The Bridgespan Group

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Stop Starving Scale

Unlocking the Potential of Global NGOs

By Jeri Eckhart Queenan, Jacob Allen, and Jari Tuomala

Collaborating to accelerate social impact

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Generous private funders have fueled the spectacular growth of global NGOs in recent years. But the money comes with strings that thwart these organizations' ability to create the platforms for scale needed to solve global problems.

Over the past quarter century, nongovernmental organizations have become increasingly essential players in solving global problems. Consider their growth in numbers and financial clout. Since 1990, global NGOs registered with USAID doubled to 579, and their average annual funding has nearly tripled to almost $50 million; a handful exceed $1 billion. Today, governments and donors—from individuals to foundations—look to global NGOs to address a host of education, health, and human rights issues affecting the world's poorest populations, an estimated four billion of whom live on less than $2 a day.

Even as the numbers and influence of these global organizations grow, many of their leaders acknowledge that programs have multiplied faster than their ability to manage them in an integrated, coherent way. Many global NGOs have cobbled together impressive networks of affiliates and programs that fall short of fulfilling their potential for improving the quality of life for millions of aid recipients—a conundrum that weighs heavily on NGO leaders. If only they could transform themselves into "platform" organizations, akin to many multinationals, that achieve economies of scale through efficient use of assets and economies of scope by reducing the cost of program design and distribution. That goal is a widely held aspiration.

Two dozen global NGO leaders interviewed and surveyed by The Bridgespan Group over the summer of 2012 revealed both a shared desire to implement operational and systems changes that could make their organizations more effective, and widespread lack of clarity over how to pay for the changes they desire.[1] Fully 65 percent said strengthening their core functions to create greater administrative coordination to replicate programs that work—building platforms for global scale—remains a distant goal.

For most, the biggest obstacle blocking the transformation they seek is a tight-fisted approach to spending on "indirect costs" or overhead, encompassing everything from strategic planning and staff training to program evaluations and computer systems upgrades. And it's pervasive. Seventy percent of NGO leaders surveyed by Bridgespan named "insufficient indirect cost recovery" from funders as one of their most pressing problems.[2]

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1 Global NGO Indirect Costs Survey, The Bridgespan Group, June 2012.

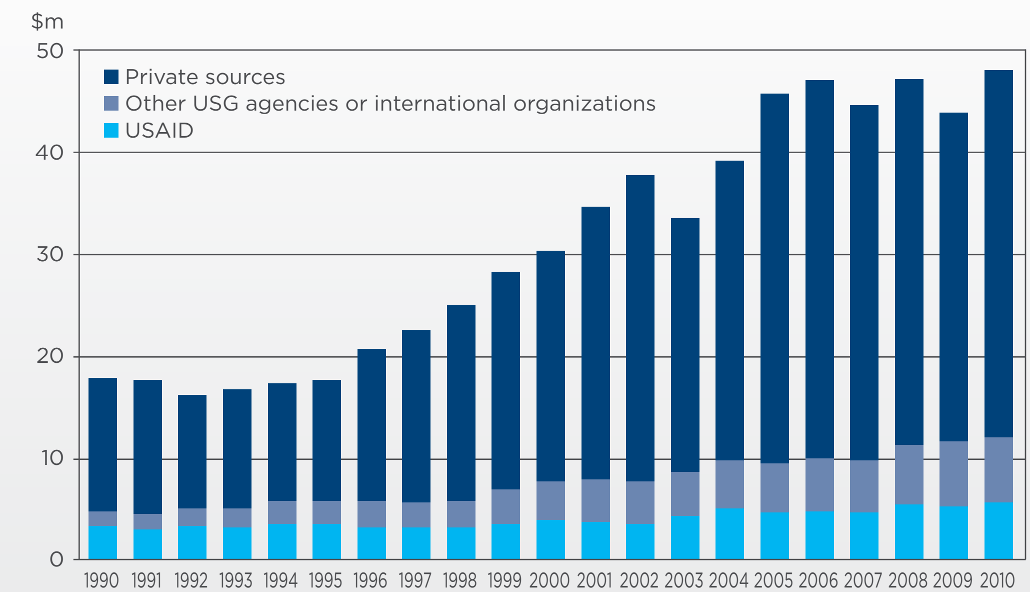
2 Bridgespan survey of 65 international NGO CEOs, November 2012.

