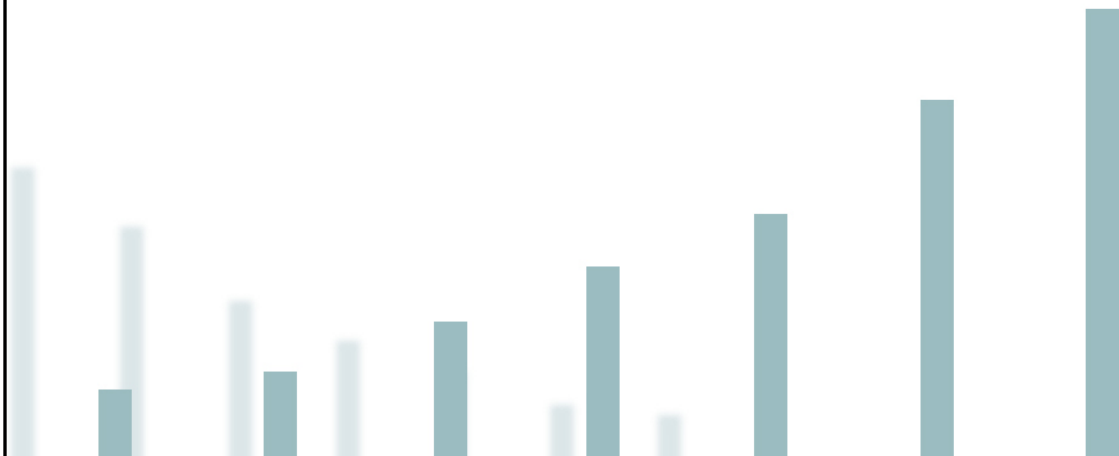


OCTOBER 2004

## Summer Search

Increasing central oversight while  
expanding nationally



## Summary

Summer Search has worked to manage an aggressive national expansion while maintaining program consistency across sites. Developing leadership internally and pushing to centralize a loose branch structure have helped. Creating a CEO position to complement the organization's president has opened the door to adding the operational infrastructure necessary to fuel future growth, and smart partnerships have enabled the organization to offer a wide range of program options. But Summer Search has struggled to find the right means of financing the national office through individual and foundation support.

## Organizational Snapshot

**Organization:** Summer Search

**Year founded:** 1990

**Headquarters:** San Francisco, California

**Mission:** "To nurture leadership in low-income high school students who have demonstrated resiliency in the face of hardship and the desire to help others."

**Program:** Summer Search offers full scholarships to summer experiential-education programs, intensive long-term mentoring, and access to private resources normally unavailable to low-income students including college counseling and SAT preparation courses. In 2004, Summer Search sent 549 high school sophomores and juniors in Boston, New York, the San Francisco Bay Area, and Seattle to various summer programs, which include wilderness expeditions, academic and arts programs, community service trips, and international homestays. Teachers, guidance counselors, and community organizations nominate Summer Search students, who then undergo a rigorous, yearlong interview process to ensure commitment. After completing the program, alumni gain access to resources to help them succeed, including SAT tutoring, college and financial aid counseling, computers, and internships.

**Size:** \$3.3 million in revenue; 26.5 FTEs (as of 2003).

**Revenue growth rate:** Compound annual growth rate (1999-2003): 19 percent; highest annual growth rate (1999-2003): 46 percent (2000).

**Funding sources:** Overall, 60 percent from individuals, 35 percent from foundations, and 5 percent from corporations; partners such as Outward Bound subsidize between 50 percent and 100 percent of the programs' price for Summer Search students.

**Organizational structure:** Summer Search has a relatively tight branch structure, operating its sites under one 501(c)(3). The national office provides centralized finance, fundraising, IT, training, and back-office support. A national governing board oversees the organization, working in conjunction with branch advisory boards that raise funds locally.

