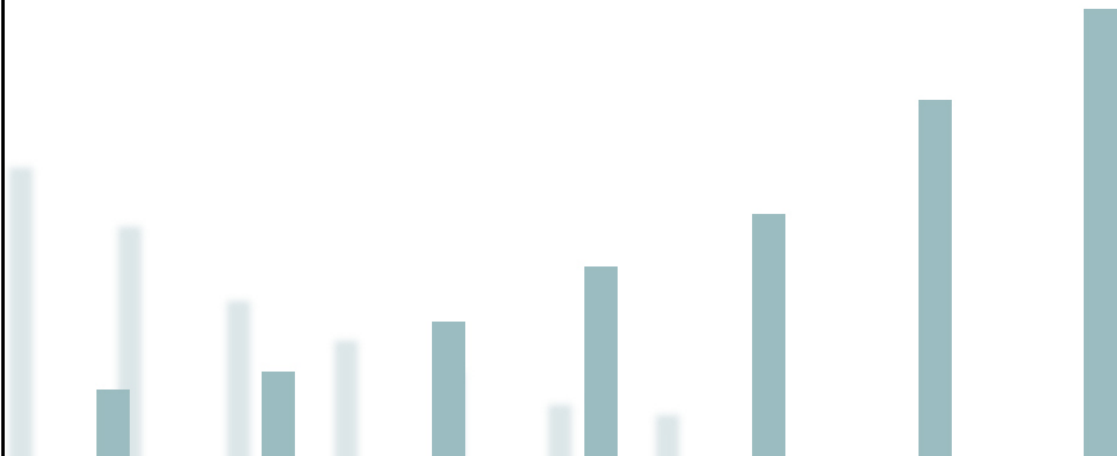


OCTOBER 2004

## College Summit

Balancing aggressive national expansion with centralized control



## Summary

College Summit has grown rapidly since its 1993 founding, relying on partnerships with schools to expand the organization's reach. College Summit has put a premium on quality, building a network of tightly controlled branches and pulling back on lower-performing sites to focus on more successful ones. Fee-for-service revenue (a natural fit with College Summit's service model), and government revenue have become an increasingly important part of its funding base.

## Organizational Snapshot

**Organization:** College Summit

**Year founded:** 1993

**Headquarters:** Washington, D.C.

**Mission:** "To increase the college enrollment rate of low-income students by ensuring that every student who can make it in college makes it to college and by putting college access 'know-how' and support within the reach of every student."

**Program:** College Summit works with a range of constituencies who benefit from increased college enrollment. Students with B and C averages, who otherwise might slip by college admissions officers, get a head start on their college applications through College Summit's four-day transformational summer workshop. High schools get a cost-effective college guidance solution in which advisory teachers are trained to manage seniors' college application process. Colleges gain access to a pool of diverse, low-income students who they might otherwise miss. And communities and employers receive help in building a more diverse workforce and in breaking the intergenerational cycle of poverty. During a College Summit workshop, approximately 40 students (called "Peer Leaders") work with writing coaches, college counselors, and a youth facilitator to complete a college essay, a universal college application, and a college counseling session. These Peer Leaders, together with teachers trained at the same workshop, guide

all seniors in their high schools through College Summit's postsecondary transition curriculum. By August 2003, nearly 5,000 students had passed through the program; 95 percent were people of color. Between 1993 and 2002, the college enrollment rate for Peer Leaders was 79 percent, compared to 46 percent nationally for high school graduates at similar income levels.

**Size:** \$3.5 million in operating revenue in 2002, and \$4.7 million in total funding generated in 2003; 25 FTEs in the national headquarters and 14 local office staff (as of 2004).

**Revenue growth rate:** Compound annual growth rate (1999-2002): 70 percent; highest annual growth rate (1999-2002): 118 percent in 2000.<sup>1</sup>

**Funding sources:** College Summit attracts a mix of private funding from major foundations, corporations, and individuals; federal government funding from the Department of Education and AmeriCorps; and an earned revenue stream from public school systems and colleges. In 2003, 39 percent of the funds College Summit raised came from foundations, 31 percent from individuals, 16 percent from corporations, and 13 percent from program income and college in-kind income. College Summit's funding structure changed substantially in 2004 due to a large Department of Education grant, shifting the funding mix to 46 percent government, 23 percent foundation, 16 percent individual, 4 percent from corporate, and 11 percent program income and college in-kind income.<sup>2</sup>

**Organizational structure:** College Summit has a tight branch structure. Sites are located in Denver; Charleston, West Virginia; Chicago; Washington, D.C.; Los Angeles; and San Francisco. Each of the branches has its own executive director or program manager, as well as a local staff, but all the branches report to the national headquarters in Washington, D.C.

