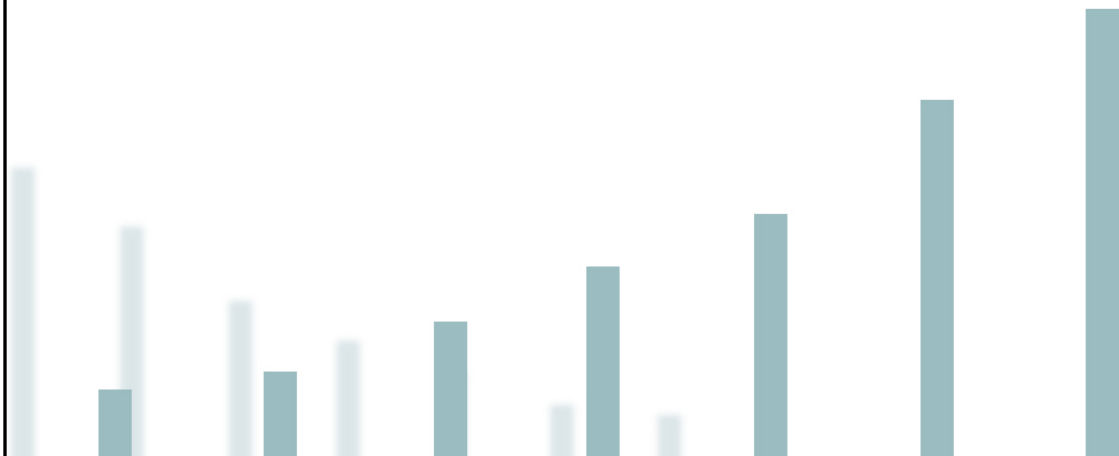


OCTOBER 2004

The Posse Foundation, Inc.

Ensuring site consistency while
expanding nationally



Summary

Posse has grown in a methodical fashion, planning extensively, codifying its program carefully, and growing slowly. The organization has worked hard to ensure that the various Posse sites adhere closely its program. Posse's diverse sources of funding have allowed it to grow steadily, even through tough economic times.

Organizational Snapshot

Organization: The Posse Foundation, Inc.

Year founded: 1989

Headquarters: New York City, New York

Mission: "To expand the pool from which top colleges universities can recruit outstanding young leaders from diverse backgrounds; to help these institutions build more interactive campus environments so that they can become more welcoming institutions for people from all backgrounds; and to ensure that Posse Scholars persist in academic studies and graduate so they can take on leadership positions in the workforce."

Program: The Posse Foundation identifies, recruits, and selects student leaders from public high schools to form multicultural teams called "posses." Posses are groups of 10 to 12 students from diverse cultural and economic backgrounds who support each other and ensure that each member succeeds and graduates from college. Posses also work to increase interaction among diverse campus groups. The posse teams undergo an intensive eight-month training program to prepare for college-level academics, to learn to work as a team, to develop leadership skills, and to help promote cross-cultural communication. Once on campus, two university-paid mentors support the students. Over the past 15 years, Posse has placed 944 students in 23 top colleges and universities. These students have won over \$85 million in scholarships, and they have a 90 percent graduation rate, which is higher than the rate at highly selective colleges (85 percent) and the national

average for all four-year colleges (54 percent). A network of public high schools and community-based organizations nominate potential candidates. This year, 4,500 students were nominated for 220 slots. Candidates are evaluated in a series of interactive workshops that identify students who are strong team players, have leadership ability, are good communicators, and are motivated to succeed. University admissions officers and Posse staff choose the finalists.

Size: \$3.9 million in revenue; 35 FTEs nationwide, with 11 FTEs in the national office (as of 2003).

Revenue growth rate: Compound annual growth rate (1999-2003): 50 percent; highest annual growth rate (1999-2003): 134 percent in 1999.

Funding sources: In 2003, 37 percent of Posse's revenue came from foundations, 22 percent from individuals, 22 percent from corporations, 14 percent from its University partners, and 5 percent from other fees.

Organizational structure: Posse is a tight branch organization, operating under one 501(c)(3). Branches are located in New York, Boston, Los Angeles, Chicago, and Washington, DC, and are governed by a national office in New York.

Leadership: Deborah Bial, president and founder.