**Leadership:** Jay Jacobs, chief executive officer; Linda Mornell, founder and president.

**More information:** [www.summersearch.org](http://www.summersearch.org)

## Key Milestones

- 1990: Founded in San Francisco
- 1996: Expanded to Boston
- 1998: Expanded to Napa-Sonoma
- 2002: Transferred day-to-day leadership from founder/president to new CEO; Began putting infrastructure in place to support growth (e.g., documenting the program; centralizing back-office functions and hiring specialized fundraising, finance, and IT staff; adding a national board)
- 2003: Expanded to New York City
- 2004: Expanded to Seattle

## Growth Story

Linda Mornell's idea for Summer Search came to her when she witnessed her three teenage children blossom after spending their summers in demanding experiential education programs. Before starting Summer Search in 1990, she was a psychiatric nurse in private practice who focused on adolescent development. Although Mornell had no previous nonprofit experience, she felt that low-income kids deserved access to the same kinds of transformative experiences that kids from privileged backgrounds enjoyed, so she arranged scholarships for 14 low-income high school students to attend summer programs. To solidify the program, Mornell established partnerships with experiential learning programs like Outward Bound and with groups who could offer services to Summer Search youth after the summer was over, including college admissions officers.

For the first five years of the organization's history, Summer Search grew organically in San Francisco. Mornell believed the program could benefit more youth, so Summer Search added students as it surfaced more candidates. At times Summer Search added students in advance of lining up commensurate funding. Says current CEO Jay Jacobs, "We often talked about 'build it and the money will come.' I think this approach created some early momentum."

The organization also grew as its partners requested more Summer Search students, who were frequently low-income and/or students of color. A key factor in propelling this demand was that Summer Search, with the help of a network of teachers, carefully screened the youth for the resilience and the performance potential necessary to succeed in the summer programs, resulting in a high quality pool of students.

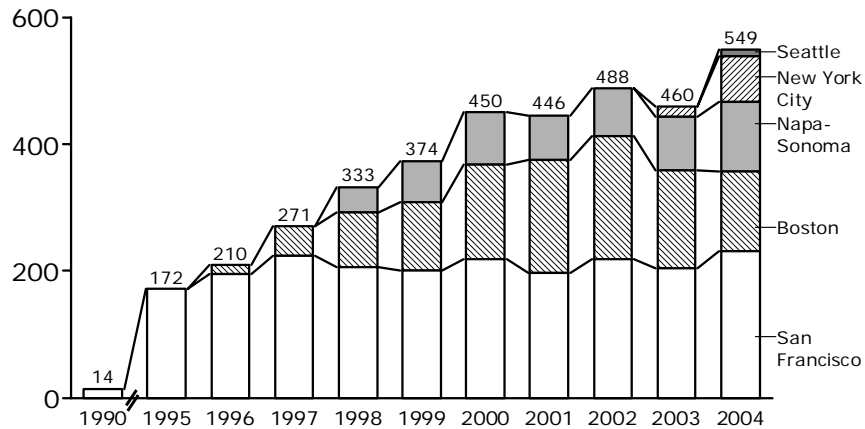
"We fill a really important niche in the field of summer experiential education — not just for our kids but for the organizations, too," says Mornell. "We've differentiated ourselves because our kids really perform on their summer trips. They're exceptional. We hear from our partners, 'We need your kids here because we're trying to create *this* experience.' [And] private colleges are willing to invest massive amounts of money for a minority kid who is going to graduate."

Whereas its local expansion was organic, Summer Search’s national expansion was more opportunistic. Jay Jacobs approached Mornell after graduating from Harvard Divinity School and working with Summer Search through the National Outdoor Leadership School. He offered to start a Boston branch, which opened in 1995. “Why Boston?” asks Mornell. “Because I met Jay and that was where he lived. I told the board we were going to open a program in Boston and they said, ‘Great!’”

Two years later, three high school teachers and a funder asked to bring Summer Search to Napa and Sonoma counties in the San Francisco Bay Area, and Mornell opened the Napa-Sonoma office in Petaluma, California, in 1997. (See Figure 1 for the geography of Summer Search’s growth.)