**Leadership:** J.B. Schramm, founder and chief executive officer.

---

<sup>1</sup> Growth based on operating revenues

<sup>2</sup> Operating revenue mix unavailable; mix of new funding generated used as a proxy

**More information:** <http://www.collegesummit.org>

## Key Milestones

- 1993: Founded
- 1996: Ran three workshops in Connecticut, Washington, D.C., and Colorado
- 1997: Ran six workshops in Connecticut, Washington, D.C., Colorado, and Illinois
- 1998: Peaked at running workshops in six states, but cut back to four (Washington D.C., Colorado, Illinois and Florida) to concentrate its efforts
- 1999: Introduced the Senior Year Curriculum to help teachers guide all seniors in a high school through the application process, and a portfolio reviewing and matching system to help college admissions officers select College Summit graduates
- 2000: Opened an office in Chicago
- 2002: Expanded to California and West Virginia; opened offices in Denver and Oakland; began partnering with cities to improve the college guidance system; piloted a “whole-school” model in eight high schools in Chicago, D.C., and West Virginia

## Growth Story

College Summit grew out of J.B. Schramm’s work with youth at the Good Shepherd Teen Learning Center, located in a low-income housing project in Washington, D.C. colleges paid little attention to the kids Schramm saw everyday, with the exception of the “stars” with top grades and test scores. The stars were actively courted, but mid-tier performers often were ignored. He called this the “college market gap.”

Kids would assure him they were going to college, but two months after high school he would see them hanging out on the street. “A year later, their eyes were dulled,” he recounted in the recent book *How to Change the World*. “I’d hear: ‘I sent the application incomplete and never heard back. I only applied to two schools and didn’t get in.’” He felt the problem was their environment — they didn’t grow up in a college-going culture. Their parents often hadn’t attended college, so he saw them getting little guidance to apply.

A Congressional commission estimates that there are 200,000 “college-capable” low-income high school graduates who fail to enroll in college each year. He has reached 5,000 of them since the organization started in 1993. “I don’t believe that every low-income student is ready for college,” says Schramm. “But the only way you can tell who is capable of going to college and who isn’t is by looking at the whole student. It’s not rocket science. The talent is out there, but the systems are blind to it.”

In the early days of the program, Schramm assembled a handful of students and put them together with a writing coach who could help them bring out their unique stories to tell to colleges. The kids started getting into top schools, and the program grew in a grassroots way from there. By 1996, Schramm had developed relationships with Connecticut College, Georgetown University, and Colorado College. But the growth was opportunistic and scattershot.

By 1997, College Summit was running six workshops for 195 students across the country. The number of kids served doubled in 1998, with 10 workshops in seven states. A successful pilot at Manual High School in Denver demonstrated that Schramm’s model could transform an entire school’s college-going culture. One-fifth of the students at Manual now go through the workshop, and the experience even makes an impact on the kids who don’t participate.

Around 1998, Schramm met Charlotte Hogg and Steve Sacks, management consultants who helped Schramm become more strategic about choosing geographies. Working with McKinsey, College Summit found that the program was taking off in cities or states where there was a concentration of partner high schools, colleges, and businesses, such as in Colorado and Chicago. “With

concentration, the program achieved a kind of critical mass,” remembers Schramm. “Scale was magical.”

College Summit received unrestricted funding from the Knight Foundation that gave it the freedom to focus on four areas where it was most effective – Chicago, Denver, Washington D.C., and Miami – rather than simply to fund new sites. The organization also pulled out of its underperforming sites.

Withdrawing from underperforming sites was difficult. “I loved these partner institutions and the deans at them,” says Schramm. “And it was a real shift in the kind of thinking you get used to in the nonprofit world, where you can’t say no to anyone.”

In 1999, College Summit introduced its Senior Year Curriculum, which helps teachers guide seniors through the college application process. The same year, the organization developed prescreened “preview portfolios” to help college admissions officers choose applicants. In 2000, the program doubled again, reaching 800 students and opening a Chicago office. In 2002, new offices opened in Denver and San Francisco. In 2003, the organization began work with the Chicago public school system, Kanawha Public Schools, as well as with public and charter schools in the District of Columbia, to incorporate its “whole-school” model. College Summit developed partnerships with the Energy Corporation of America and the Kanawha County Public Schools in West Virginia, to implement its whole-school model in two high schools in Charleston.

