



NO MARGIN – NO MISSION

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NON-PROFIT FOUNDATIONS

- 1954 Federal Tax Code Changed
 - Created an Entity that owned the assets
 - Established the Principle of “Non-Distribution of Surpluses”
 - Created the concept of a “Charitable Deductibility”
 - The beginning of the 501© 3 organization



STRENGTH OF THE NON-PROFIT SECTOR

- 1.3 Million Non-profit Corporations in America
- 11 Million employed in the sector
- 5.7 Million working as volunteers
- 1:10 Americans working in the Sector
- Accounts for 10% of the GNP
- >100 universities offer a degree in the Non-profit Sector management



PRESSURES IN THE SECTOR

- Density of non-profits in the field
- Changes in the tax code
- Shifting of responsibility of service delivery
- Increased number of Foundations with targeted funding priorities
- Decreased awareness to the needs of the poor and vulnerable



BUSINESS MODELS IN THE NON-PROFIT SECTOR

- Increased attention to cash flow, reserves and accounts receivable
- Social Entrepreneurship to help fund programs that are working but not new
- Tax Credits and Taxes to Create a Base Funding Foundation
- Quotas for Service Delivery by Staff



5 FACTORS OF THE GREAT ORGANIZATION

- Defining 'Great' – Calibrating Success without business metrics
- Level 5 Leadership – Getting Things Done within a Diffuse Power Structure
- First Who – Getting the Right People on the Bus within Social Sector Constraints



5 FACTORS OF THE GREAT ORGANIZATION (Continued)

- The Hedgehog Concept – Rethinking the Economic Engine without the Profit Motive
- Turning the Flywheel – Building Momentum by Building the Brand



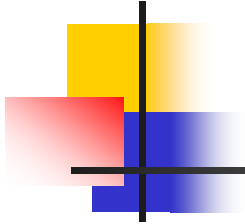
MODEL APPLICATION TO NON-PROFITS

- Money is only an input in the Non-profit organization—Not an Output
- Superior Performance is the output in the Non-profit organization
- Services need to have an enduring impact on the clients
- Alignment of impact and transformation



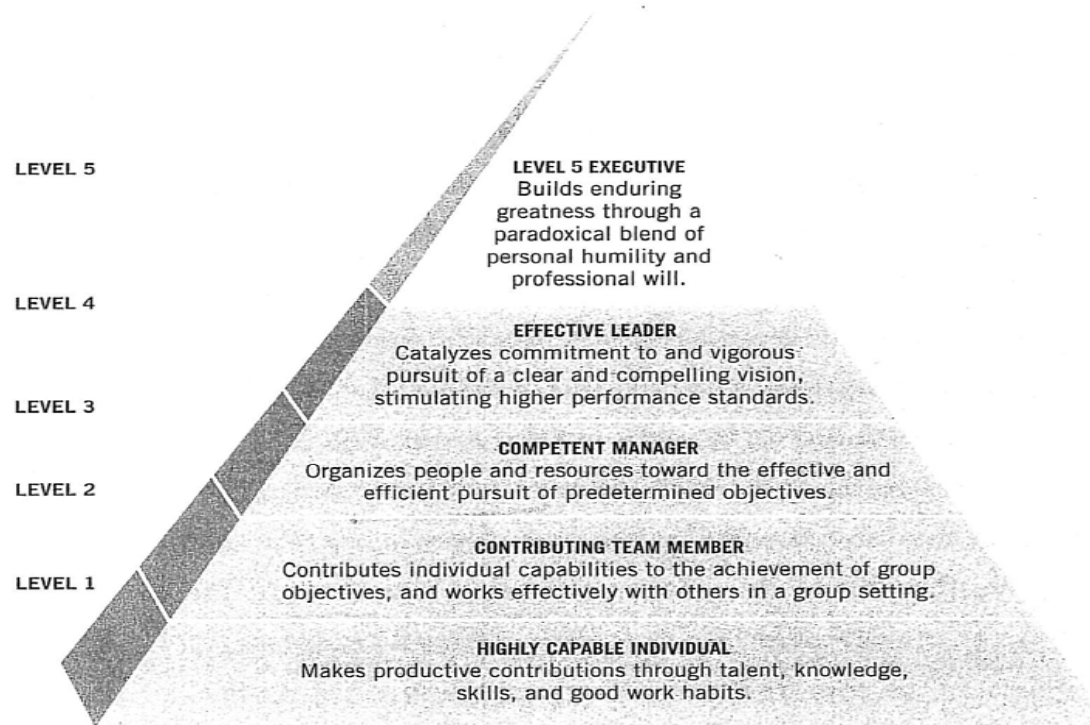
MEASURING PERFORMANCE

- What is superior performance at your Agency?
- What is a distinctive impact for your Agency?
- What is lasting endurance for your Agency?



