The Bridgespan Group

SEPTEMBER 2008

Self Enhancement, Inc.

From the Pristine World of Strategy to the Messy World of Implementation

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It's difficult enough for a nonprofit to get a strategic plan ready and set. What happens when it's "Go!" time?

Self Enhancement, Inc., or SEI, is a nonprofit agency supporting at-risk youth on the Northeast side of Portland, Oregon. Its core service offerings include in-school, after-school, and summer programs with a focus on long-term mentoring.

Like many nonprofits SEI is a small organization driven by big aspirations. Over its 25-year history, it has grown from a summer basketball camp for boys, run by founder and current President and CEO Tony Hopson, Sr., to an agency serving 900 youth in its intensive core programs and 3,100 youth across all programs, with an annual operating budget of $12.7 million and 158 employees[1] operating out of the vibrant SEI Center in Portland's Northeast side. Its track record is truly remarkable: for example, 95 percent or more of students participating in SEI in the 9th grade will graduate from high school, notwithstanding the barriers they face which led SEI to recruit them into the program initially – and this is in an urban school district where the graduation rate for all students is approximately 55 percent. Tony Hopson routinely tells his leadership team and outside stakeholders that his vision is for SEI to be "the best youth agency in the country."

This article describes some of the experiences of SEI's leaders in 2006 and 2007. In early 2006, on the basis of its strong results the organization received seed funding from the Edna McConnell Clark Foundation to assess potential growth opportunities. From May through December, the leadership team developed a three-year strategic plan, which the organization's Board approved at year end. In 2007 SEI shifted from business planning to implementation mode. As it did so, its leaders encountered a new set of challenges that were daunting but not atypical for enterprising nonprofits seeking to carry out ambitious plans.

Over the first 12 months of implementation, in fact, SEI's leaders found themselves revising both their plan and their approach to implementation. Their story is far

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[1] On a full-time equivalent basis.

from neat and linear—it includes plenty of pitfalls, frustrations, and major course corrections. But it is also the story of an organization keeping its eye on the ball and working through the messiness that occurs when plans meet reality, by adapting its ongoing work as best it can and making progress along the way. And as such, if offers useful lessons for other organizations putting strategy into practice.

SEI's business plan

Before describing the approach that SEI took to implementation, it will be helpful to run through the four key elements of the original business plan.

1. Strengthen Portland: The plan began by acknowledging SEI's need to bolster its capacity in order to sustain growth, in Portland and elsewhere, over the long term. This work will include codifying the core programs to facilitate staff training and development; continuing a multi-year evaluation of program effectiveness to help SEI measure and refine its services on an ongoing basis; adjusting the caseload and compensation of its in-school coordinators to ensure the sustainability of these mission-critical roles; and undertaking a multi-year investment in its systems infrastructure, in particular the development of a performance management data system to support tracking and ongoing improvement of client outcomes.

2. Grow Portland: At the same time that it would be strengthening its base, SEI planned to nearly double the number of youth in its core programs from 842 to 1,534. This growth will be achieved by serving more students in the Portland public schools where SEI already has a presence, and by preserving its continuum of services for young adults aged 18-24, with some selective expansion at the high school level.

3. Transform Miami: Overtown Youth Center (OYC) is a Miami-based agency serving approximately 225 children with roughly the same approach and mix of programs as SEI. SEI had been helping OYC to use its model for several years, and OYC's board had recently committed to adhering to SEI's theory of change and programming on a comprehensive basis. To that end it had asked the SEI leadership team to develop and oversee a comprehensive training and development program for its leadership team and staff—work OYC's Board had also committed to fund. In response SEI developed an 18-month plan that, when executed, would put OYC squarely on the road to achieving the same level of impact that SEI was having with the youth it serves in Portland. In essence OYC was SEI's initial replication site, and as such, it would serve as a critical proving ground for future replication efforts.

