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How a Portland-Based Nonprofit Scaled From 5 to 20 Locations in 7 Years

by Terri Sorensen, November 14, 2019

A commitment is only a start. After that, it takes strategy, performance management, data, planning, investment, and a relentless desire to improve.

Friends of the Children had only five chapters across the country when I became CEO in 2012, and we hadn't launched a new chapter in nine years. But we knew our model worked, and we had the data to prove it.

Our founder, Duncan Campbell, a successful business entrepreneur who had a very challenging childhood, had commissioned research to learn what support children needed who had experienced childhood trauma and/or were living in economically challenged households. The research pinpointed a long-term, consistent relationship with a caring adult as the crucial factor, so Campbell founded Friends of the Children in Portland, Oregon, with an innovative model: We pair salaried, professional mentors (called "Friends") with each child from age 4-6 through high school graduation, committing to at least 12 years, no matter what.

Having successfully launching new chapters in New York City and Boston, we realized our model was scalable. But since we had no national funding—or national team—to support scaling efforts, Campbell and our board of directors needed to launch an aggressive \$25-million national expansion campaign, allowing us to launch five new chapters and enroll more youth at two of our existing chapters. Our journey since then has been a whirlwind as we've grown from five to 20 locations in just seven years, and grown our network-wide operating budget from \$7.5 million to \$32 million. This has fundamentally changed the way we operate and opened doors to future growth.

Here are some of the lessons we've learned:

1. Invest in performance management. Organizations seeking to scale need to demonstrate to funders and communities that the organization is well managed and high performing. As an active member of the Leap Ambassadors Community, we use "The Performance Imperative" framework to ensure we are providing the best possible support for each child. We track progress throughout their years in the program, inputting data on a daily basis that track to our five intermediate outcomes: school success, social and



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emotional development, improved health, making good choices, and building plans and skills for the future (as well as data related to school attendance, eating habits, relationship-building skills, access to health care, mental health indicators and choices made). We also track progress against goals across our entire network, and we check in on progress through monthly and quarterly scorecards that show whether chapters are meeting their goals and how they have improved over previous reporting periods. Our scorecards also ensure that we are focusing on the right program areas and implementing our model consistently.

2. Invest in independent research and evaluation. Nonprofits that scale successfully can show that their outcomes have been validated by a third party. Friends of the Children’s data is independently evaluated by NPC Research annually, and we are in the 12th year of a randomized control trial conducted by researchers from the University of Washington, Princeton University, and New York University. Our scaling and replication efforts are independently evaluated by ICF International, with a focus on both program implementation and impact. Finally, to ensure that the voices of our program participants and caregivers are heard, we conduct annual surveys that provide valuable insights on program success. We also recently participated in a qualitative study funded by the Annie E. Casey Foundation that showed the impact our program has on caregivers involved in foster care.

3. Ensure new sites are financially sustainable from the get-go. We’ve found sustainability to be key for scaling nonprofits that serve vulnerable populations. Communities, investors, and populations who count on those services want to know that an organization will stand the test of time. Because of the long-term commitment Friends of the Children makes to each child, we have to ensure the long-term sustainability of each chapter. Along with hiring leaders who have a track record of local fundraising success and financial acumen, we require local champions to raise at least three years of seed funding before launching a new chapter. We have been able to offer some national matching grant opportunities, but the majority of the seed funding must be raised locally. This seed funding allows newly hired executive directors to focus on identifying the right program staff and implementing the program successfully. It also demonstrates community buy-in and ensures that new locations start with an existing donor base.

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4. Get buy-in from the local community. You cannot make a site successful from the national office. Friends of the Children therefore identifies and hires local champions who are already leaders within their communities. We set up each site as an independent 501(c)(3), that relies heavily on local support, with its own executive and board of directors. Independence brings its own challenges, but it also allows chapters to address issues that are unique to their community. Before a chapter launches, we assess whether we have the full support from key community stakeholders we seek to partner with: public officials, state and local agencies, business leaders, community organizations and philanthropic leaders. Since communities are already hard at work solving their problems, our goal is for those communities to invite us to be a part of their efforts.

For example, Los Angeles County has the largest foster care system in the country. Local leaders—having learned of our model—contacted us to help fill gaps in services for parents impacted by foster care. We launched Friends of the Children—Los Angeles with seed funding from Ballmer Group and support from Los Angeles County leaders, and we hired a local youth advocacy leader

to serve as the executive director, which opened doors to partnerships with community-based organizations and allowed us to amplify other efforts already underway. As a result of that early, local buy-in and support, Los Angeles is currently one of our fastest growing new chapters.

5. Diversify funding streams. Having a diverse mix of donors and funders helps to mitigate risk should one or more funding streams dry up. Both before launch and ongoing, Friends of the Children works hard to ensure that our sites are funded by a diverse mix of sources, and mostly with private funds. We recommend that no more than one-third of a site's budget come from any single funding source (e.g., public funding, investment by a single private foundation, or funding from the national office). Of course, the percentage can vary depending on a local market. When sites rely too heavily on a single funding source, the risk of closure is great – as we ourselves experienced during the economic recession.

6. Ensure proper oversight. A direct line of sight into financial, personnel, and leadership operations can stave off potential red flags and ensure the success of new sites. One of the most important factors in scaling success is putting proper oversight in place from the very beginning.

At Friends of the Children, a member of our executive team sits on the board of each new site to ensure we have that critical line of sight so that necessary adjustments can be made in real-time. To manage the financial risk associated with starting a new chapter, we require sites to use our time-tested financial and accounting services for at least three years, and we outline our expectations for chapter success in a written agreement. Each year, we review program administration and performance, including detailed program elements that we hold sites accountable for implementing. We also review a network-wide organizational health dashboard semi-annually, according to key metrics such as board engagement, staff retention, youth enrollment and retention, and according to financial indicators such as fund diversity, cash-on-hand, and percent of budget from multi-year gifts.

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7. Innovate your model. One of the most important elements in scaling successfully is openness to innovations that maximize the impact of the model. Human services organizations are on the front lines of newly emerging social issues, which we are well-positioned to address if we are nimble enough to innovate new approaches and opportunities.

Several years ago, for example, we began noticing particularly successful outcomes with youth who had experienced foster care. Despite the immense challenges that youth aging out of the foster care system too often experience—from dropping out of school to crossing over into the juvenile justice system—our youth in foster care were achieving the same outcomes as their peers in the program who had not experienced foster care (as well as significantly better outcomes than youth in foster care without a Friend). To take advantage of this opportunity for impact, we adapted our child selection process in 2014, in partnership with child welfare agencies around the country, to serve more youth in foster care (as well as becoming part of child welfare reform efforts in jurisdictions looking to strengthen outcomes for children and families). With the help of catalytic funding from Ballmer Group and the Conrad N. Hilton Foundation, we also developed an intentional Two-Generation (2Gen) impact approach—with pilot programs in Los Angeles and New York City—serving the children (ages 4 to 6) of parents who were impacted by foster care.

A Calculated Risk With a Big Payoff

We know there are many more children and families who can thrive with the support of a Friend. As more communities hear about our model, more and more seek us out: We now get dozens of calls a month from leaders around the country asking how they can bring a chapter to their city. Today, Friends of the Children is moving on to the next challenge: raising \$50 million with the goal of expanding to 25 cities by 2025.

We like to say that our model works because our secret sauce is love. But that love takes the form of strategy, performance management, data, planning, investment, and a relentless commitment to improve.

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