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A Big Job

The right new leader, a lot of hard work, and a little luck help turn around a struggling charity

By Mary E. Medland

The classified advertisement seeking a new executive director for Big Brothers Big Sisters of the East Bay sounded promising.

"This is an exciting and demanding position where a dedicated and enthusiastic individual will have the opportunity to re-build and shape the Agency and program," the ad read. "This is not a 'skate' position. If you have drive, experience in all facets of nonprofit leadership (fund development experience crucial) and want to associate with the premier national organization for mentorship, this job is for you."

What the ad did not mention was that the organization had hit rock bottom. The group reached its peak in 1998, when it boasted a budget of \$700,000 and a full-time staff of 13. But by the time the ad ran two years ago, the charity had one-tenth that sum and was dangerously close to shutting its doors.

The East Bay group, which was founded in Oakland, Calif., 28 years ago, is a relatively young part of the 101-year-old Big Brothers Big Sisters national network, which provides mentors to more than 225,000 children nationwide. The chapter's five-year decline was marked by turnover -- with the charity seeing the arrival and departure of two executive directors and the dismissal of its entire program staff -- and an increasingly desperate struggle to raise funds.

Supported largely by volunteers who are more able to give time than money -- and facing difficulty attracting affluent donors during the late '90s technology-industry bust -- the charity depended heavily on fund-raising events such as bingo games. "In our heyday, we'd net between \$150,000 and \$200,000 a year," says Tom Siino, an executive recruiter in San Francisco and a veteran trustee of the charity who has served as its president and treasurer. "We held two games a week at a union hall." But the coming of American Indian-run casinos and a new state lottery, he says, diluted that revenue source.

Today, however, thanks to strategic maneuvering by its board, the hiring of a new leader two years ago who cut costs and accelerated fund-raising efforts, the generosity of the charity's landlord, and some well-timed attention from local news media, Big Brothers Big Sisters of the East Bay has pulled back from the brink.

Troubled Times

From 1998 to 2001, Big Brothers Big Sisters of the East Bay went through two executive directors in rapid succession, neither of whom could raise enough funds to stem the losses, says Mr. Siino. After the second leader's departure, the charity's board decided not to hire another, but to instead focus on keeping its program coordinators. It also began negotiating with Big Brothers Big Sisters groups in San Francisco and in Santa Clara and Marin Counties about a possible merger.

The chapters were leery about taking on the problems of the East Bay group, although all of them had

experienced their own rough patches over the years. As the merger talks continued, the East Bay charity's board stepped in and took over some of the management responsibilities. Its priority was to maintain the employees who matched young clients with appropriate mentors.

"There were times when we were having executive committee meetings every week and when I hardly ever saw my wife and my own kids," says Mr. Siino, who says he served as the charity's de facto leader during this period. "It was desperate, but I've been a Big Brother since 1983 and I'm still in touch with one of my first children, who is now 31 years old, and I knew how important this program is."

Throughout this crisis, Mr. Siino adds, the charity's anxious staff members had "dreadful" morale. As the organization's leaderless state dragged on for six months and more, the trustees got a little jittery themselves: The charity was receiving grants earmarked for special projects, but not for general operating costs, says Mr. Siino. Many program grants, he notes, are for a specific period of time and not easily extended: "We'd start a program and, a year later, not be able to get more money from the original source to continue it."

As the merger talks appeared to be going nowhere, the board changed course once again. The group's entire program staff was let go. "We didn't even have enough money to give anyone severance pay," says Mr. Siino.

Another local Big Brother chapter agreed, for a small sum, to supervise East Bay's programs. But everyone knew that, somehow, the East Bay chapter had to continue offering mentor services, or it would lose all hope of raising funds.

A Nonprofit Veteran

Finally, in January 2003, the board decided to try again to find an executive director. At the time, its checkbook held a glum \$75,000, and the initial response from the classified ad was disheartening: The early résumés were largely from people who had lost their technology jobs and now claimed a sudden interest in nonprofit work.

"I thought we'd made a terrible mistake in the way we worded the ad," says Mr. Siino. "But when I saw Laura's résumé, I thought, 'Wow.'"