College Summit attributes its success in working with school districts, which are sometimes considered a difficult partner, to its focus on aligning partnerships with its values. “Our focused success has been due to our mission, and our five values,” says Schramm. “One of those is that we’re all about ‘tapping the power’ of our kids, and having them tap their own power. And not just the kids, but also the institutions involved as well – schools, districts, communities. A lot of other organizations roll over when there are difficulties, and when there is no money. We don’t, and I think that’s why it’s worked.”

College Summit plans to expand to 14 cities by 2009, and it is looking to raise \$17 million in new funds by 2006. College Summit recently initiated a site-development

plan to guide the organization's geographic growth. The first phase of the plan involves a five-step process to determine a community's readiness for College Summit's program. Partners will then have three years to: raise college enrollment rates in participating low-income high schools to the state or regional average; serve at least 3,000 high school seniors from 15 to 20 high schools; and develop a cost-effective, sustainable transition system for all students. "It's now all about finding communities that are ready to struggle to build a college system community-wide," says Schramm. "We want to be sure it's going to work."

In 2003, College Summit management requested action plans from national staff and the local offices, then convened an all-staff retreat where the organization could assess the status of progress against those plans. The chief operating officer conducted an internal staff evaluation and worked to tie a Balanced Scorecard to reviews at every level of the organization.

Schramm sees College Summit as a business that's in competition not just with other nonprofits, but with for-profits like Princeton Review and Kaplan in the heated college-prep market. "The challenge for us is that the for-profits have the infrastructure to scale in a district quickly," he says. "We're producing measurable results, which is our competitive advantage. But superintendents are not just worried about results; they are also worried about scale. We need to build the infrastructure to rapidly get at all schools in a district or a community. And that is our biggest challenge. Fortunately, we have a track record of measurable results, and we do have a potential cost advantage in our nonprofit status and in having philanthropy fund overhead."

## **CONFIGURATION**

College Summit has a tightly controlled branch structure. Much of the organization's back-office infrastructure is maintained from headquarters in Washington D.C., including curriculum development, business development, fundraising, marketing, advocacy, and technology.

"Going forward, we will decentralize certain things," says Kevin O'Shaughnessey, vice president and general manager of finance, technology, and talent. "We might

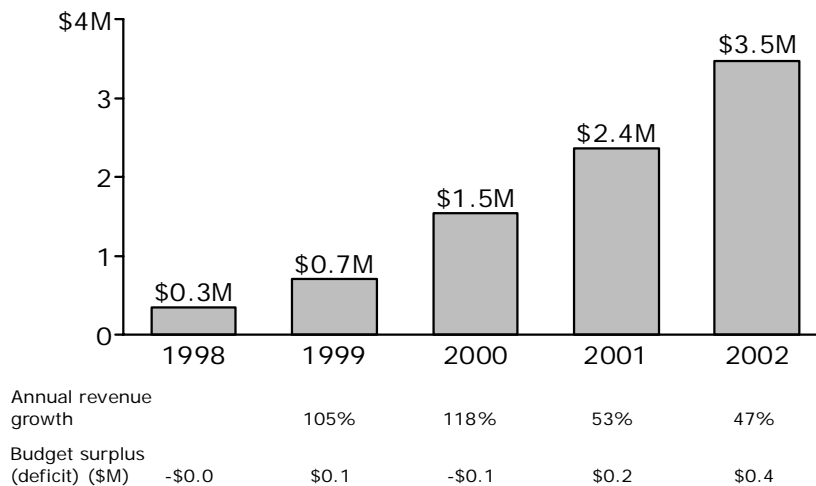
have the local offices, for example, find their own space as opposed to us doing to centrally – within some parameters, of course. We want to give them some more discretion, but we also need a set of things that can't change.”

## CAPITAL

Foundations drove College Summit's initial growth, supplying up to 85 percent of total funding. “Before, we would just go wherever people wanted us,” says Dana Malman, community development associate. Over the years, the organization has received grants from major “transforming” funders, such as the Banyon and Rockefeller foundations and Echoing Green. In 1998, the John S. and James L. Knight Foundation provided a “get-to-know-you grant” of \$30,000, which then became a \$480,000 infrastructure grant. It received an additional \$750,000 from the Knight Foundation to expand its network of regional offices. (See Figure 1 for College Summit's revenue growth).