Figure 1

Summer Search beneficiaries



Source: Organization internal data

In 2003, Summer Search decided to grow further as a national but quickly realized it needed to professionalize the organization by bringing in people not just with passion but with management and specialized expertise. “We grew like a weed, and then from 2000 to 2002 we stopped,” says Mornell. In 2002, Mornell transferred day-to-day leadership to Jacobs, focusing instead on training staff and

fundraising. Jacobs' move to San Francisco that year to become CEO brought with it a new focus on strategic growth and system building. Summer Search spent 2002 and 2003 putting the infrastructure in place to support growth: documenting the program; setting up a finance, IT, and fundraising support platform; and building a national board.

As Summer Search's staff learned and matured from the organization's growth, its board evolved into a strategic oversight role. The trigger for this evolution came when Jacobs and Mornell developed plans to expand into New York, with only minimal consultation of the board.

When Jacobs and Mornell casually mentioned the New York launch to the board, its new governance role became apparent. "We told the board that we were going to New York and they went nuts," says Mornell. "That made us realize we needed a process for starting a new site."

The next time an opportunity presented itself for a new office, this time in Seattle, Summer Search performed nine months of due diligence. It formed a local board and raised \$150,000. But having learned about the importance of site leadership from the Napa and Boston expansions, Summer Search waited two years to find the right leader and open the site in 2004.

Throughout its growth, Summer Search's practice of partnering with teachers, experiential learning organizations, and college admissions groups has been essential, enabling the organization to do more with less. But working with local groups has been difficult at times. "One of the biggest shocks of working in the nonprofit sector is the level at which people don't collaborate," says Mornell. She has found some local groups to be turf-conscious and competitive, which has made it difficult to partner to reach the same pool of students.

Mornell gets frustrated when foundations try to partner them with other organizations. "The most wrong-headed thing foundations do is push this very superficial collaboration," she says. "If I had a nickel for every time a foundation said, 'Look! You guys do summer programs, you guys do mentoring, why don't you partner!'" But Summer Search has learned that it's not that simple. As Jacobs

reflects, “It’s amazing how quickly you get at cross purposes, especially with things like mentoring, which is so multilayered.”

Summer Search now works with partners who share its program and organizational values and who have a vested interest in its services — including a Boston-based collaboration with the Bottom Line, an organization which helps prepare students for the college admissions process and mentors them during college. “I think the Boston kids that do Summer Search, Bottom Line, and Posse understand the investment everyone has in them,” explains Jacobs. “There’s a shared identity... Those are three pretty entrepreneurial, pretty young, pretty zesty programs. I think the programs that have the closest relationships, we’ve enjoyed [working with the most]. It’s organizational values, mentorship values.”

As Summer Search continues growing, the management team and board are vigilant about managing the tradeoff between quality and scale. They believe that many cities could make good sites, so location is now less important in the expansion decision than the availability of leadership and a network of community support. But they still want to retain the ability to act quickly as opportunities arise. To guarantee the integrity of future growth, Summer Search has recently engaged McKinsey on a pro bono basis to help develop a strategic plan for expansion.

Summer Search feels unsettled at its current size. “There’s something about the \$3 million to \$6 million range that doesn’t feel like a sustainable place to be,” says Jacobs. “You’ve got to get above it or below it. It feels like the Bermuda Triangle of size.” Jacobs attributes the challenge of this size to three main factors: increased strain on management capacity; difficulty securing funding from its historical funding base for needed capital investments; and the complexity of coordinating a larger management team, comprised of both old and new staff.

“Before [hitting the \$3 million mark], you could pretty much solve anything through hard work and good will. Now it feels like a number of challenges test our management skill and there is a ‘professionalism’ we need that I and other key people have had to develop... Our capacity needs have suddenly increased significantly, but we’re too small for the million-dollar grants and too big to sustain on the smaller stuff. We make it work, but it is harder... Keeping our culture strong has gotten a lot harder. All of a sudden, there are a lot of key people

involved and you can't simply bring them together in person or by phone... Now clarity around mission and values is so key. At the same time, a lot of 'old timers' struggle with all of this and feel like we are being too focused on clarifying things...a lot of energy goes into connecting old and new people and finding common ground."