More information: www.possefoundation.org

Key Milestones

- 1989: Founded in New York
- 1999: Expanded to Boston
- 2000: Expanded to Chicago
- 2002: Expanded to Los Angeles
- 2003: Expanded to Washington, D.C.

Growth Story

Deborah Bial started the Posse program in New York in 1989 after watching talented public-school students leave for college and drop out within six months. Bial remembers one student saying that if he had had his “posse” with him, he never would have dropped out of college. At the time, a posse was youth-culture slang for a group of friends who looked out for each other. Bial hit upon the idea of sending a posse of students together to college. They could help each other deal with the culture-shock of adjusting to the often out-of-state and homogeneous social environment of top colleges. Bial came up with a system to identify and prepare students for college life, and a network in which the students meet every week to support each other’s adjustment.

Bial also saw a need for an organization that helped universities recruit and retain nontraditional candidates from diverse cultural and economic backgrounds. Traditional means of identifying diverse college students sometimes missed promising students whose test scores did not reflect their full potential. She developed an alternative evaluation strategy called the Dynamic Assessment Process, which has proven successful in finding urban youth leaders who can succeed in college. “We don’t define ourselves based on the deficiencies of our kids,” says Bial. “We are a strength-based program. Not needy, not disadvantaged, not minority.”

Posse also set out to overcome the college environment in which groups from different backgrounds rarely interact. Bial envisioned that Posse Scholars would be trained to promote dialogue about cultural diversity and to serve as positive role models in the dorms, the cafeteria, and the classrooms.

In 1989, the first posse arrived at Vanderbilt University. Over the years, the organization has created a network of 23 selective universities, which have been attracted to the high quality of Posse’s students.

The Boston office opened in 1999, with a grant from the Department of Education’s Fund for the Improvement of Post-Secondary Education. The fund was interested in the Boston area, and Bial was moving to Boston to pursue a Ph.D. at Harvard. Posse chose Boston because there was need among students, as well as a

sufficient number of university partners in the area. It could also serve as a safe experiment in replication, since it was a relatively small city and was close to the home base in New York.

The fact that Posse developed a branch structure only after operating for 10 years demonstrates how much effort the organization put into refining the program before expanding. “We didn’t think it would take 10 years to develop the program, but we were focused on what the kids needed,” says Bial. Bial returned to the organization in 2000, when the executive director at the time, Robbie Oxnard Bent, went on maternity leave. Bial has been with the organization ever since.

Following the success of the Boston launch, the Chicago office opened in 2000, again with a funder’s assistance. Tim Ubben, a board member of DePauw University, gathered local funding and community support for the program. After Chicago, Posse decided to concentrate on absorbing the branches it had. It began expanding again in 2002, this time to Los Angeles, which gave Posse a presence in the three largest public school systems in the U.S. and it wanted a West Coast location to increase its geographic reach. The Goldman Sachs Foundation provided a \$1 million grant to fund the L.A. branch for its first three years. The Posse Foundation expanded in 2004 into Washington, D.C., thanks to a grant from the Sallie Mae Fund. Sallie Mae provided \$1 million for the D.C. site, along with a \$5 million challenge grant for the organization’s endowment.

While funders have supported and sometimes led Posse’s recent growth, Posse had philosophical reasons for growth, as well. “We love small grassroots programs and we wanted that quality, but we didn’t want to limit our impact to one community,” says Bial. “We wanted this to be national from the beginning.”

Over time, the organization has developed a strategy for future growth. It demands three things from a future branch location: it must have three years of funding in place to support itself; it must be in a city of sufficient size that matches the diverse population Posse seeks and that has a public school system not typically tapped by top universities; and it must have a compatible network of local funders and supporters.

“We don’t just go where the funding is,” says Bial. “We’ve turned down universities because they don’t want to buy our program the way it is.” She says some universities will request only black, Hispanic, or low-income kids, but the organization has turned them down because their program includes whites and is need-blind. This tight adherence to program standards ensures a consistent experience for students and partners alike. “It goes a long way when staff knows that at the highest level we don’t compromise the students or the mission,” says Bial.

Posse now conducts feasibility studies to support the decision to expand. Ease of public transportation and a central location were important criteria for the recent expansion to DC. The organization has also learned it needs to bring inspiration where hope has died. “We can open a new site where some might say, ‘You can’t do it, it will never work,’” notes Bial.

