

# [Non-Profit] Business Organization and Process

*(Challenges and Solutions)*

## Solutions for a Shrinking Planet

Engineers for a Sustainable World

2 October 2004

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## Starting-up



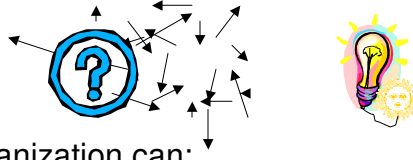
- A perceived problem and a passion to fix the problem
  - Often social or community oriented ...
  - Love and passion ...
- Draw other “like minded” people to the cause
  - Drawn to the problem (or their view of the problem ...)
  - Perhaps even before an idea is articulated
  - Not necessarily drawn to an approach or specific solution
  - Can have very diverse backgrounds, perceptions, agendas, ...
- Collaboration and consensus minded
  - No leaders (no bosses?), every idea is good, ...
- Grass roots
- Volunteer, side activity, personal, ...

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## Formation Issues



- Resulting group or organization can:
  - Have ad hoc formation, processes, governance, ...
  - Be highly dependent on the “charismatic, driven founder”
  - Be limited by initial skills, resource, activities, ...
    - “That’s how it’s always been done.”
- So?
  - The point is to have an impact, to make a change
  - Efficacy (and then more efficient efficacy?)
- Post start-up – Scale vs. Span
  - Scale (verb) – how can we expand the positive impact?
  - Span (noun) – what is the range/magnitude of the impact?

**\*\* Scaling is often the major challenge! \*\***

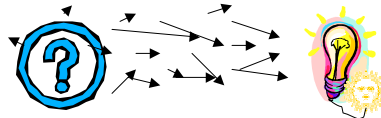
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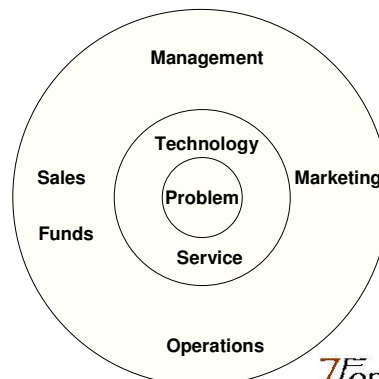
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## Keys



- A business
  - Processes and organization to facilitate an enduring solution
- “Management” and “Business” are not 4-letter words
- Principles for Organization
  - Understand our mission, objectives and strategy
  - Understand our customers and other stakeholders
  - Understand our resources and constraints
  - Create the organization, roles, processes and tools for success



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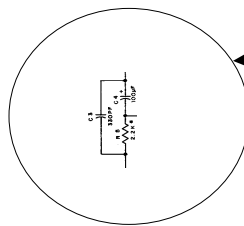
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There is so much to do... it's so complex... and if we are successful, there is so much more...

## Components to a Solution



What does this do?



## Community College – Assessment

- Many successes...
  - Quality faculty
  - Strong academic programs: Drama, Nursing, Biology, ...
  - Enrichment courses: Art, Yoga, ...
  - Fostering diversity through ESL courses and Bridge Program
  - Transfer students and Transfer Task Force
  - Faculty and Education Master Plans
  - Renovation partnership for athletic fields
  - Women's basketball team
  - Multi-media and technology trials
  - Some vocational programs
  - Community usage of athletic facilities and pool
- And some gaps and missteps...
  - Low awareness in the county
  - Out-flux of intellectual-capital
  - AA degrees are falling off
  - Enrollment dropping
  - Under utilized assets
    - Secondary campus has not lived up to its potential
    - marine research facilities are under utilized
  - Local hi-tech partnership
    - Facility rental
    - Few companies
    - Space, but no other connections or collaboration
  - Residential programs violently opposed by local community

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## A Call for Change... Again

- Strong asset... lots of potential...
- With a comprehensive vision and an associated plan focused on enabling CC's role as a thought, education and community leader, a **significant, unique, high-impact offering** can support the CC mission, benefit the community, and remain fiscally and socially viable.