"This issue is one of my pet peeves," said Rich Stearns, CEO of World Vision US, the largest national affiliate of World Vision International (WVI), a Christian humanitarian organization that coordinates development and relief work with affiliates operating in 97 countries. "In the United States, the fallacy is that the sole criterion for evaluating a charitable gift should be an organization's overhead. I hear this from the $10 and the $10-million donor. Yet, asking about an organization's overhead rate is the wrong question. The right question to ask is what impact the organization is having per donated dollar? Because we ask the wrong question, we punish the organization that's investing enough (in administration) to have real impact."

This fixation on restraining overhead stems from recent funding trends:

- Since the mid-1990s, governments, foundations, and high-net-worth individuals have dramatically increased global NGOs' financial support but restricted this funding primarily to specific programs and projects, shrinking unrestricted funding that supports the organization as a whole.
- Because they typically view overhead as money poorly spent, funders generally set—or expect—strict limits on how much can be allocated for this purpose.
- Program- and project-based funding has spawned a patchwork of short-term engagements across countries and continents as NGOs chase donor dollars. This fragmentation further serves to divert attention from investing in essential administrative functions that would improve overall performance.

Average funding per registered US INGO



Registered INGOs	267	334	385	411	424	416	423	425	435	438	433	442	486	507	508	494	536	555	565	580	579

Note: Data includes in-kind donations; number of INGOs varies by year
Source: USAID VOLAG reports

Playing by these funding rules, many NGOs have grown into global conglomerates managing, in some cases, hundreds of programs in dozens of countries. While outwardly successful, it's a pattern of fragmented growth that feeds the programmatic branches and starves the operational core. Individual program "branches" grow without commensurate growth in the "core" management capabilities and systems required to maximize their impact in the most efficient manner. Fragmentation also is costly. It leads to duplication of systems, such as multiple ledgers, and increased staffing to handle tasks that could be centralized. Perversely, funders cite current overhead costs as proof that NGOs already spend too much on administration, apparently oblivious to their role in pushing up the very costs they question.

NGO leaders recognize this paradox and want to remedy it. But most lack the resources required to do so. Their organizations are starved of general support as private donors pour money into specific programs. As mature NGOs struggle to break free of this pattern of patchwork growth and underinvestment in organizational capacity, the same issue is taking root among new and up-and-coming NGOs.

Funders perpetuate this pattern of fragmentation and starvation despite efforts within the philanthropic community to alter the situation. "Many philanthropic donors subvert their contributions by earmarking donations for particular projects rather than providing unrestricted general operating support," said Paul Brest, former president of The William and Flora Hewlett Foundation. "Even outcome-oriented donors impose these restrictions, often in the misguided belief that general operating support grants cannot be evaluated and that donors can have more impact by designating funds for programs. A decade-plus of advocacy [to change this mindset] by Independent Sector, Grantmakers for Effective Organizations, and the National Committee for Responsive Philanthropy seems to have made minimal gains."[3]

At least some funders have resisted loosening the reins on overhead expenses because they question the current global NGO operating model, one that focuses on programs, not local capacity building. "It's a larger, philosophical point," said Tom McPartland, CEO of ELMA Philanthropies Services, a leading funder of health and education programs for children in Africa. "It's not just a choice between better balancing investments in core operations versus in-country programs. There's also the choice of whether to build the capacity of domestic third-party public and private institutions so that they can successfully and sustainably offer services themselves." In short, capacity building isn't just about strengthening NGO management, said McPartland. The larger goal for some time has been to help aid recipients build the capacity to help themselves. By doing so, NGOs would secure for themselves a future that breaks from the status quo.

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3 Paul Brest, "A Decade of Outcome-Oriented Philanthropy." *Stanford Social Innovation Review*, Spring 2012.