4. Build the replication team and toolkit: SEI's leadership expected that once these initiatives were fully under way, it would be able to replicate its model in other locations besides Miami. While they assumed, for planning purposes, that this work would likely get started in earnest in three years time, after the current business plan had run its course, they had developed a five-phase process for identifying, vetting, and formalizing potential replication opportunities, which they were already using to assess possibilities. In the near term they would focus on developing the team of people to carry out future replication efforts, and the toolkit for establishing their theory of change and programs in new locations. This work, the Portland evaluations, and the initiative in Miami all promised to be very helpful in building a strong platform for future replications.

Initial approach to implementation

In November of 2006 SEI's leadership team began to map out the details of how it would implement the plan. Clearly a lot was riding on this effort, and as a result, there was considerable engagement and back and forth, not only around the specifics of the plan, but also, and more importantly, around the way the implementation work would be grounded and led, and the processes through which it would be carried out.

The implementation plan and process that SEI developed had four defining characteristics:

- **Explicit leadership and accountability for the success of the overall effort.** Hopson charged SEI's two vice presidents, Marcy Bradley (program), and Marcella McGee (finance and administration) with leading the implementation effort. In arriving at this decision he had ruled out two other possibilities: taking on the role himself, or identifying and promoting an up-and-coming junior staff member to lead the effort. While Hopson planned to stay very closely involved in the effort, he did not think he could free himself sufficiently from his external responsibilities to drive it. In addition he had recently promoted the two vice presidents precisely so that they could play larger leadership roles, and the implementation effort gave them just such an opportunity. Lastly, insofar as all the key decisions would ultimately need to be run back through Bradley and McGee, everyone agreed that they were the right people to take on the role.

- **Cross-functional working teams with well-defined leadership and membership, accountabilities, deliverables, and timelines.** Bradley and McGee established six working teams with clear mandates on what they needed to do, by when, and relative autonomy on how best to do it. The six teams were focused on replication, funding, people (staffing and recruiting), service delivery, data management and information technology (IT), and communications and change management. The primary reason for choosing this structure was that there didn't appear to be any way to make progress other than by delegating responsibility out to a broad set of leaders across the organization, given the scale and scope of the work that needed to be done. A second goal, reflected in the staffing of the working teams, was to "cross pollinate" perspectives. The "People Team," for example, was led by Director of Human Resources Debi Smith but included leaders from the program side to ensure that the staffing plans the team developed would support SEI's service delivery requirements.

- **Implementation milestones and an external performance scorecard to track progress and results.** The leadership team invested considerable time in establishing milestones and metrics for the organization (for reference, they are attached as appendices). The internal implementation milestones, developed for each of the four elements in the business plan, were intended to keep everyone sufficiently focused on the key set of changes that needed to occur for the plan to succeed. The scorecard, which included performance measures in five areas (growth, organization, program, finances, and governance), was designed to share what SEI planned to accomplish, by when, with its external stakeholders. The deliverables and timelines of the working teams were oriented, in turn, to map with the overall milestones and scorecard. When such reconciliation proved difficult SEI's leadership team would adjust either the accomplishment or its timing to ensure that all the goals felt realistic.

- **Twice-monthly leadership team reviews to track progress.** The final hallmark of SEI's implementation plan was scheduling biweekly progress reviews into the agency leadership team's regular meeting calendar. The plan was to have the leader of each working team report out to the broader group on progress and challenges to date, both to convey progress and, more importantly, to raise issues and enable group troubleshooting. SEI was committed to keeping the implementation effort front and center, and the leadership team saw the repurposing of two of its weekly meetings each month as an important commitment in this regard.

Implementing on top of everything else

SEI has, by all accounts, been quite successful in implementing its plan. In the first year of the implementation, for example, SEI has:

- Secured over $5.2 million in funding for the plan from the Edna McConnell Clark Foundation, the Bill & Melinda Gates Foundation, and the Meyer Memorial Trust;
- Succeeded in recruiting 13 new employees with the requisite commitment to uphold SEI's culture to support the augmentation of the agency's work;
- Achieved 79 percent of the relevant implementation milestones during this period; and

- Met 94 percent of the performance targets it had set for itself on the scorecard.