Posse’s future goal is to be in 10 cities, with 1,000 scholars recruited per year, and 80 partner universities. “We’ll have 4,000 students in college at any given time,” says Bial.

CONFIGURATION

Posse decided on a tight branch structure because the management team and board wanted a consistent level of quality and culture across each site. A national director oversees the branch directors, freeing Bial to focus on strategy and fundraising. A national board oversees the national organization; each branch has a non-governing advisory board that directs local fundraising and community-building efforts. The national board includes representatives from each local board.

Operationally, Posse centralizes most of the non-program activities at the national office, including partnership development, fundraising, training, Scholar career development, and financial management. The national program director, the national development director, and the national career director each supervise staff at the local offices. A core program curriculum is also used across all the branches to ensure consistency across sites.

Maintaining a consistent culture is a crucial component of Posse's ability to uphold high standards across its offices. It frequently hires alumni of the program and promotes from within. For example, the national program director, the national director of training and site development, and the director of one of the New York sites are all alumni. Former Posse mentors have also led site expansions in Boston and Chicago. While the sites develop their own identities, certain things remain consistent across locations. "There's the same feeling in every office — banners, logos, rules about what you can put on the walls," says Bial. "You can only have pictures of the scholars. It's kid-centered."

National staff training takes place twice a year, overseen by the director of training and site development, and works to reinforce and further develop the culture. Training manuals, curricula, and schedules were developed before the organization expanded to Boston.

Another key ingredient is Posse's tracking system of success metrics (i.e., grades, graduation rates, leadership positions, career placements, jobs and education after the program) in a local database that generates semester reports for the national office. "Our students look like the general student body," says Bial. In terms of creating campus-level change and developing leaders, the evidence is qualitative. Still, a recent study conducted by an independent firm showed that 70 percent of Posse scholars have led or started an organization while in college.

One barrier to growth came in the New York office, when the national staff and New York City program staff were sharing very limited space. They were forced to separate between two floors, spoiling the overall feeling of a student-oriented environment for the national office. Another critical issue was local sites' perception that the New York branch received preferential treatment because of its direct access to the national office staff. Posse created a brand new office space that reunited all New York staff. The new space complimented both the student-oriented atmosphere and the professionalism of the organization.

With five years of experience managing multiple sites, Posse has recently begun to decentralize much of the management for local sites so they can better run their own operational activities and enjoy more autonomy. As happened at the national level, the local directors are feeling the need to be freed up for strategy and

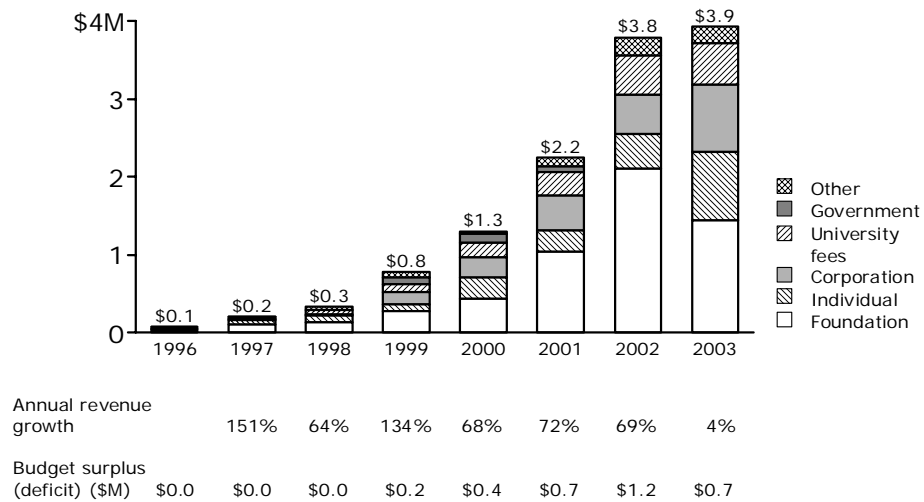
fundraising work. Although the national office was doing well raising the annual budget for all five sites, Bial noted, “We can’t continue to raise the money [for all five branches] through one [national] office. It’s not healthy or smart. We’d like to give the program directors more power, more like executive directors, so they’re managing the office and raising the budget themselves.” The local directors will oversee local training, fundraising, and careers staff. But the national office will retain oversight over training, finance, communications, university relationships, and local advisory boards.