*Have been doing different things to use the resources, but need to do things differently, to follow new **principles** and **processes** and then appropriate, effective and sustainable outcomes will follow.*

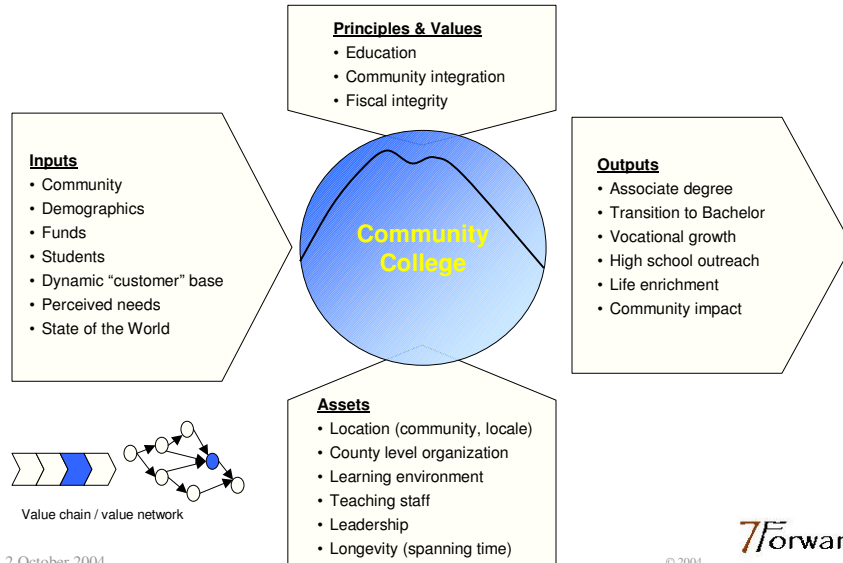
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# Community College–Value Chain

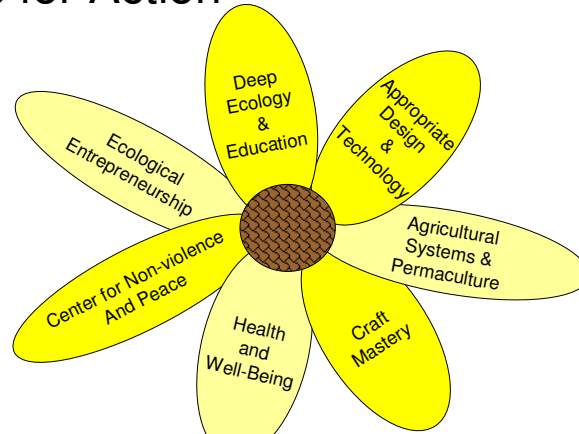


## The Community College as a Center for Community and Global Excellence

- Vision
  - The Community College is the nexus for human community and the natural world through localization of education, knowledge and development.
- Mission
  - To be a world-class, living example of sustainable education and leadership that connects the local community to the global community and back again.

**\*\* OK, that's a lot... How can anyone take this on? \*\***

## Organize and Focus on Thematic Areas for Action



Themes emerge as appropriate. Additional examples include:  
Publishing & Communication, Performing Arts (magic, improv, acting), ...

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## We Also Think and Act in Terms of Programs...

### Adult Education and Enrichment

- Arts & Crafts studies
- Meditation courses
- Music appreciation
- Marketing studies
- Alternative energy for the home

### Degree Programs

- New AA degrees
- Bachelor feeders
- Certificate programs
- Requisite course

### Executive Outreach

- Sustainable business short courses
- Green network
- Design for the Earth
- 

### Short courses

- International Development
- Eco-psychology
- Holistic science

### High School programs

- Tide pool exploration
- School garden
- Intro to Eco Business
- Peace and Conflict studies

### Community Center & Activities

- Organic gardening
- Movie on the green
- How-To series
- Small School
- Meditation center
- Distinguished Leaders Lectures

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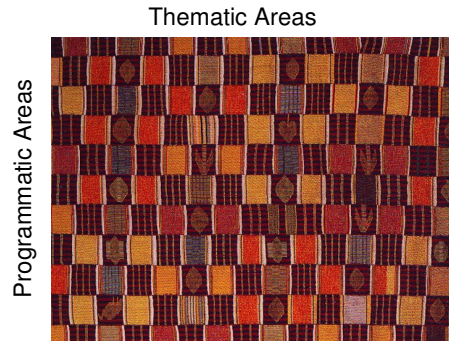
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## A Mechanism for Scaling and Evolving

- The key is to integrate and interweave the thematic-based focus areas with the program-based activities to systematically and consistently pursue and deliver against the mission.