Figure 1

College Summit operating revenue



Source: Organization internal data

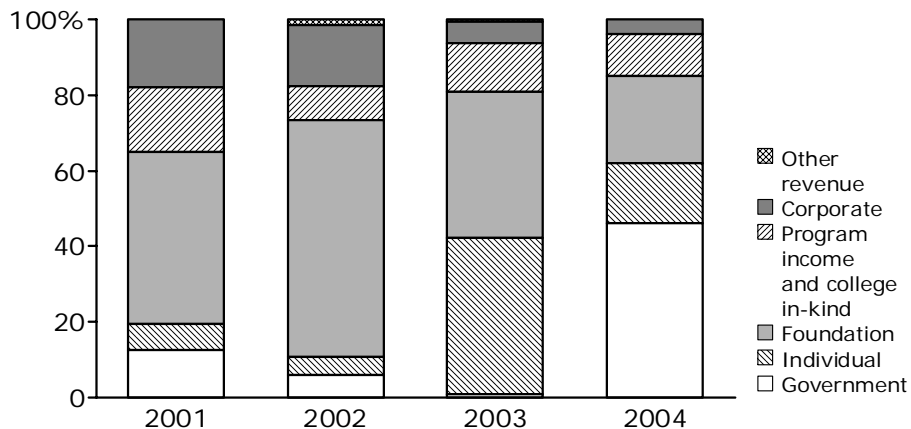


In 2000, Schramm was chosen as one of the first four U.S.-based Ashoka fellows, social entrepreneurs who the Ashoka organization recognizes as having innovative solutions to society's problems. Also in 2000, College Summit, through Public/Private Ventures, received grants from the U.S. Department of Education's Fund for the Improvement of Post-Secondary Education (FIPSE) and the Chicago Community Trust to expand its model in the Chicago public schools and to evaluate its impact on college enrollment and retention. With support from the Irvine Foundation, the organization launched operations in California." In 2002, the organization received a \$3 million, five-year matching grant from the Samberg Family Foundation.

In 2004, foundations provided 23 percent of total funds College Summit raised. (See Figure 2.) Another 46 percent came from federal government sources like the U.S. Department of Education, AmeriCorps, as well as from contracts with school districts. Thanks to strong political relationships, Congress in 2004 appropriated College Summit \$3 million from the Department of Education. "It is a very different world, going after government money," says Schramm. "It was good for us, though, in terms of us refining our story and pitch at the 30,000 foot-level. Policymakers don't give a damn about the details."

Figure 2

Percent of total College Summit funding generated



Source: Organization internal data

Local governments contribute a significant portion of College Summit's revenues, through a fee-for-service model that charges high schools for College Summit workshops. This model started when Schramm began asking colleges to cover room and board (which usually cost around \$10,000) for the four-day summits. "I kept bumping into for-profit companies in the waiting rooms at schools," says Schramm. "McKinsey and Monitor helped us scope it out, and in the end we increased fees 10-fold. Some schools just said no on the fee increase, but most said yes. The more they pay – either the schools or the kids themselves – the harder they work. If you're really solving a problem for someone, they're going to become more engaged. The fact that they pay shows they see us as valuable."

Fee-for-service school revenue has gone from \$100,000 to nearly \$700,000 between 2002 and 2004. Total fee-for-service revenue in 2004 will approach \$1 million. The organization's goal is to generate sufficient fee-for-service revenue to cover variable costs, which the organization considers a tipping point for scalability. The revenue has also enabled the organization to be more strategic with its growth and able to maintain focus when funders pull them in different directions. "At this stage in College Summit's existence, there is a risk of becoming diverted by good ideas," says Chuck Harris, a former Goldman Sachs partner and College Summit board member who is serving as interim vice president of business development. "This is especially apparent in foundations' [requests for proposals]. It blows me away how much stuff they want us to do that we don't currently do." Management anticipates that local philanthropy will cover the diminishing gap between fee-for-service revenue and local costs, and that national philanthropy will cover strategic initiatives and the national office.

Another interesting element of the organization's financial structure is that College Summit splits new-site development from site support. Government money now funds new-site development and infrastructure development, rather than ongoing operations of new sites. College Summit was hesitant to become overly reliant on government money. "The biggest challenge with government money is that there is a risk that this money might break us," says Schramm. "We don't want to build a program purely on this money, because it could very well disappear."

## CAPABILITIES

College Summit's biggest challenge is bringing in new staff that can professionalize the organization and build its organizational infrastructure.

Schramm added staff sparingly at first. He only quit his second job and became full-time in 1996, working out of his house. He recruited a board then, as well, which included one of the first students he had helped, a federal judge, and an executive from NASDAQ.