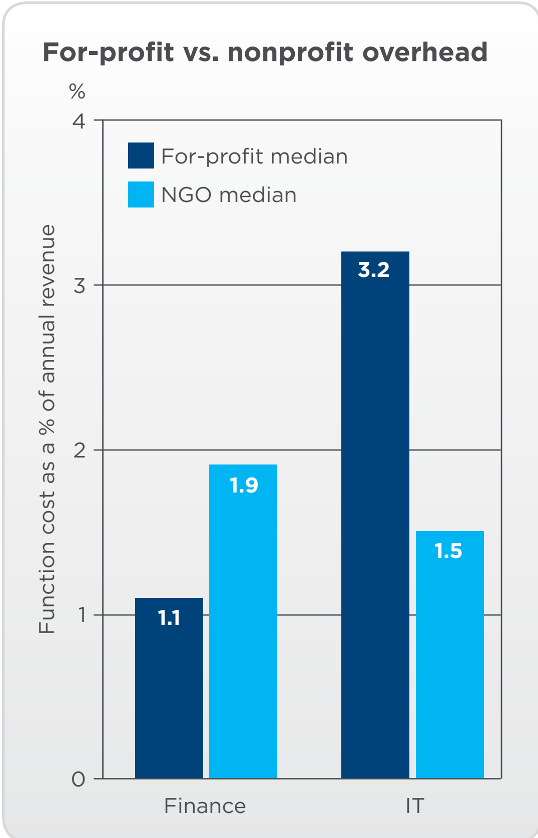
For their part, many NGO leaders contend that without adequate general operating support their organizations can't live up to their potential as global platforms for scaling programs that work. To accomplish that goal, NGOs first need the managerial and technical capacity to identify evidence-based programs, and then stand ready to replicate them wherever the opportunity arises. This requires ongoing investments in leadership, systems, measurement and learning, and management teams that understand what aspects of programs can be unified globally and what must be specified locally. But the prevailing growth pattern that champions collections of uncoordinated, short-term projects starves NGOs for the resources to build the organizational capacity to and replicate programs that work.

It's a pattern that WVI has set out to break, said Stearns, whose US affiliate is a major funding partner. (See sidebar: "How World Vision International Applied Corporate Lessons to Administrative Strength") "Four or five years ago, we had to face the fact that we were in a starvation cycle of underinvestment year after year," recalled Stearns. "As a $3-billion organization, World Vision International had systems of a much smaller entity."

Underinvesting Is Expensive

Stearns' frustration is widely shared among global NGO leaders surveyed by Bridgespan. Compared to for-profit multinational benchmark data,[4] NGOs surveyed spent nearly 80 percent more to administer finance capabilities and employed nearly twice as many finance staff. Moreover, records kept locally can't easily be rolled up to the organizational level. One NGO admitted to concurrently using five separate general ledgers. In part, this is a result of funders' divergent reporting requirements—each funder requires unique reports and overhead calculations, resulting in extra, labor-intensive work.

The absence of coordinated financial management systems reflects comparatively low spending on information technology. In fact, the



4 For-profit comparison data comes from APQC OSBCSM Benchmarking Data, includes a set of 86 companies in the service industry with annual revenues between $10 million and $2 billion.

survey revealed that NGOs spent less than half as much on IT systems as comparable for-profit companies, resulting in slower and less comprehensive reporting capabilities at a higher cost.[5] More than 44 percent of respondents could not readily produce total costs of field operations in functions such as finance, HR, and IT.

Just as telling, the NGOs reported spending one-third as much on program monitoring and evaluation as is generally recommended.[6] Spotty measurement and evaluation efforts reflect the starvation syndrome that renders NGOs unable to invest in transformation. Habitat for Humanity, which has built over 600,000 affordable homes serving more than 3 million people worldwide, offers a case in point. "We have insufficient funds to invest in outcome and impact measures, and we're highly constrained in our ability to do longitudinal studies," said CEO Jonathan Reckford. "We're really good at measuring outputs like the number of houses constructed in a specific place. What we really care about, however, is building up people and their communities' capacity for leadership and change. Yet we struggle to be able to fund tools to measure these outcomes."

Adam Weinberg, CEO of World Learning, which operates education and development programs in 60 countries, observes that funders are reluctant to move beyond programs and projects. "Developing a platform for scale is challenging because fundraising to invest in high-quality staff beyond a single project and cross-organizational learning is very difficult," he said. But replicating individual programs

How World Vision International Applied Corporate Lessons to Administrative Strength

Global NGOs are uniquely positioned to develop and replicate programs that transform millions of lives in developing countries. But first, someone has to make the investment in building the organizations' capacity to deliver on that promise. That's a challenge Dave Young took on seven years ago when he moved from Boston Consulting Group to World Vision International (WVI) as its head of strategy and that he continues to tackle today as WVI's chief operating officer.