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## Critical – First-class Management & Supporting Capabilities

		Management							
		Deep Ecology & Education	Ecological Entrepreneurs	hip	Center for Non-violence & Peace	Appropriate Design & Technology	Agricultural Systems & Permaculture	Crafts & Craft Mastery	Health & Well-being
Marketing	College Degree Program								
	College Courses								
	High School Program								
	Executive Outreach								
	Research & Resource Center								
	Small School								
	Lecture Series								
	Town Meetings								
	Adult Education & Enrichment								
		Support							

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I hate planning and budgeting...  
what's the point, it's useless as soon  
as we finish...

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## Typical Planning / Budget Cycle

### Main activities

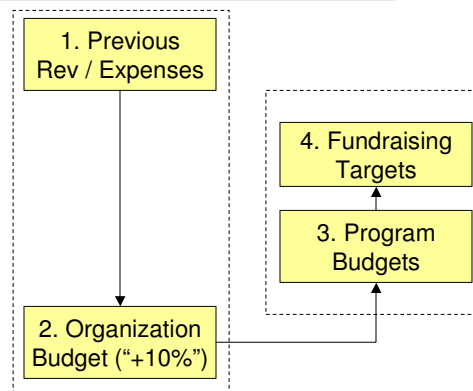
- Clinic Care
- Home Care
- Volunteer coordination
- Hotline
- Operations

### And:

- Education
- Annual fund raising night
- Membership
- Newsletter
- Grant writing
- Web page
- Municipality interface
- Facility negotiation
- ...

### Wildlife Rehab and Release Center

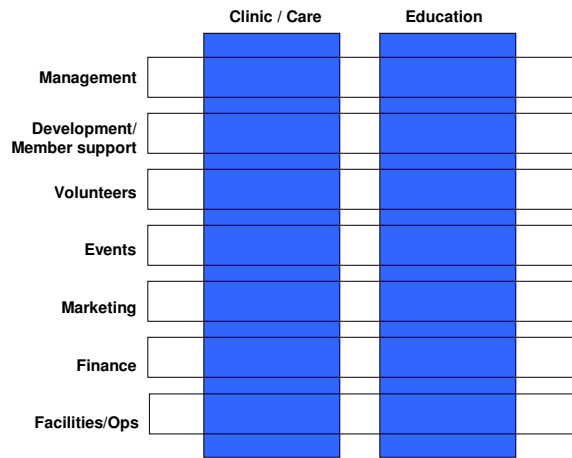
- Diagnose, treat, rehab, release injured wildlife
- 150 volunteers; 12,000 volunteer hours per year
- Very busy in spring, very quiet in winter



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# Activity-based Organizational Framework – A Different Structure



- 9 “departments”
- Each with a leader, objectives supporting the mission and budget supporting the objectives

Matrix–Simplified Model

- Development events
- Clinic training/education
- Event marketing

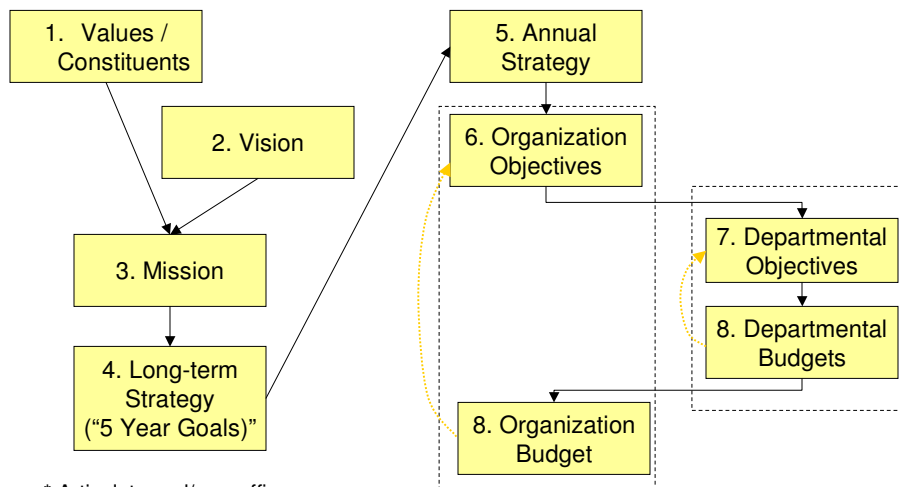
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# Revised Annual Planning Cycle



\* Articulate and/or reaffirm

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I read the financial reports, but I'm never sure where we are...