## **CONFIGURATION**

Summer Search started off with a loose branch structure. The San Francisco board and staff oversaw new offices, but the Boston office was only loosely governed. As Summer Search expanded, management and the board realized that they needed to ensure greater program consistency and control over each branch.

Each office used to manage its own accounting, development, purchasing, and HR. "Every office was putting massive amounts of energy into finances — raising their own money, handling all of their own administrative functions," says Jacobs. But in 2002, Summer Search added staff in the national office to centralize back-office functions so that local executive directors could focus on program work and local fundraising. The cost savings were substantial. For instance, whereas in the past each office had spent up to \$10,000 for audits, centralizing audits for the entire organization now costs just \$20,000. In return for the additional benefits the national office now provides, the national office takes 5 percent of top-line revenues from more mature sites like Boston, Napa-Sonoma, and San Francisco.

Summer Search has found that intensive staff training allows it to manage branches with relatively loose program control. Leaders are developed by grooming them in entry-level positions; in fact, many local executive directors were former office managers. "Everyone who is in leadership roles has some long-standing relationship with Linda and Jay," says Kweli Washington, director of development and strategy. Summer Search aims for a 1-to-5 ratio of groomed staff and/or alumni to new staff.

Mornell ensures consistency in the organization's values and standards by personally training local leadership. This hands-on approach has helped Summer Search maintain consistency across sites; sites have the same way of interviewing



potential students and counseling them once they're in the program, and the individual sites have generated similar results in the metrics Summer Search measures. But, according to Jacobs, Summer Search will have to move away from this approach to training if the organization is to continue to grow at its desired speed. "Having people learn directly from Linda [Mornell] inhibits growth and limits the kind of people who can become involved [in training]. We very much want to systematize training and make it more accessible. We also want to make our expectations for staff development clearer, so that we can better track how people are progressing over time."

As Summer Search added offices, the need for a tighter branch structure also increased. In 2002, the group created a national board to oversee the entire organization, with a mandate over expansion, quality standards across sites, financial policies, centralized back-office processes, and the brand. The creation of a national board generated its own stresses, as the San Francisco board had to be split and some board members transferred to the national board. "That was a huge thing, because the board loves this program, loved each other and the meetings," says Jacobs. "At one point it looked like some key people would be hurt by it or leave in a huff. It was like walking on razor blades making that happen."

Jacobs now spends much of his time managing the boards and ensuring that each board focuses on the right set of issues. "We were worried that when you create a national board the locals feel like their role has been reduced one notch," says Jacobs. To mitigate the risk that local boards will reject national board projects like the McKinsey strategy review and an upcoming branding overhaul, local boards are kept informed and consulted with about upcoming projects and opportunities. "If the local boards don't buy into these projects, they will be an incredible waste of time and resources."

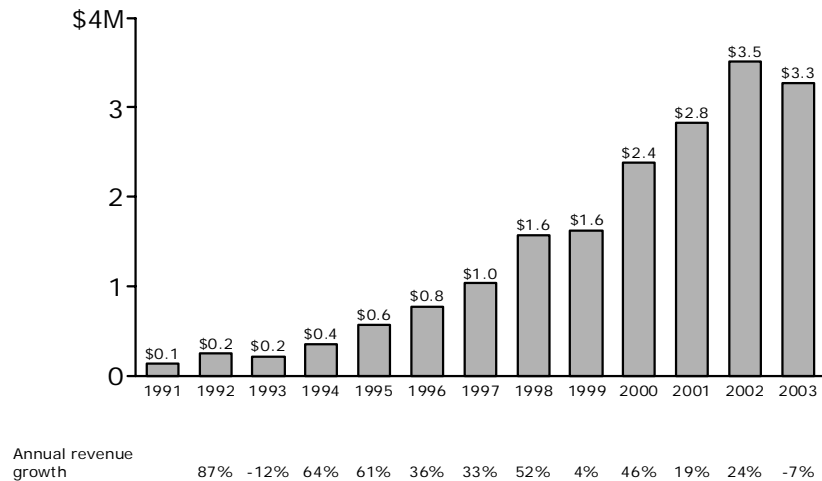
## **CAPITAL**

Summer Search relies on individual funders for much of its revenue at the local level. In 2003, for instance, 60 percent of its funding came from individuals, 35

percent from foundations, and 5 percent from corporations. (For a history of revenue growth, see Figure 2.)