CAPITAL

In 2003, 37 percent of Posse’s revenue came from foundations, 22 percent from individuals, 22 percent from corporations, 14 percent from its University partners (Posse charges its university partners an administrative fee to participate in the Posse program), and 5 percent from other fees. Foundations’ share of total Posse funding peaked in 2002 at 55 percent, with an increase in individual revenue offsetting the 2003 decline in foundation funding. (See Figure 1.)

Figure 1

Posse revenue



Source: Organization internal data

Throughout its history, the Posse Foundation has linked its growth to the availability of funds. The Boston expansion leveraged Department of Education funding that provided a \$300,000 startup grant, which declined each year as Posse Boston developed its own sources of funding. This created a model for growth in which a site needed startup funding for the first three years while it ramped up its own local fundraising capability. The Chicago site started with the same level of funding, but this time from an individual donor and his circle of friends. The Los Angeles and Washington, DC, sites both started with corporate foundation funding.

The national office has pushed fundraising down to the branches. Local advisory boards are becoming important as sites mature and develop more connections with funders in their local communities. These sources of support are critical once the original three-year grants are spent. Posse is also pursuing building an endowment.

CAPABILITIES

In 1995, Bial became Posse's first official executive director, and formed its first official board. Previously, Bial had been running Posse under the umbrella of another organization. Robbie Oxnard Bent joined the Posse Foundation in 1998 as executive director when Bial went back to pursue her doctorate in education at Harvard. Bent had worked in banking and earned an MBA from Harvard Business School. In 2000, Bial returned to Posse, and Bent became a financial advisor and board member.

In 2000, Posse began adding national staff in specialized areas like fundraising, career development, training, site development, program, finance, and university relations. These national staff were put in place to maintain consistency during expansion and also to support the structural model that had been effective throughout the organization's history. For every six university partners, Posse assigns a team, initially a director and four trainers. Eventually the organization adds a program assistant, a career coordinator and a development associate. These staff become a "unit" and serve up to 300 active students plus a growing alumni association. The unit allows Posse to keep the intimacy and quality of the program.

Throughout the frequent staff transitions, the board has played an important role, helping to attract funders, other board members, and university partners. Michael Ainslie, the founding and current board chair and ex-CEO of Sotheby's, came to the Posse board from the board of Vanderbilt University, Posse's first university partner. As Posse has grown, it has added board members (growing from seven board members to 23) and specialized committees in development, finance, and university selection.

Staff retention and development have been a challenge during Posse's growth, however. Posse's trainers, who often join the organization straight out of college, typically stay two years. Students love the young staff, and the trainers are often committed and engaged with students' lives, but staffers frequently move on. Career development options are limited, and there are extensive travel requirements. "Are we hiring people at the wrong time in their lives?" asks Bial. "We kind of don't know. What's the time frame people stay in nonprofits in this kind of a job? Should we hire someone more seasoned?" But Bial also understands the conundrum of running an organization in which the needs for staff consistency, career development, and salaries may be regularly in conflict with each other.

Key Insights

- **Maintaining consistency.** Posse was able to maintain site consistency by growing slowly at first, planning each step extensively, codifying its program, and putting people and processes in place to ensure central control over training and non-program areas. The culture was successfully transferred to new sites through the development and promotion of loyal Posse alumni and through the promotion of internally groomed candidates, who have frequently led expansion efforts.
- **Reducing the risk of expansion.** Posse waited 10 years before its first replication effort, and only then expanded in a controlled way, using methods to minimize risk such as getting three years of funding in advance. This allowed Posse site directors to focus on building a quality program in the early years, instead of being distracted with fundraising.

- **Focusing on mission.** Posse resists pressure from partners and funders to dilute its mission with tailored services. It has turned down universities that don't accept the program the way it is, for instance. And while expansion has often been driven by specific grants, Posse has a well established set of criteria for entering new regions.
- **Diversifying the funding base.** Posse's diverse sources of funding have allowed it to grow steadily, even through tough economic times. In 2003, 37 percent of Posse's revenue came from foundations, 22 percent from individuals, 22 percent from corporations, 14 percent from its University partners, and 5 percent from other fees.