However, as the organization's leadership team would be the first to point out, the implementation has by no means always gone according to plan. And it has been the way the organization responded in these instances that has driven much of the initial success.

The first big challenge was, as Hopson described it, implementing the plan without "killing off my existing staff and programs." Implementation required a huge amount of work over and above that which SEI team members were already doing on a daily basis. This challenge put tremendous stress on the organization. During the planning process SEI's leaders had been encouraged by their funders and outside advisors to add management capacity, but they had demurred. The leadership team thought they could do it on their own, and they worried that their close knit culture would make it hard to bring in "outsiders," who didn't really understand the organization, to play important roles in implementation.

It wasn't long before SEI's leaders recognized that they would need to revisit these assumptions. The first warning sign came up in the human resources (HR) area. Hiring nine new youth coordinators over the first 18 months of implementation was a key piece of the plan; dramatically strengthening internal training, to preserve and enhance the organization's culture and know-how amidst rapid growth, was another. Both of these imperatives demanded capacity that SEI's two-person HR department simply did not have.

Similar issues were cropping up in IT area. SEI did not have the in-house capacity it needed to establish the performance-management data system that was meant to be a cornerstone of the new plan. Problems also cropped up in finance and accounting, where some unexpected vacancies in the line staff, which went unfilled for several months, required Vice President of Administration Marcella McGee to spend much more time than she had planned on ensuring that the agency's basic operational requirements were being met—leaving her with far less time to help coordinate implementation.

Meanwhile, Bradley's program team was finding it very difficult to juggle all the balls it had up in the air. A major issue was the extensive training and technical assistance planned for Miami. Multiple trips with multiple SEI leaders were providing excellent support for the replication effort, but it meant that these same program leaders were sorely stretched when it came to directing and sustaining the original program work in Portland, which itself was undergoing a substantial expansion and realignment.

As the extent to which the work in Miami was endangering the work "at home" became clear, the leadership team decided they could and should rebalance the two efforts: they would maintain the commitment to, and quality of, the training in Miami but use smaller teams to deliver it in order to preserve adequate focus at home.

The fixes on the administrative side were not as easy to make. The first came when Debi Smith, the leader of the HR function, raised a red flag and signaled that her team did not have the capacity to meet the plan's ambitious hiring and training goals. If these goals were not met—if the new youth service coordinators could not be hired and trained in a timely way—SEI's growth plans would falter. SEI's leaders considered their options and decided to hire two additional HR team members as well as retain consulting support to assist with recruiting and training. These hires proved to be a breakthrough as they enabled the organization to keep its staff growth and development objectives on track.

SEI also decided to add support from outside consultants to assist with IT, replication planning, and project management, primarily to relieve the burden on McGee and Bradley. McGee was further freed up when the vacancies in finance were filled towards the end of the year.

While the new administrative staff and temporary consultants ensured forward motion, they came at a considerable cost. These were not investments SEI had planned for, so the money to cover them would need to come out either of the funding secured to carry out the growth plan or to be raised on top of that. Hopson, McGee, and Bradley talked long and hard about what the right thing was to do here. In the end they decided that it was critical to get these resources onto the team, even if it meant—as ultimately it did—that they would need to raise more money to pay for them. Important as the financial challenge was, however, it may not have been the biggest obstacle to taking this step. As McGee observed, “We were told we would need more people, but we didn’t think we did. It turns out we did. For us to admit that we need to bring in outside expertise is a struggle within our culture; it’s a stretch. But we needed to do it.”