By 1997, Schramm was able to fund the organization's infrastructure. He persuaded Cynthia Cheadle, an elementary school teacher and sister of his best friend from high school, to help him build the organization. In 1998, Schramm moved his office to a donated basement space in Washington, D.C. The same year he delegated the direction of the workshops to the organization's two other staffers, Cynthia Cheadle and Jaime Harrison.

Kinney Zalesne, a college friend of Schramm's, served as a volunteer and writing coach. She was so impressed with the program that she quit her job as counsel to Attorney General Janet Reno College Summit's deputy director in 1999. "When I saw the workshop, I said this is not only the best community intervention I've ever seen, but it has the seeds for scale," says Zalesne.

The staff's transformation began when the organization shifted in 2000 to a fee-for-service model. "It felt different, less grassroots," remembers Schramm. "We went from being a rowboat where everybody played an equal role. We went through a shift from just working hard, to working smarter."

To help manage College Summit's recent aggressive growth, Schramm hired Bo Menkiti in 2002 as chief operating officer. A former management consultant who had run youth programs in Boston, Menkiti centralized processes, clarified responsibilities, and strengthened the organizational structure. "Some of the challenges we're facing as we open up offices around the country are similar to multi-site businesses," says Menkiti.

In 2002, the board faced a major transition. “Before, we had a small group of five people, who were very smart and committed,” says Schramm. “But they had a marginal amount of financial contribution, and they didn’t really see that as their role.” Board members now see themselves as strategists, overseers, *and* fundraisers. “We’ve even turned down a few prominent people who wanted to join the board but were not able to comply,” says Schramm. “It comes back to our motto ‘let talent shine’ and our value ‘tapping the power within.’ How can we tell a high schooler to do that if we can’t make our millionaire board members do that?”

Local advisory boards are the next area of improvement. “There is a need to really develop, and in some cases, create, local advisory boards that can act in concert with local executive directors to raise local funds,” says Chuck Harris. “The future financial model is for a lot of the money to come in locally.”

Over time, Schramm has brought on more senior managers so that he isn’t running everything. Vice president-level staff oversee critical areas, and a chief operating officer has been added to the structure. “Our first COO was the one that took us from ‘kumbayah’ to putting in some clear infrastructure, hierarchy, and processes,” says Dana Malman, Community Development Associate and Coordinator for CEO Initiatives. College Summit is currently looking for a COO with experience taking an organization to scale, and is getting more systematic about creating clear job responsibilities and lines of communications. But finding back-office staff is still a challenge. “Frankly, it’s much easier to find programmatic people,” says O’Shaughnessey. “It’s more difficult hiring for people like finance manager.”

Salaries are also an issue. Recent hires have been pushing the traditional boundaries of the pay scale, but management feels that’s often necessary to recruit the best people. The organization is currently reviewing salaries across the organization. And it’s looking at assembling the right mix of personalities. “The kind of temperament that you need to drive an entrepreneurial organization, as a leader, is prone to burnout,” says Chuck Harris. “You need to balance that out with ‘calmers’ in the organization. And celebrate the big and medium successes, while getting to the point that the little things don’t need to be big ordeals.”

Schramm credits staff continuity with some of College Summit's success. "I've been here forever," he says. "So has our board chair, and a few of the program folks." This continuity appears to be paying off. Schramm has won numerous awards, and he has also been featured in articles in *The New York Times* and *Fast Company*, as well as in a chapter in the recent book *How to Change the World: Social Entrepreneurs and the Power of New Ideas* by David Bornstein.

## Key Insights

- **Tapping earned revenue.** College Summit increasingly competes with the private sector, especially in an era of increasing privatization of social services. Earned revenue is a natural fit with its service model and has become an important part of its funding stream as the organization tries to compete.
- **Managing external partners.** The same philosophy that drives its work with students guides College Summit's work with a wide range of school partners. Without these partners, College Summit knows it cannot have the reach it would like.
- **Focusing on quality rather than quantity.** College Summit is now working to prove its model in fewer places but at a higher impact, rather than spread itself thin. The organization wasn't afraid to pull back from sites that weren't producing strong enough results.
- **Walling off growth.** College Summit maintains the integrity of its growth and of its ongoing operations by creating a revenue wall between new site development and on-going site support.
- **Attracting outside talent.** College Summit has had success bringing in executive management and outside consultants to help it scale the organization, centralize the organization, and increase operational efficiency. But finding specialized talent is still a challenge.