Enter Laura Deaton. She had worked in both the nonprofit and for-profit worlds, including stints at the Association of Retarded Citizens, in Cincinnati; the Glaucoma Research Foundation, in San Francisco; and Ricoh Silicon Valley, a Japanese company that makes copiers and fax machines.

Two years ago, she was working as director of client services at Community Gatepath, a \$7-million organization south of San Francisco that worked with people with disabilities. Although she loved doing what she calls "mission-focused work," her job necessitated a long commute from her home in the East Bay. "I knew," she says, "that I really wanted to make an impact on the community in which I lived."

Fate intervened when a friend forwarded Ms. Deaton the Big Brothers Big Sisters ad, with a note that read: "This sounds just like you."

"When I read the ad, I knew that the people who had posted it knew how much really important stuff happens in nonprofit settings and that they were determined to hire someone who truly wanted to make a difference," Ms. Deaton says. "Often the image of people in the nonprofit world is that they are individuals who can't cut it in the for-profit arena and, really, there is not enough talent in nonprofit

leadership when it comes to understanding the importance of running a nonprofit like a business."

During the interview process, she asked to see the charity's financial statements and requested names of people in the community who were familiar with the organization. "I wanted to make sure that the brand had not been damaged in the local community, and it turned out that it hadn't," she says. "East Bay's reputation was extremely strong and very positive, but the community was aware that the organization was having problems. It would take a really long time to get kids connected with a 'big,' and clearly it was not meeting the needs of the community."

Cutting Costs

After determining that there was enough money to pay expenses and Ms. Deaton's salary for three months, the board hired her in June 2003. She had a big job ahead: The California economy was struggling and, in the Bay Area, many nonprofit organizations battled for donations. The charity was not tapping potential resources; for example, it received virtually nothing from local United Ways.

"The first week on the job was our annual fund-raising dinner, which had been handled by an event planner, and netted \$20,000," she says. "I immediately saw opportunities to improve it." The following year, she moved the dinner from a Scottish Rite temple to a high-profile, renovated historic building in downtown Oakland that frequently held fund raisers and political events, eschewing an event planner and doing the work herself. She spent more time soliciting items for the gala's auction. She also used the national organization's centennial celebration to increase interest in the event, and required each trustee to sell two tables' worth of tickets instead of the customary one. In 2004, attendance doubled over the previous year, netting \$55,000, she says.

In addition to revamping the annual gala, Ms. Deaton immediately sought foundation money. But she quickly learned that many Bay Area grant makers were still holding tight to their purse strings in the wake of the Internet-industry bust and the state's sluggish economy. "I got the same message: Foundations weren't interested in providing funding until we showed we had the capacity for success," Ms. Deaton says.

In addition to raising money, she cut costs. When the office lease ran out in December 2003, she didn't renew it. At the time, the staff had dwindled to just her and a part-time office manager, and Ms. Deaton planned to simply work from home, saving the \$2,500 a month that the charity had spent on rent.

However, in an unexpected act of generosity, the landlord found a 500-square-foot area within the same building that had been a janitor's closet, had it painted and carpeted, and handed Ms. Deaton the keys. All she had to pay was about \$300 a month in utilities.

Rebuilding Programs

The increased revenue from the 2004 fund-raising dinner -- combined with no longer having to pay rent -- enabled the charity to focus on rebuilding its mentor program. It hired first one program coordinator and then another, with the second's salary paid for after Ms. Deaton reapplied for a federal grant that had lapsed.

While looking for chances to collaborate with other organizations, Ms. Deaton found one with Family Support Services of the Bay Area, in Oakland. The group hired the Ms. Deaton's charity to help it conduct a project, giving Big Brothers a three-year grant late last year to provide mentors to children of incarcerated parents. The money allowed Ms. Deaton to hire a third program coordinator.

In compensation for their modest salaries, she says, the new employees are allowed to work from home: "We do pay our program managers' DSL and cell-phone bills, and with them working from home, the result is a significant cost savings for us."