Staying out of silos

The second major challenge SEI faced was keeping everyone focused on the big picture at the same time that they were working in parallel to carry out discrete parts of the plan and/or sustaining SEI’s ongoing operations. Realistically, this challenge is probably one that can never be completely resolved; the best that a nonprofit with an existing body of demanding programs and an ambitious growth plan can do is learn to cope more or less effectively. As McGee noted recently, “We are still struggling with this one. People need to see the big picture, not just ‘my XYZ project.’”

Elements of the initial implementation plan that were meant to help on this dimension didn’t always work as expected. As noted above, the going-in approach was to have Bradley and McGee co-lead the effort and, in the process, bring a holistic perspective on the programmatic and administrative issues to bear. Because of the pressure of their day-to-day responsibilities, this proved to be difficult for both of them. They recognized early on that they were not in a great position to drive the big picture; they could keep things from falling through the cracks, but that was about it—and this was not sufficient in an organization that prides itself on excellence.

The working team structure was helping to decentralize the effort, and it did establish accountability for moving things along in individual lanes. However, here, too, the expectation that having cross-functional representation on the teams and regular report outs would boost coordination was not materializing. Hopson reflected on the pattern he increasingly was seeing at these sessions: “You’d just show up and go through your stuff pretty quickly, and you’d only stop to think about what you were going to say the day before you said it. But you wouldn’t think about other areas, and how do we move the whole thing forward, and who needs to help whom. We needed to have more dialog—to go deeper."

The members of SEI's leadership team were all too aware of this problem and its potential to torpedo success, and it took several steps in response. One important step was assuming collective responsibility for the entire plan, not just the individual parts for which each of them was individually responsible. SEI's innovative compensation system includes a performance-bonus component. Bradley and her colleagues on the leadership team decided to use the bonus system to underscore their collective commitment to implementing the growth plan successfully. "We tied our entire senior team bonus—everyone gets it or no one gets it—to things that we were having difficulty with. What that meant is that we were committed as team members."

This was not just a symbolic move. The members of the leadership team also dug in together on issues that threatened to undermine the plan. When it seemed as if hiring the in-school coordinators might be lagging, for example, the entire leadership team engaged with Smith on the details. Bradley noted that "it might seem like micromanaging to bring the senior team a list of how many positions were vacant, how many interviews were scheduled, how many applications were received, etc.—that kind of stuff can be rough when you have the kind of schedules we have. That should be HR's business. But frankly, [Debi] didn't have her staff yet, and so we all had to be teammates—that's the level we played based on our deficits." Thus the issue in the end was not HR's problem; it was SEI's problem.

The leadership team also changed the schedule and expectations with respect to their twice-monthly review meetings. They decided to maintain one session per month dedicated to team reports and to use the other meeting to go deeper into a particular topic on a cross-cutting issue, such as the design of the performance management data system or emerging replication plans. The goal here was to allow for deeper discussion of major issues, to create room for the type of dialog across the organization's leaders that Hopson referred to above.

Finally, one last step that SEI took after much deliberation was to retain an outside consultant to serve as a project manager supporting the senior team. The goal here, in Hopson's words, was "to get a fresh set of eyes to help us get our arms around the interconnectedness of the implementation. There wasn't anyone looking at the big picture and connecting the dots and pulling it all back together." If nothing else having a project manager keep track of progress and all the interdependencies across the different parts of the work has alleviated the anxiety that leadership team members had understandably had about things falling through the cracks.

Pleasant surprises—the byproducts of effective implementation

Thus far we have focused on how the implementation work put stress on the organization and required SEI to adjust its plans and processes in order to keep making progress. There were also some pleasant surprises during the first year of implementation.

The first and most notable one is how much the ambition and overall scope of the plan energized both SEI's leadership team and the rank and file. To be sure, given its culture, the organization was already quite driven, but its spirit could easily have plummeted amidst the buffeting winds of implementation. McGee noted, "It has been so good for the organization to have this very defined focus and direction. We had it [before], but we didn't publicize it or verbalize it with one another. The business plan acts as a support mechanism." Or as Hopson put it, "It gives people a thread, something to rally around."