LEADERSHIP

LEVEL 5 LEADERSHIP / LEVEL 5 HIERARCHY





SITUATIONAL LEADERSHIP

1 Able and Willing	2 **Unable but willing
4 Unable and Unwilling	3 Able but Unwilling



THE HEDGEHOG CONCEPT

THE HEDGEHOG CONCEPT IN THE SOCIAL SECTORS

- Circle 1: **Passion** - Understanding what your organization stands for (its core values) and why it exists (its mission or core purpose).
- Circle 2: **Best at** - Understanding what your organization can uniquely contribute to the people it touches, better than any other organization on the planet.
- Circle 3: **Resource Engine** - Understanding what best drives your resource engine, broken into three parts: time, money, and brand.

What you are
deeply *passionate*
about

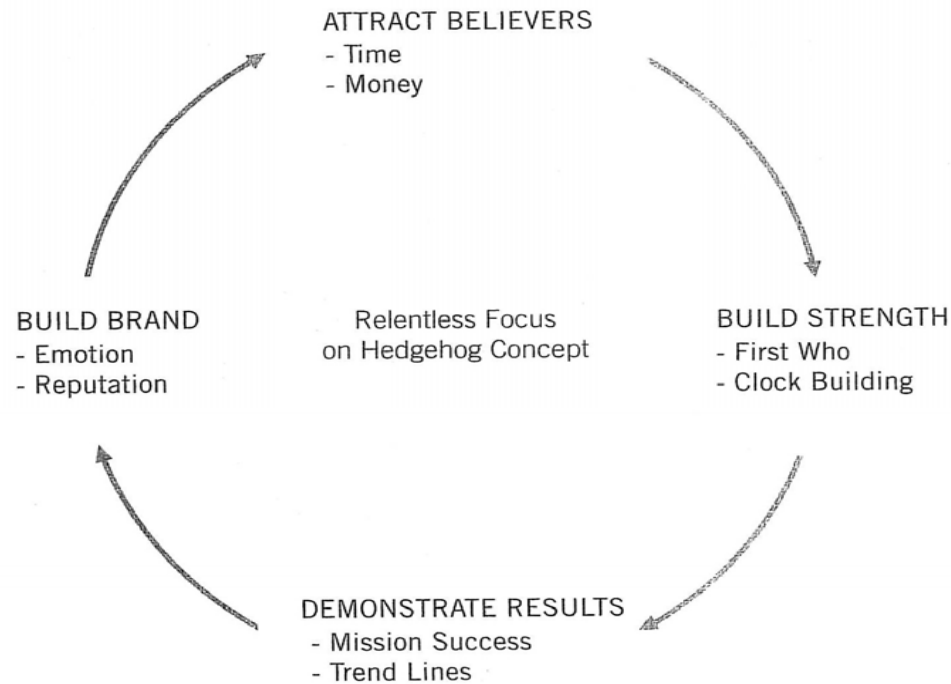
What you *can*
be best in the
world at

What drives
your *resource*
engine



TURNING THE FLYWHEEL

THE FLYWHEEL IN THE SOCIAL SECTORS





BALANCING MARGIN & MISSION

- Help the Staff to understand the relationship of Margins to the Mission
- Use Technology to accelerate the process of measuring outcomes
- Promote Discipline in the delivery of Services
- Stay Focused on the Hedgehog Concept



KEY POINTS

- LEADERSHIP
- GETTING THE RIGHT PEOPLE EMPLOYED
- UNITY OF FOCUS ON PERFORMANCE
- MEASURING TRANSFORMATIONAL INTERVENTIONS
- COMMUNICATING THESE OUTCOMES TO FUNDERS