Next, she turned her attention to the charity's trustees. She began recruiting board members with strong corporate ties, adding six new trustees to the existing eight, with the help of 100 hours of pro bono aid from Deloitte Consulting. "I immediately realized that we needed to bring more new blood to the board," she says.

To that end, she approached Carrie Erickson, managing director of Ariba, a business that procures technology for large companies. Ms. Erickson initially had reservations. "I wasn't sure if I was the right match for an organization that was struggling so much," she recalls. But one lunch with Ms. Deaton convinced her. "I knew she was going to turn things around," says Ms. Erickson, who joined the board in 2003. "I made the decision right there and can't believe the changes I've seen since then." Since she joined, Ms. Erickson has served as hostess of a small fund-raising event that raised \$10,000.

Improved Services

Next Ms. Deaton set about nudging her charity's current Big Brothers and Big Sisters to begin screening would-be mentors on the phone, to help jump-start the group's programs. "We have some wonderful families for whom Big Brothers Big Sisters are extremely important," she notes. "We have immigrant parents who don't speak English and single mothers who are raising six kids while working three jobs." Currently, she says, the charity serves about 200 children, with the same number on a waiting list.

Creativity has helped the East Bay group stretch its volunteer pool to cover its clients' needs. While the charity's insurance policy bars men from serving as mentors to girls, women are allowed to oversee boys in a supervised setting, such as an after-school program. Because the organization receives significantly more requests for mentors for boys, linking them with female volunteers in structured programs helps meet the demand.

Efforts to get more Big Brothers and Big Sisters into after-school programs at schools, churches, and recreation centers has also helped cut costs for the charity, says Ms. Deaton.

"The cost per match with an individual who will see the child on his own, or on weekends or in the community, is about \$1,500," she says. "But the cost of a match in a supervised setting is \$500."

Some good press didn't hurt: Articles appeared in *The Oakland Tribune* in August and October 2003 that explained how the organization was struggling. When Ms. Deaton moved her group's annual direct-mail fund-raising campaign from December to October 2003 -- to avoid competing with other charities' holiday appeals -- she enclosed copies of the newspaper articles. The appeal brought in \$20,000, an improvement over the \$12,000 the annual appeal had garnered the previous year.

Although the East Bay group has not been able to hire fund raisers, it has become more aggressive about raising money -- seeking corporate sponsors and pitching the cause to individuals who might be interested in supporting the charity. The organization hasn't yet reached its peak budget levels of 1998, but it is climbing steadily: Today the operating budget is about \$454,000, and the staff is up to seven.

Foundation grants, however, remain elusive, Ms. Deaton says. "Since we now have a successful program once more in operation, I've only recently decided that it's a good time to go back to the foundations, which clearly did not want to fund a struggling operation," she says.

Yet some grant makers kept faith with the charity, even during its struggles. "We know how bad things were a couple of years ago when they were about to shut their doors, and we know how many kids they had helped, so we made a monetary contribution," says Detra Page, community-relations manager with the Oakland A's baseball organization. Last year, the A's gave the charity \$6,685, about 45 percent of all the money it received from foundations.

The charity's peers are impressed with the changes Ms. Deaton and her board have wrought.

"We are absolutely delighted to see the turnaround at East Bay," says Sherry Squire Mitchell, executive director of Big Brothers Big Sisters of San Francisco and the Peninsula. "We know there are so many children there who need the services we offer, and my organization is looking forward for opportunities to work together and be able to serve even more children."

Big Brothers Big Sisters of the East Bay is still considering a merger with other Bay Area chapters of its national charity, says Mr. Siino of the organization's board.

However, he notes, these discussions are now being conducted from a position of strength, not desperation.

"Now we don't *need* to merge to survive," he says. "We're determining whether this is the right strategic move for us."

He praises Ms. Deaton for her efforts. "We would not have made it through these tough times without Laura," he says. "If you don't know her, it's hard to believe that one person could wear so many hats successfully. One of her real strengths is her willingness to get things done even if it means doing them herself."

For charities that might be facing similar struggles to those endured by his group, Mr. Siino has a word of advice.

"Don't be afraid to change your course of action," he says. "When something isn't working, try something else."

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