WVI is best known for its poignant child sponsorship appeals, the source of half of its funding. But it recognizes that ensuring sponsored children have access to education, nutrition, and basic health care requires engaging in projects that improve their communities. For example, WVI trains midwives in Afghanistan and supports rural development programs in Laos.

An almost threefold increase in annual contributions since 2000 propelled the organization's rapid global expansion. But WVI struggled to manage its success, a challenge seemingly tailor-made for Young. As a former global practice area leader at Boston Consulting Group, he came steeped in experience with global corporate transformation, from upgrading business operating performance to designing more effective organizations and strategy. Young used that know-how to help craft a plan to hone WVI's ability to deliver more effective programs. The plan included the following investments to strengthen WVI's platform for growth and impact.

- Fundamentally restructuring all support functions toward global benchmarks of

5 NGOs reported requiring a median of 60 days to complete their annual financial audit after consolidating annual financial statements; for-profit companies required only 48 days.

6 *State of Evaluation 2012: Evaluation Capacity and Practice in the Nonprofit Sector*, Innovation Network, www.innonet.org. The research report (and others) recommends that NGOs spend 5–10 percent of the organization budget for evaluation costs.

as donors write checks isn't a path to maximizing impact, he added. "It's one thing to be an organization that runs great [individual] programs. It's another to be an organization that can really demonstrate it's making a measurable difference in the world. Somewhere along the line our ability to address some of the most critical challenges out there can't be done with this [program-centric] approach."

Barriers to Scale

Private-sector corporations worked through these same global scale issues beginning in the 1980s. As multinational companies grew by opening international outposts to access new opportunities, they quickly discovered that just adding pieces didn't mean that an integrated, effective organization would emerge. Like NGOs today, they struggled to build the administrative and technical infrastructure to take advantage of their emerging global scale.

Research has shown that, to be successful, global corporations had to combine coordination and learning to maximize scale benefits.[7] Getting there typically required strengthening a company's management capabilities, developing institutional learning to ensure knowledge sharing throughout the organization, and restructuring administrative systems to increase coordination and interdependence.[8]

Unlike multinationals that have invested heavily in mastering the challenges of scaling

effectiveness and capability, particularly people and culture.

- Creating global communities of practice around areas of expertise, such as primary health care or sustainable agriculture, to deepen sector capacity and ensure field programs draw on proven best practices.
- Investing in the technology infrastructure that permits practitioners in the organization's 97 country locations to communicate with one another and monitor programming.
- Developing an organization-wide plan of action based on five strategic mandates, clear objectives for child well-being, and a common development approach to programming—but allowing for local variability.
- Investing in leadership development, project management, and employee engagement.
- Changing organizational structures to take advantage of operational efficiencies, such as better focused regional organizations and shared services across regions.

Having a plan is one thing. Paying for it is another. "Just try selling these things to a donor," said Young. Instead, he turned to the leadership of the WVI federation. They approved the plan to allocate overhead dollars to invest in the system and management upgrades that they all came to agree were needed. "We're spending today almost exactly the same percentage on global indirect costs as we spent in the past, but we are spending it differently," said Young. The payoff, he added, is twofold. "Organizations that make platform investments over time will be able to operate at a higher level of effectiveness and efficiency, and that will generate savings that then can be deployed to more depth in programs."

7 Christopher Bartlett and Sumantra Ghoshal, "Managing Across Borders: New Strategic Requirements," *MIT Sloan Management Review 28* (Summer 1987): 7–17.

8 Christopher Bartlett and Sumantra Ghoshal, "Managing Across Borders: New Organizational Responses," *MIT Sloan Management Review 29* (October 15, 1987). Some argue that international knowledge sharing is the primary rationale for multinational corporations' existence. See Anil Gupta and Vijay Govindarajan, "Knowledge Flows Within Multinational Corporations," *Strategic Management Journal* 21, no. 2 (April 2000): 473–496.

global operations, NGOs have scrimped on making investments in mastering integrated administrative functions.

Overhead as an Obsession

Many NGO leaders feel trapped by donors' unrealistic expectations about how much it costs to run a global organization. Donors typically set an overhead reimbursement rate of 15 percent or less because they equate keeping overhead spending low with NGO effectiveness. Global NGOs feel this bias more acutely than domestic nonprofits. While 58 percent of donors to domestic causes say they pay significant attention to overhead rates, fully 70 percent of international donors do the same.[9] Many individuals easily find information on overhead rates posted on "watchdog" websites such as Charity Navigator.