On a related note, the organization's service model has become much stronger because the combined requirements of training a large cadre of new program team members and replicating elsewhere have forced a degree of discipline and program codification that had not previously existed. Bradley observed, "We've had difficulty making our core services systematic, because we hadn't articulated them well. So you had to be here to learn it—pick it up from our culture. What this has forced us to do is to articulate it, so when new staff come in, it isn't as much of a guessing game. We were probably at risk of losing quality had we not been able to systematize for training."

Finally, the first year of implementation has created numerous opportunities for mid-level team members to emerge as managers and leaders in their own right. The sheer scope of the plan has required them to step up and play new roles critical to the success of the plan. Tony Hopson noted that these team members "can see opportunities for individual growth and leadership. We've had some folks involved with the replication and they are growing now because they've had an opportunity to represent this work to someone else." For her part, Bradley observed that few if any of the leaders on her program team are doing the same job they were 12 months ago. These shifts, combined with the relative inexperience of the personnel involved, could have posed problems but as Bradley noted, "We were fortunate that they were the right leaders in terms of being able to make adjustments and step into these new roles. We started looking at the skills of the leaders involved and rearranging work until we had the right combinations."

It would be tempting to conclude that, after the surprises—both challenging and pleasant—and the organization's adaptations during the first year of implementation, SEI has things sorted out and can now coast a bit. Alas, if it were only that easy. They have begun resetting the focus and membership of the working teams to reflect the evolving nature of the work in front of the organization. Further adjustments will no doubt be needed as those refreshed teams go about their work. They continue to grapple with how best to take advantage of the project management support they have retained from an outside firm. And they believe they need to redouble their already impressive efforts to preserve and enhance their culture in order to sustain the organization's unique character and contributions through the next phase of growth. If there is no rest for the weary, there is also no rest for the implementers!

Three keys to successful implementation

In summing up, it is useful to reflect on the key success factors—some of which came naturally, some of which had to be learned—that will stand SEI and any other nonprofit in good stead amidst a challenging implementation.

The first factor was a carefully thought through growth plan <u>and</u> process for implementing it. The many adjustments that SEI had to make during the first year of implementation notwithstanding, the fact that things were mapped out at the start in a coherent fashion—and at an actionable level of detail—gave the organization an essential framework to work within. The shape of the plan and the nature of the implementation processes shifted and will continue to do so, but the utility of having a plan and a process for making it happen remain.

The second success factor is SEI's disposition to question how things are working, and its corresponding commitment to honesty and transparency in answering such questions. The fact that the entire leadership team was prepared to question whether the HR function was up to the task before it—and the openness that HR director Smith showed in responding to this feedback from her colleagues—was cited by many of SEI's leaders as a great example of this dynamic at work.

The third factor is the willingness to make necessary changes when things are not working as planned, even when taking action makes things difficult in other areas. On multiple occasions SEI has done just this: for example, augmenting its administrative team with new hires and consultants, even thought it meant unplanned expenses and bringing in outsiders into their culture; rethinking the meeting structure to allow for deeper dialogs and in-depth discussions on pressing issues; and retaining a project manager to backstop the senior team's oversight of the effort. As CEO Hopson summed it up:

"You've got to get over yourself, especially on a short timeline... the goal is to be flexible enough—recognize when it is not going as you'd like it to—you just can't get stuck. We would have killed our agency. You have to recognize what you have and what you need, and if you don't have it, go out and get it!"

(Daniel Stid is a Bridgespan partner in San Francisco. Regina Maruca is Bridgespan's senior editor.)

