

## Elizabeth Ortiz: Balancing Mission and Margin at a Fast-Growing Nonprofit

The Nonprofit Finance Fund (NFF), with a budget exceeding \$7 million and a staff of 45, was at the cusp of a major growth phase in 2004 when Elizabeth Ortiz was brought in as chief operating officer (COO) by Founder and Chief Executive Officer Clara Miller. NFF, founded as the Energy Conservation Fund in 1980, provides loans, financial consulting, and growth capital services to help nonprofits improve their capacity and strengthen their communities. Ortiz, whose work experience was primarily in the for-profit sector with much larger organizations, came in with a charge to strengthen the organization's management and operations. While NFF had a history of steady "bootstrapped" growth and financial stability, more rapid growth meant that the nonprofit would need a new set of skills and systems to reach its full potential. Its expected increased size alone meant that specialized managerial and financial skills would be required.

Miller thought Ortiz would bring the right balance of training, experience, and sensibility to a very difficult job. Though Miller had considered other for-profit/nonprofit "sector-switchers" for the job, none seemed to be a good fit. But Ortiz' for-profit experience was nuanced: a banking career that included both nitty-gritty people management and a national leadership role in community development (where strong relationships with community-based organizations and community development finance institutions was part of the job), service on nonprofit boards, and government experience. And Ortiz had her own reason for making the move: "I wanted to be able to make a real difference in an organization."

Ortiz quickly realized that succeeding at NFF would be difficult unless she was able to inspire some cultural changes within the organization. "In nonprofits, organizational culture is a very powerful thing," Ortiz said. "It's powerful in ways sometimes that work against what a COO is put there to do. People think, 'We're here for mission, we're here to serve, without fully understanding the economics. But in a growth situation, the economics become primary. One of the COO's jobs is getting people to understand how the economics need to work to fulfill the mission.'"

Ortiz had to figure out how to apply the extensive operational and management skills she had gained from senior roles at Citibank and the New York Department of Education without killing what she loved about NFF's existing culture, which she described as "relentless about serving people and coming up with new products and services that will help the sector."

### **Boston**

535 Boylston St., 10th Floor  
Boston, MA 02116  
P 617 572-2833  
F 617 572-2834

### **New York**

112 West 34th St., Suite 1510  
New York, NY 10120  
P 646 562-8900  
F 646 562-8901

### **San Francisco**

465 California St., 11th Floor  
San Francisco, CA 94104  
P 415 627-1100  
F 415 627-4575

Change did not happen quickly, and Ortiz noted that sometimes she faced stiff resistance, but ultimately, she said, there has been a remarkable evolution in the organization's culture since 2004. While NFF's core values and its mission to help nonprofits connect money with mission remain the same, Ortiz and an expanded team of senior managers have been able to enact improvements that systematically connect NFF's highly skilled field staff with its financial and operating needs in real time. Ortiz's people management experience was important in the culture shift. "It's a much larger staff now, and we have had to learn to communicate differently," she said. Whereas in the past, staff sometimes avoided talking about bad news for fear of hurting co-workers' feelings, the culture has shifted to one where constructive give-and-take feedback is welcome and doesn't feel personal.

Ortiz said three key factors contributed to the shift. The first was that she took the time to explain how proposed changes would help the organization better achieve its mission, rather than simply calling for more efficiency. "I just couch things in terms of, 'If we want to accomplish this objective, this is what we need to do—some of it's what we're already doing and what we're good at, and some of it requires us to work differently. But if we want to get there, here's what we've got to do,'" Ortiz said. "At the end of the day, most people want to be successful."

Ortiz said a second reason for the successful culture shift is that she chooses her cultural battles very carefully. "I don't feel I have to win everything," Ortiz said. "I also don't make it personal when a decision doesn't go my way."

The third, and perhaps biggest, factor in NFF's cultural transformation was the organization's rapid growth. Since 2004, NFF has grown from 45 employees to 90, and has purposefully built its executive capacity to serve the larger organization (including Ortiz's appointment as COO). This commitment to strengthening management capacity meant that Ortiz had the leeway to recruit a new layer of senior managers. She brought in executives who each had 10 to 15 years of experience in management and business development at both for-profits and nonprofits. "I brought in other like-minded people without overwhelming the place," Ortiz said. "You have to keep the right balance."

During Ortiz's tenure, the combination of tighter business discipline and NFF's legacy of great program innovation has resulted in striking growth by every measure. Its balance sheet rose from \$40 million to \$80 million, lending rose from \$20 million to \$50 million, its budget rose from \$7 million to \$15 million, annual fundraising rose from \$4 million to \$8 million, and it launched a new line of business called advisory and consulting that now contributes 50 percent of its total revenue.

But Ortiz said there is one non-financial measure of success that she values as much as any of the financial metrics: the approval of NFF's founder. Miller's backing tells her that she has succeeded in strengthening and growing NFF without losing the culture that makes the organization special. "The CEO and COO team are like a marriage. They have complementary skills and need to work together in a constructive way," Ortiz said. "I think Clara would tell you that together, we—and the great team we were able to assemble—have taken the organization to a place that she could not have done herself and that she feels really good about it."

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