The widely held belief that low overhead indicates higher effectiveness runs deep in the social sector, as described in Bridgespan's article "The Nonprofit Starvation Cycle."[10] Nonprofits clearly have an obligation to ensure good stewardship of the funds they receive. But the reality is that there's no single overhead figure that makes sense for all. An organization's appropriate overhead expenditure depends on its field of practice, the nature of its programs, and what funding model it employs. Furthermore, the methods for calculating publicly reported overhead rates are so flexible and varied that they too-often render comparisons among organizations meaningless.

In recent years, the squeeze on overhead expenditures has received widespread discussion. But increased awareness has not necessarily translated into changed behavior for global NGOs, said Habitat for Humanity's Reckford. "A few years ago, some big foundations affirmed the goal of funding capacity building and core operating functions for trusted organizations, but I've seen little evidence of change. Donations seem to be increasingly tied to specific projects."

Yet NGOs aren't just hapless victims of donors' insistence on holding overhead expenditures to a minimum. For their part, many NGOs tout low overhead on their websites and in marketing materials. And their leaders do not press the issue with donors or boards. Anne Goddard, president and CEO of ChildFund International, a child-sponsorship organization working in 31 countries, contends that constraints on overhead "are self-imposed as much as they're imposed by the public." Some see it as a point of competitive advantage, she noted. "We in the sector have been our own worst enemies in touting our low overhead rates," she added.

In addition, board members, especially those with corporate experience, too often focus on cost cutting rather than on the cost of delivering lasting impact. "Board members bring the mindset of cost cutting because that's how they

9 Hope Consulting, "Money for Good: Special Report on Donor and Investor Preferences for Supporting Organizations that Work Outside the US," May 2010.

10 Ann Goggins Gregory and Don Howard, "The Nonprofit Starvation Cycle," *Stanford Social Innovation Review*, Fall 2009.

believe they can maximize the collective investment in a public good," explained Sam Worthington, president and CEO of InterAction, the largest US alliance of global relief and development NGOs.

Lessons from the Front Lines

While the financial obstacles to transformation are significant, the challenge of effectively integrating an organization built piecemeal constitutes another hurdle. The following case studies of two leading organizations—Heifer International and Save the Children—show at least two ways to begin the process of organizational transformation, if you can finesse the funding.

Heifer, with a global headquarters in Little Rock, AK, began by strengthening its managerial team, and then it deployed major technology upgrades to unify its operations in more than 40 countries. Save the Children, with a far-flung network of 29 autonomous affiliates operating in 120 countries, focused first on centralizing decision making about program delivery. Then it set out to upgrade the technology needed to coordinate its global operations. In both cases, it took strong leadership from the top to initiate and implement organizational change, and the hard work is not yet done.

Leading Change from the Center: Heifer International

Pierre Ferrari took charge as Heifer's CEO in 2010 after a long career with organizations as varied as Coca Cola and CARE. He quickly set to work with the board to develop a strategic vision reflecting Heifer's rapid growth. Annual revenues had increased to $130 million from just $8 million a decade ago. Because all Heifer affiliates reported directly to headquarters in Arkansas, creating a strategic plan was easier than for NGOs with more complex organizational structures.

The final plan encompassed three goals: extend the program model built on small-animal farming to include development of stronger local economies, enhance how the organization would identify and share successful practices, and engage in longer-term projects with the communities it serves.

Going forward with the plan required basic knowledge of current operations, like how much does it cost to deliver the standard animal-farming program versus the expanded community development model? What is the marginal difference in impact? How many of each type of project are underway? Which ones are most successful? To Ferrari's consternation, the information needed to produce answers simply was not available.

Like many global NGOs, Heifer was operating as a collection of disconnected programs, creating fractured, inefficient operations. For example, the organization had no centralized system to track the number of beneficiaries or project status, much less measure outcomes.

“Our board had shied away from investments that would count as overhead,” explained Ferrari, so the systems and processes needed to provide operational answers just didn’t exist. The fault, he added, lay internally. “There had been a conscious choice, not so much by donors but by management and board, to underinvest in enterprise activities. They didn’t understand the need for systems and processes that reduce overhead and increase efficiency in order to focus on impact.”

