exist within the same organization, and it is difficult to tell which ones are more important. And finally, goals may or may not be relevant to the organization’s core purpose. Goals can play a vital role in the development and implementation of an organization’s strategy—as we will see in forthcoming chapters. However, on their own, they may or may not provide a reliable indication that an organization is fulfilling its purpose.

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The internal process approach has been used by researchers who want to study the internal operations of an organization to determine if some optimal set of internal processes may end up predicting effectiveness (e.g., Etzioni, 1964). A great deal of research, for example, has focused on organizational decision-making processes (e.g., March & Simon, 1958). Again, knowledge gained from these approaches can be helpful in the implementation of strategy, but these approaches are more concerned with the means of performance than the ends. If an organization has efficient internal operations, for example, we still cannot determine the extent to which it is fulfilling its purpose.

A more recent development is the social construction approach developed by Herman & Renz (1997, 1998, 1999, 2004, 2008). Their research demonstrates that various stakeholders of organizations have different perspectives on whether an organization is effective and/or the extent to which it is effective. They have recently concluded that “Nonprofit leaders need to recognize that NPO effectiveness is socially constructed, that it is not a stable construct, and that different stakeholders will judge it differently” (2008, p. 410). This is very good advice, and it makes sense that various stakeholders with their own set of values and perspectives would judge performance differently.

Contrasting the mission accomplishment approach with the social construction approach, we see that even when an organization chooses to judge its own performance by the extent to which it accomplishes its mission, it cannot control how various stakeholders will judge that performance. Stakeholders may (and some surely will) have their own criteria that differs from what the organization’s board and senior management team chooses. Therefore, when an organization sets out to craft strategy toward accomplishing its mission, it must keep in mind that its performance will be judged differently by various stakeholders. This will be particularly important to remember in Chapter 3 as we look at operationalizing the mission accomplishment approach. In this way, the social construction approach provides a valuable perspective to judging performance and crafting strategy.

While the goal, internal process, and social construction approaches provide helpful perspectives on performance, the mission accomplishment approach is the most appropriate perspective to use as the organization sets out to develop strategy. The mission accomplishment approach captures

the core purpose of the nonprofit organization—to make a difference for society. To think of this in the same terms as the Conference Board’s earlier commentary on the paramount importance of shareholder value, we could say that “While goals, internal processes, and stakeholders are all important, they are best viewed as part of the paramount duty of the nonprofit to optimize mission accomplishment.”

And what about the environment in which nonprofit organizations operate? The strategic opportunities and threats in a nonprofit’s environment are even more complex than that of a for-profit. This has been pointed out by many researchers, including Jim Collins in his “social sector” supplement to *Good to Great* (2001). Nonprofits must carefully consider all of their complex environmental factors when they develop strategy—including the possibility of competitive issues.

Depending on the nonprofit, issues of competition may or may not be vital environmental factors to consider. For example, nonprofits that rely heavily on fees for service in environments where other service providers are active will certainly need to consider competition when crafting strategy. Importantly, though, they will consider the competition within their broader commitment to accomplish their mission—not to make a profit. With this in mind, we can imagine the strategic move of two nonprofit competitors to collaborate in order to maximize mission accomplishment for the good of a community. This type of cooperation would be less likely in the for-profit world and may even be deemed as collusion—subject to the violation of law. Therefore, while competition may be something for a nonprofit to consider in its environment, beating its competition is not its overriding concern. It is concerned with making a difference for society.

## NONPROFIT STRATEGY

With the preceding discussion in mind, following is the definition of nonprofit strategy, which will be used in the rest of this book:

Nonprofit strategy is an integrated and coherent explanation of how a nonprofit organization is going to accomplish its mission of making a difference for society in the future. It explains how its essential operations (funding, paid & unpaid staffing, programs/services for beneficiaries) will

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interact with one another, and within the organization's environment, to accomplish its mission. (Sheehan, 2009)

This compares to the more general definition provided at the outset of this chapter.

Strategy is an integrated and coherent explanation of how an organization is going to guide its performance in the future. It explains how its essential operations will interact with one another, and within the organization's environment, to produce effective performance.

The nonprofit definition adds specific language that tailors it for these organizations. The first change is that it replaces the term *performance* in both sentences with language that acknowledges that performance for a nonprofit means accomplishing the mission.

Next, it adds specific language to amplify essential operations. This language is connected to the examples provided by Doug Smith earlier in the chapter. The financial category of the operation is referred to as "funding" and may include fees for service, donations, grants, and/or other income. The people of the enterprise category are more specifically named "paid & unpaid staffing" to acknowledge the important role of volunteers in the operation of a nonprofit. Finally, in the customers or beneficiaries category, the term has been somewhat expanded to "programs/services for beneficiaries." This sharpens the role of the activities generated from this category.

Using this definition and these new terms, the strategy story that a nonprofit will tell will include an explanation of how it will arrange for funding to retain paid and unpaid staff and make a difference for beneficiaries through programs/services that will accomplish the mission. It will explain how those different essential parts of the operation will positively interact with one another—and their environment—in a way that creates a virtuous positive cycle of performance toward mission accomplishment.