Appendices

SEI set internal milestones in place to help track progress against the plan

	Milestones	Date	Lead
Strengthen Portland	New data systems and sustainable tech. platform in place	12/07	Marcella, DMT
	Managers/supervisors can articulate how to get to outcomes	06/08	Anthony, SDT
	Professional development and review process in place	04/08	Debi, PT
	Coordinator caseloads adjusted to maximize sustainability	06/08	Anthony, SDT
	New compensation structure fully in place	06/08	Debi, PT
	Decision made regarding continuation of non-core programs	12/07	Tony, CMCT
Grow Portland	Priority 1 growth ready for launch	08/07	Anthony, SDT
	Priority 2 growth ready for launch	06/08	Anthony, SDT
	Ramping down of center-based program begins	03/07	Tony, CMCT
Transform Miami	MOU agreed and finalized	02/07	Gerald, RT
	Training launched (with OYC leadership retreat)	01/07	Gerald, RT
	New data system in place at OYC that aligns with Portland	06/08	Gerald, RT
Build team/toolkit	Core program manuals compiled	10/07	Anthony, SDT
	Best practices from Miami training codified for new site	06/08	Gerald, RT
	Replication Director hired	05/08	Gerald, RT
Plan/implement	SEI's strategic direction communicated to all stakeholders	04/07	Tony, CMCT
	$1.0M in new public funding raised for core programs	06/08	Tony, FT
	$0.8M in new private funding raised for core programs	06/08	Tony, FT

Acronyms used in the chart are as follows:

FT=Fundraising Team
RT=Replication Team
DMT=Data Management Team
PT=People Team
SDT=Service Delivery Team
CMCT=Change Management and Communications Team

SEI'S SCORECARD OF KEY PERFORMANCE MEASURES

Area	Key Performance Metric	Current	Targets 2007	Targets 2008	Targets 2009
Growth	• Total # youth served	2,371	2,413	2,473	2,536
	• # of core students in PDX - Total / excluding post-high	842 / 561	899 / 612	1009 / 708	1172 / 859
	• # of core students across SEI sites (including post-high)	842	899	1234	1397
	• % low SES among core PDX students grades 2-8	80%	95%	95%	95%
Organiza-tion	• # of coordinators	20	24	29	35
	• High performer retention (coordinators)	N/A	85%	85%	90%
	• % implementation of PMDS in PDX	0%	100%	---	---
Finances	• Core program budget**	$4.0M	$5.1	$5.3	$6.0
	• % of core revenue from government	3%	3%	20%	36%
	• Cost / 2-12 core student***	$7.0K	$8.0K	$7.2K	$7.1K
	• Total revenues	$8.9M	$10.6M	$10.4M	$10.5M
	• Total expenses	$9.2M	$10.9M	$10.7M	$10.8M
	• Net assets	$32M	$33.5M	$35M	$36.5M
Program	• 4-year HS graduation rate	98%	90%	90%	90%
	• # of age-appropriate indicators met on a quarterly basis - Elementary - Middle - High	N/A N/A N/A	5 of 8 6 of 9 7 of 10	5 of 8 6 of 9 7 of 10	5 of 8 6 of 9 7 of 10
	• MS to HS retention rate	50%	75%	75%	75%
	• % of all students who attain PCC status by age 25	95%	95%	95%	95%
	• Completion of expanded program evaluation by U of O and implementation of ongoing program evaluation protocols	N/A	N/A	N/A	Completed
	• Define and implement Miami outcomes	N/A	Define	Implemen t	Measure
Board	• Conduct Board assessment	N/A	Completed	---	---
	• Implement Board support indicator as defined in assessment process	$1.25M	Imple- mented	Imple- mented	Imple- mented
	• Succession plans: CEO and VP of Programs	N/A	Completed	Updated	Updated

*Does not include the cost of transforming Miami
** Excludes the cost to serve center-based students; based on allocation of all non-direct program costs
** *This average cost per student excludes post high school

Acronyms used in the chart are as follows:

MS=Middle School
HS=High School
PDX=Portland
SES=Socio-economic Status
PMDS=Performance Management Data System
PCC=Portland Community College
U of O=University of Oregon