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A Nonprofit Chooses a Path to Expansion

When nonprofit leaders ask themselves, "Should we grow?" they open the flood-gates to a host of questions with no easy answers: "Should we add programs, sites, or both?" "What would growth entail for our staff, systems, and existing structure?" "How much new funding would it take to grow, and how could we acquire the funds?"

In 2006, the leadership team at Brockton, Massachusetts-based MY TURN was grappling with questions like those. The approach the team took in choosing a route to increase the organization's impact may be instructive.

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MY TURN Programs at a Glance

- Reconnecting Out-of-School Youth is a program targeting young high-school dropouts, helping them complete their education or find a job through job readiness training, workplace learning, occupational training, or school.
- Connecting to Work focuses on career-bound high school students, helping them build professional and interpersonal skills and providing them with opportunities to explore different careers through partnerships with employers in industries including food service and retail.
- Connecting to College serves in-school students and provides, among other benefits, SAT test preparation, college tours, and workshops on financial aid.

Founded in 1984 to help non-college-bound Brockton High School students make the transition to employment, MY TURN started out in a high school office. Helping seniors learn interview skills and search for jobs were three full-time career specialists and one part-time executive director.

Up until 2006, the organization had grown by *branching*—opening new sites on its own.

The organization's early success fueled growth. MY TURN opened new locations in other small, urban communities with high poverty and high unemployment rates, poor educational outcomes, and numerous youth who lacked work experience and were either not in school or struggling in school. By 2003, the nonprofit was serving more than 1,100 youth annually, ages 14 to 21, in eight small Massachusetts cities, through three program areas. (See "MY TURN Programs at a Glance.")

Repeated successes earned the attention of the Edna McConnell Clark Foundation, which focuses on advancing opportunities for low-income youth (ages 9 to 24) in the United States. In late 2003, EMCF began to work with MY TURN on strategic planning that resulted in a three-year growth plan and a long-term vision. The growth plan called for expanding into six new communities by 2007. It called for new management capacity, set new performance metrics, mapped out ways to improve program quality and assess program effectiveness, and identified the necessary investments. To fund the expansion, MY TURN received $3.1 million (from EMCF, other area foundations, and government) and doubled its annual operating budget to $2.6 million.

By 2006, the organization had achieved all the growth objectives the team had laid out in 2003. It was time to chart the next growth phase. As co-founder and then-executive director Barb Duffy has said, "We needed to reflect on how we had grown, whether anything was lost in that growth, and how we wanted to invest our time, energies, and resources going forward."

Envisioning the Next Stage of Growth

The long-term vision called for MY TURN to be serving 2,500 youth annually by 2010 and thousands more by 2018. But how would it get there? Should it focus on existing locations? Should it expand within Massachusetts or look at neighboring states? Could it pursue several growth trajectories at once? A new planning team worked to understand the effect each choice would have on MY TURN's ability to attract funding, leverage existing assets and stakeholder relationships, advocate for beneficiaries, and recruit managerial talent.

Assessing Where to Grow

Growing locally seemed best. If MY TURN chose a local growth path, it could increase access to local funding. It also could strengthen existing relationships with vendors and schools and reduce costs. For example, costs associated with launching new sites—such as finding space, recruiting staff, and attracting youth—would be lower. It would also be easier to leverage certain fixed costs by, say, sharing instructors across sites.

There was one important caveat. In 2006 more than half of MY TURN's funding came from site contracts with Workforce Investment Boards (WIBs), which grant Workforce Investment Act dollars. Each WIB covers one primary city along with several nearby communities. When MY TURN grows to the extent that it has approximately three case managers in any given WIB area, the WIB often will not grant additional funding—even if only a small fraction of the community has been helped. Expanding locally would probably mean not getting funding for more than three case managers in any WIB area, so the idea felt limiting.

Statewide growth was another option. WIB directors within states communicate regularly. If MY TURN had a strong reputation in multiple WIB areas across Massachusetts, then expanding statewide might lead to increased funding from other WIBs. It also might boost MY TURN's ability to attract talent and to be an advocate for impoverished and unemployed youth on a state government level.

After weighing the risks and benefits, the organization decided to focus mainly on Massachusetts. Between 2007 and 2009 it would a) grow in communities where programs existed, b) then expand to full scale in the six regions where it was already operating, and c) move into one new region.

Assessing How to Grow

The first step in executing a statewide strategy was to identify existing sites/locales that could accommodate an additional case manager without going over the WIB limit.

Next, MY TURN leaders selected potential target communities in regions where the organization already had a presence, and it evaluated them for demographic fit, potential for geographic clustering, and availability of funding. They also assessed communities' interest in MY TURN and the presence of potential partners—career centers, educational and employment outlets, and day-care providers.

Finally, the team considered which model for replication would be best. Up until 2006, the organization had grown by *branching*—opening new sites on its own. That had worked well, enabling the leadership to keep control and to collect performance data. But now the team wondered whether to entrust site opening to others to speed up growth.

Besides the branching model of replication, the team considered the *licensing* and *affiliate* models. The first of those would involve identifying pre-existing 501(c)(3)s to act as

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partners and run all or part of a MY TURN-designed program. The second, replication through affiliating, would mean identifying individuals or organizations that would open new sites under the group's brand but would operate under separate 501(c)(3) status. Ultimately, the team decided that opening branches was still the most compatible model. This approach, the team members believed, would afford rapid-enough growth while allowing MY TURN to control program quality.

Implementation Decisions

Next came implementation. What would be a reasonable expectation for growth over the next three years? The team answered such questions iteratively, first determining ideal growth goals in terms of number of new case managers, programs, communities, and regions; next using a financial model to cost out the goals; and finally making revisions on the basis of the cost information and expected revenues. They settled on increasing the number of case managers from 22 in fiscal year 2006 to 36 in fiscal year 2009.

They also considered the need for additional senior talent to support the growth goals. Additionally, they created a deputy director position and decided to hire an expansion manager and two development personnel. And because the growth goals would require the people in charge of regions to take on more responsibility, the team chose to develop a program to boost these coordinators' management, communication, and leadership skills.

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The cost of expansion was also important. Approximately $12.7 million would be needed over the next three years (the total cost of running the organization, including the planned expansion). Workforce Investment Act dollars plus previously committed funding were expected to cover $6.6 million. How would MY TURN fill the $6.1 million gap? Given its focus on communities, it decided to work on bringing in additional local and regional funds rather than emphasize national foundation money.

Progress Report

Within the first year, MY TURN was again ahead of schedule. It had received significant new grants from a variety of sources. It also had opened up offices in Rhode Island through a Greater Rhode Island Workforce Partnership grant.

By summer 2008, Barb Duffy, who had led MY TURN through the 2003 and 2006 planning efforts, retired, and Stephen Pratt had been named the executive director.

Reflecting on past growth and looking ahead, Pratt says, "We are focusing on learning from the first stage of growth experiences to determine what a sustainable economic model looks like before continuing to expand. We have consolidated regional operations into four districts, each headed by a regional executive director who will be primarily responsible for raising funds from private foundations and individuals as well as building regional boards. We're confident that in the next year to 18 months, we will have refined this operating model to a point where we can consider new growth opportunities."

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Young people gather for MY TURN's Annual Youth College and Career Development Conference. Photograph: MY TURN