Heifer’s unique financial structure placed the decision to transform squarely with the board. Unlike many NGOs of comparable size, nearly 90 percent of Heifer’s funding comes from individual donors and is unrestricted. That gave the board an unencumbered path to allocate the money Ferrari requested for administrative streamlining.

With board approval, Ferrari deployed a three-year plan for staff and operational investments. He began by building his leadership team’s capacity for change management and rolled out intensive training for existing staff. With stronger leaders in place, Ferrari turned his attention to upgrading Heifer’s infrastructure. This began by nearly tripling IT spending with an investment of $3 million over 18 months to deploy a customized system that standardizes and integrates all the organization’s essential systems, such as finance, HR, and donor and project management.

Over time, the investment is projected to reduce overhead costs since Heifer will spend less money cobbling together fragmented, labor-intensive systems, like the spreadsheets that currently connect multiple general ledgers and reporting requirements. It also will enable Heifer to connect donors with projects and outcomes by allowing field staff to post videos and photos of beneficiaries online.

For Heifer, Ferrari’s leadership and the board’s buy-in set the organization on the road to transformation. Today, Heifer is well on its way to developing the administrative and organizational capabilities needed to deploy proven programs around the globe.

Unifying Autonomous Affiliates: Save the Children

For Save the Children, transformation has focused on knitting together a sprawling enterprise of mostly autonomous affiliates to create an integrated organization with a unified strategy. Save the Children’s self-described status as “the world’s leading independent organization for children” belied its organizational inefficiencies. For example, multiple national members operated in the same countries with separate offices, staff, and programs. Moreover, the various members lacked the ability to gather and evaluate program performance information, making it impossible to speak with one voice about effective programs for children.

Beginning in the early 2000s, Save the Children embarked on a transformation viewed as "essential to achieving increased impact, effectiveness, and consistency."[11] In pilot host countries, a single office replaced multiple member offices, enabling a single country director to lead programs. Trials with harmonized IT systems and uniform human resources and finance reporting increased efficiency, and standardized metrics and reporting produced a clearer picture of program impact.

The success of these early steps toward global integration inspired the organization's leadership to reach even higher in the 2010-2015 strategic plan. It calls for establishing a unified approach to program delivery. "This is all about globalization, each member being able to deal with its own donors, its own tax laws, fundraising, and accounting rules, but then converting [all of the members] into one global movement for children that is producing the maximum and most efficient movement at scale," said Rick Trowbridge, CFO of Save the Children US (Save US). "It's about building a movement at scale, and it's not easy."

The first priority was to strengthen centralized operations, giving Save the Children International authority to deliver all programs based outside member countries and allocate shared resources worldwide. While affiliates gave up autonomy over program delivery and resource allocation, some gained new roles in deploying their expertise throughout the organization. Save the Children describes the model as "networked leadership," with the center taking on some things for the whole and the members taking on others. As such, all of the parts are codependent. The model won't work unless the affiliates work on behalf of the whole.

Over the years, for example, Save US had invested heavily to improve its program monitoring and evaluation capabilities. Whereas previously these skills and practices were implemented for programs delivered by Save US, now all Save the Children programs are benefiting from the US affiliate's expertise and guidance.[12] Staff training and leadership development, something Save the Children UK had emphasized and invested in over the years, is another example where a country's expertise has spread throughout the alliance. Training time has increased fourfold for many levels of leaders throughout Save the Children's network.

The transformation at Save the Children International also required significant investments in upgrading and integrating administrative systems. The organization, which has a $1.6-billion annual budget, is nearing completion of a five-year, $21-million investment (nearly double typical previous expenditures) in new software that standardizes and unifies financial management, procurement, and supply management; time and effort reporting; payroll; HR; and gifts and grants management. The system's anticipated operational efficiencies are projected to produce $10 million in annual savings starting in 2015. The technical enhancements also will improve Save the Children's ability to monitor and evaluate programs.

11 "Adaptation and Change in Six Globalizing NGOs: Drivers, Tensions, and Lessons," The Hauser Center for Nonprofit Organizations at Harvard University, March 2010.

12 Ibid.

Paying for this transformation posed a challenge. Because donors focused on funding programs, unrestricted funds couldn't cover the costs. With nowhere else to turn, Save the Children tapped its endowment to secure the investment needed to move the management and infrastructure enhancements forward. The organization also secured pro bono support from the Boston Consulting Group and law firms. "We're doing this [transformation] based on our very modest 10-percent overhead and our even more modest 5- to 10-percent level of unrestricted funding," explained Trowbridge. It's an obvious sore point. Nonetheless, he expects the payoff in improved program delivery will more than justify the aggravation factor.