## The "990 View"

**Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances** (See Specific Instructions on page 16.)

<b>1</b>	Contributions, gifts, grants, and similar amounts received:			
<b>a</b>	Direct public support	<b>1a</b>	1,500,000	
<b>b</b>	Indirect public support	<b>1b</b>		
<b>c</b>	Government contributions (grants)	<b>1c</b>		
<b>d</b>	Total (add lines 1a through 1c) (cash \$ 1,500,000, noncash \$ )	<b>1d</b>	1,500,000	
<b>2</b>	Program service revenue including government fees and contracts (from Part VII, line 93)	<b>2</b>		
<b>3</b>	Membership dues and assessments	<b>3</b>		
<b>4</b>	Interest on savings and temporary cash investments	<b>4</b>	55,000	
<b>5</b>	Dividends and interest from securities	<b>5</b>	105,000	
<b>6a</b>	Gross rents	<b>6a</b>		
<b>b</b>	Less: rental expenses	<b>6b</b>		
<b>c</b>	Net rental income or (loss) (subtract line 6b from line 6a)	<b>6c</b>		
<b>7</b>	Other investment income (describe )	<b>7</b>		
<b>8a</b>	Gross amount from sales of assets other than inventory	(A) Securities <b>8a</b>		(B) Other
<b>b</b>	Less: cost or other basis and sales expenses	<b>8b</b>		
<b>c</b>	Gain or (loss) (attach schedule)	<b>8c</b>		
<b>d</b>	Net gain or (loss) (combine line 8c, columns (A) and (B))	<b>8d</b>		
<b>9</b>	Special events and activities (attach schedule)			
<b>a</b>	Gross revenue (not including \$ of contributions reported on line 1a)	<b>9a</b>		
<b>b</b>	Less: direct expenses other than fundraising expenses	<b>9b</b>		
<b>c</b>	Net income or (loss) from special events (subtract line 9b from line 9a)	<b>9c</b>		
<b>10a</b>	Gross sales of inventory, less returns and allowances	<b>10a</b>		
<b>b</b>	Less: cost of goods sold	<b>10b</b>		
<b>c</b>	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a)	<b>10c</b>		
<b>11</b>	Other revenue (from Part VII, line 103)	<b>11</b>		
<b>12</b>	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	<b>12</b>	1,660,000	
<b>13</b>	Program services (from line 44, column (B))	<b>13</b>	962,000	
<b>14</b>	Management and general (from line 44, column (C))	<b>14</b>	222,000	
<b>15</b>	Fundraising (from line 44, column (D))	<b>15</b>	296,000	
<b>16</b>	Payments to affiliates (attach schedule)	<b>16</b>		
<b>17</b>	Total expenses (add lines 16 and 44, column (A))	<b>17</b>	1,480,000	
<b>18</b>	Excess or (deficit) for the year (subtract line 17 from line 12)	<b>18</b>	180,000	
<b>19</b>	Net assets or fund balances at beginning of year (from line 73, column (A))	<b>19</b>	1,500,000	
<b>20</b>	Other changes in net assets or fund balances (attach explanation)	<b>20</b>		
<b>21</b>	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	<b>21</b>	1,680,000	

# Income Statements

Income Statement  
and Income Statement-Management Dashboard  
examples go here... /mje

- Traditional Income Statements
  - Income – Expenses
  - Budget vs Actual
- Behind the scenes
  - Many exceptions, comments, clarifications, qualifications, “footnotes”
  - Averaging away the details
- Management dashboard
  - Capture the “footnotes”
  - Create a Management (rather than an accounting) view of where the organization and departments are
  - To facilitate appropriate decision making (and to not waste time on the little things or the same-old issues).

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Good ideas, but change is hard...

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# Where to Start? How Can We Be Successful?