We will look at more specifics of how this strategy story is crafted together in later chapters. With this understanding of what nonprofit strategy is, the rest of the book will explain how a nonprofit organization can design and carry out a process to create a strategy. The next chapter will discuss how to design a process to fit the needs of an organization. This will be followed by chapters that explain steps that an organization's strategy development group can go through in preparation for developing the strategy: setting mission impact, creating a vision, establishing strategic stretch goals,

and completing an organization assessment. The final two chapters, then, cover strategy development and strategy implementation. As the strategy development process is explained, examples of how the process can be applied in different organizations will be provided.

## HYPOTHETICAL EXAMPLE ORGANIZATIONS

Throughout the rest of the book, examples of the strategy development activities discussed will be provided by referring to three hypothetical nonprofit organizations. These organizations do not exist, but are a composite of various organizations like them. Following are general descriptions of the organizations.

### Large City Metro Food Bank

**Location:** LCMFB is located in a metropolitan area of more than one million residents. It has a main administration office, which is co-located with its food distribution center. The population of the area is 47 percent White, 29 percent African-American, 18 percent Hispanic, and 6 percent other. Median family income is \$47,391.

**Mission:** The mission statement of LCMFB is: “To obtain and distribute food through a network of providers.”

**Staff:** The total staff includes 47 people. The senior staff consists of a chief executive officer and three vice presidents: Development, Finance, Human Resources. The CEO is 55 years of age and is starting his third year in that position. He came to LCMFB from a similar organization in another city where he had served as the vice president of Marketing & Development. The VPs of Finance and Human Resources are in their 60s, while the VP of Development is in his 40s. Beyond the senior staff, other program director positions exist. By board policy, staff compensation and benefits are at the 80th percentile for the U.S. nonprofit sector. Volunteers are used extensively.

**Board:** The board of directors has 18 people, mostly professionals: three attorneys, two CPAs, two MDs, a clergyperson, a university professor, and nine senior business executives. Board members serve a maximum of three three-year terms. There is an executive committee made up of five board

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members. The executive committee meets monthly, and the board meets every two months.

**Programs/Services:** LCMFB collects food from a wide variety of sources and then distributes it to community partners, including food pantries, soup kitchens, shelters, after-school programs, and senior housing sites.

**Funding:** \$55 million annual budget, with a \$250,000 net surplus for the most recent fiscal year. Revenue is 80 percent in contributed food, 10 percent from contributions and grants, and 10 percent other. The organization has \$8 million in net assets.

**Big River Regional Housing Services**

**Location:** BRRHS serves a five-county region that is mostly rural. It has its main administrative offices in the largest city in the area, with satellite offices in two of the other counties. The region includes 500,000 residents, and the population is 80 percent White, 9 percent African-American, 7 percent Hispanic, and 4 percent other. Median family income is \$41,940.

**Mission:** The mission statement of BRRHS is: “To enhance the quality of life of our communities by providing housing services.”

**Staff:** The total staff includes 38 people. This currently includes an interim CEO, Pat, who was brought in to serve temporarily until a new permanent CEO is hired. The most recent CEO, Jeff, accepted a position on the domestic policy team of the Obama White House. There is a chief operating officer, a director of finance, a director of operations, and a number of other program directors and line staff. The chief operating officer and director of operations are both in their early 60s, and the director of finance is in her 50s. Compensation and benefits are generally at the 40th percentile for the U.S. nonprofit sector, although the former CEO was paid at the 65th percentile level. Volunteers are used sporadically for programs.

**Board:** The board of directors has seven people, including a bank vice president, two residents of the organization’s housing units, an attorney, a retired county government worker, a social worker, and a realtor. Board members serve three-year terms with no limits.

**Programs/Services:** Develop and construct affordable housing units, which are then either sold or managed by the organization. Currently 360 units, mostly multifamily, are managed and three to four units per year

are built and sold. They also conduct other neighborhood revitalization programs.

**Funding:** \$6 million annual budget that includes 15 percent in government funding and most of the rest from fees for service. The most recent fiscal year ended with a \$93,000 surplus. The organization has \$1.2 million in net assets.

### **Merrill County Literacy Council**

**Location:** MCLC is located in a county of 125,000 residents. It has a main administration office in the largest city in the county. The population is 68 percent White, 18 percent African-American, 9 percent Hispanic, and 5 percent other. Median family income is \$52,628.

**Mission:** The mission statement of MCLC is: "To provide literacy educational services to citizens in Merrill County."

**Staff:** The total staff consists of five people—a CEO, a now vacant director of programs position, a part-time director of finance, and three program staff. The CEO is 33 years old. When the previous CEO moved out of state during the past year, she was promoted from her post as director of programs. Compensation and benefits for staff are at the 30th percentile for the U.S. nonprofit sector. Volunteers are used extensively as teachers, child care providers, and tutors.

**Board:** The board of directors currently has five members, but could have as many as eleven. Members include the founding chair of the organization, who is a retired elementary school principal, a clergy-person, an assistant superintendent of one of the county school districts, an attorney, and one of the organization's volunteer tutors who is a homemaker.

**Programs/Services:** Classes for adults in reading and mathematics literacy, as well as tutoring for adults in the classes. Child care services are also provided for adults who need to bring children to classes.

**Funding:** \$195,000 annual budget and the most recent year ended with a \$3,000 deficit. Funding includes 10 percent from individual contributions, and the rest in grants from United Way, local corporations, school districts, and various government entities. The organization has \$40,000 in net assets.

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