The Way Forward: Transforming Global NGO Networks

Global NGOs have stepped up in recent years to lead the charge to improve the lives of the world's poorest populations. Now, many NGO leaders are asking, how can we do more and better work? It's a timely question, and one that hits the sweet spot of our decade-long research effort to understand how to scale what works. One highly effective way is to invest in improving the performance of large, existing networks—a description that fits many global NGOs. For those eager to do more and better work, the path ahead is clear but difficult to tread: Make the investments in core operations that will transform the organization into a platform for efficient delivery of highly effective programs on a global scale.

As Heifer, WVI, and Save the Children illustrate, transformation is possible. It starts with leaders determined to forge ahead. And it requires a change in attitudes and actions on the part of board members and funders alike.

- Funders need to come to grips with the unintended consequences of starving NGOs of the resources needed to invest in leadership, management, program evaluation, and integrated systems. They should support the investments NGOs need to build administrative systems required to deliver services on a global scale, whether replicating successful programs or helping to build local institutions.
- Funders also should stop focusing on overhead as an indication of efficiency and setting arbitrary limits on overhead expenditures. Rather, they should shift the conversation to impact per dollar and what administrative and operational investments are required to maximize real results. "Emphasis on keeping indirect costs low shapes an organization's approach and thinking, and it can shift focus from quality and impact to delivering cheaper projects that meet a threshold level of required outputs," said Weinberg of World Learning. This mindset needs to change for the sector to develop much needed administrative capability, he added.
- Likewise, NGO leaders need to stop touting low overhead as a sign of excellence. That message recently persuaded ChildFund to remove from its homepage a graphic about its low overhead rate. Going further, leaders need to sit down with donors and explain how investments restricted to programs

can prevent the organization from achieving the scaled impact that donors themselves seek. Leaders also need to make a clear, strong case to their boards that investing in the leadership, management, and systems required to improve performance can be money well spent.

- Nonprofit board members, especially those with corporate backgrounds who understand the importance of investment, must change the mindset that equates success with the number of programs and views low overhead as a proxy for organizational effectiveness. Instead, board members should identify ways in which investments in core capabilities, systems, and processes can create opportunities for replicating successful programs. And board members need to put shoulder behind a push to reshape donors' and even managers' attitudes.

Don't expect these changes to come easily. Heifer International's Ferrari recounted the resistance he initially encountered. "Conversation at board level and with senior management put cold water on necessary investments to make the enterprise run more efficiently," he recalled. It was an "atmospheric" problem, he explained. Everyone felt internal pressure to maintain an arbitrarily low overhead rate.

Ferrari brought the board and management around to another way of thinking by "opening up the hood and showing the dirt... showing them that we have multiple ledger systems, and showing how investments in infrastructure have a payoff." "From a risk management point of view," he continued, "our lawyer told the board they have a fiduciary responsibility to make sure that the systems in place are working well." Linking infrastructure development with increased program impact "gives you a winning hand," he added.

Few NGOs can manage transformation on their own. Most will need to work in partnership with their funders. But a true partnership requires leaders to speak the truth to their donors. Said Ferrari: "I told funders that you're asking us to behave in ways that are contrary to what you're saying publicly [by constraining overhead expenditures]. You're saying you want impact, so let me tell you how I get impact. I need extremely well-trained, sophisticated monitoring and evaluation teams, and they cost money. I need sophisticated and well-trained executives and program staff, and they cost money. Someone needs to fund that, and you are the only source. You have to be prepared to pay for that, and then you will get impact you are screaming for."

Jeri Eckhart Queenan is a partner in The Bridgespan Group's Boston office where she leads the Global Development Practice, Jari Tuomala is a partner based in New York City, and Jacob Allen is a manager in the Boston office.

BOSTON
535 Boylston St., 10th Fl.
Boston, MA 02116
Tel: 617 572-2833

NEW YORK
112 West 34th St., Ste. 1510
New York, NY 10120
Tel: 646 562-8900

SAN FRANCISCO
465 California St., 11th Fl.
San Francisco, CA 94104
Tel: 415 627-1100

www.bridgespan.org