- Principles for success
  - Established vision and mission
  - Charted by the executive leadership
  - Implementation and change plan
  - Strong leadership; strong management skills
  - Designed for specific environment (one size does not fit all)
  - Run as a managed project
  - Fiscally responsible
  - Deliver successes early and often ("baby steps, baby steps, ...")
  - Patience
- Barriers to success
  - Fear (of failure, of success)
  - Fragmentation (no shared vision/mission)
  - Territories
  - Execution
  - Management and Leadership gaps
  - Moving too slowly (no momentum); Too fast (trouble keeping up)

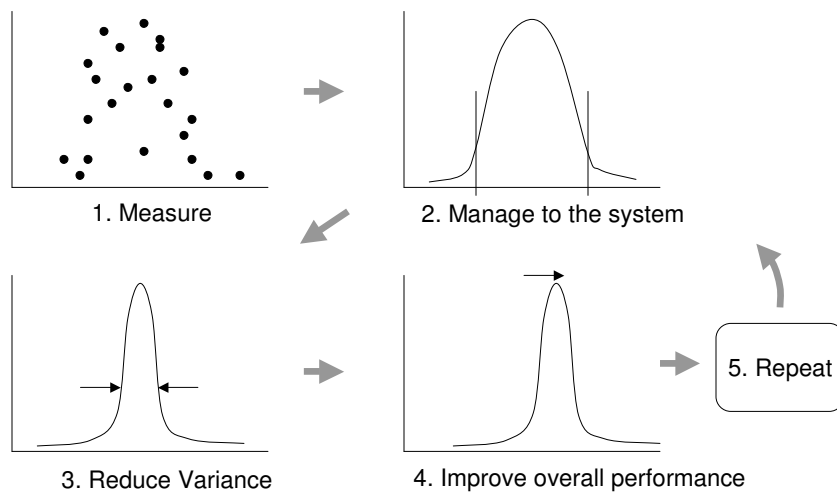
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## Deming – 5 Steps



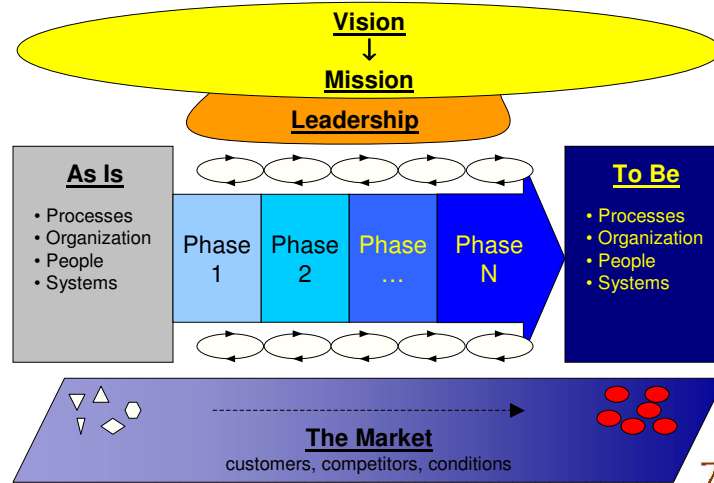
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# Change Management Framework



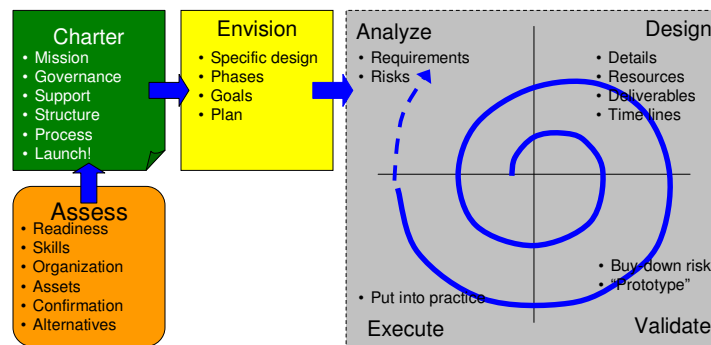
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# Basic Steps – Modified Spiral Model



- Iterative, phased approach
- Risk-driven development and execution
- Baby-steps, frequent deliverables/artifacts

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Is that all? ...

It's a journey...

- We looked at some examples
  - Framework to help start and to scale
  - Activity-based planning
  - Management support tools (e.g. financials dashboard)
  - Process for change and continuous improvement
- Complementary Expertise
  - Engineering is fun, of course
  - Systems view – dynamic interconnectedness
  - Business, management, organization, personnel, finances, operations, planning, ...
  - ... are also necessary to have the desired effect, to scale and to endure

*All of our decisions and actions must  
take into account the effects on the  
seventh generation forward.*

Thank you.

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