Figure 2

Summer Search revenue



Source: Organization internal data

“Individual funders are a great thing,” says Jacobs. “They’re straightforward, and they stay with you.” Branches send students’ post-summer essays to funders, which makes it easy for them to grasp the significance of the program. As branches mature, an increased proportion of local funding comes from individuals. Local boards play a key role in local fundraising to individuals.

But without a local community to tap or youth to testify about the program’s effectiveness, fundraising is difficult for the national office. “We’ve had a real problem with tapping capacity-building funding — because it seems tied to a certain speed of growth that we’re not seeking,” says Jacobs. Kweli Washington, the new national development director and a Summer Search alumnus, has recently had success tapping venture philanthropy sources to build systems and increase efficiency, however.

Foundations also want to see metrics that measure specific outcomes. “They want a level of analysis that is expensive and resource-intensive to do,” says Jacobs. Summer Search has traditionally measured two outcomes — college matriculation and program completion. College matriculation is 93 percent and program completion is 97 percent. But many foundations find these outcomes too good to be true, and accuse the group of “skimming” the best students. “We’re about creating a set of opportunities and giving them to the really oddball set of kids who are going to take them,” says Jacobs in response to such charges. “That could be an A student or [a struggling student].” Summer Search is now rolling out a plan to measure three key metrics, which it calls “RAP”: Resilience, Altruism, and Performance potential.

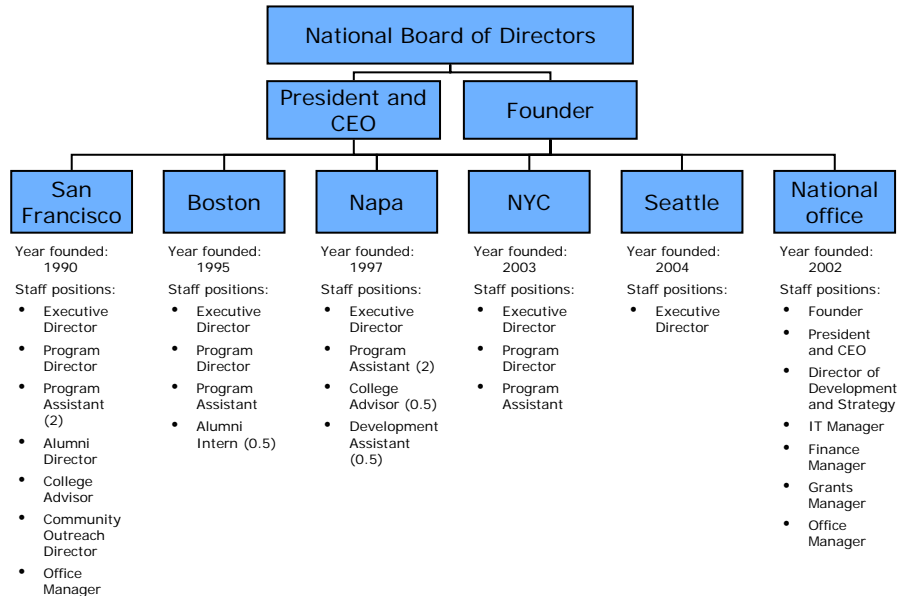
## **CAPABILITIES**

Summer Search grew in classic startup mode, hiring friends of the founders or those who approached the organization. Retaining staff is an area of concern. As a youth organization that pays little and demands a lot, the organization hires many recent college graduates and worries about their transient nature. In 2002, the organization got more systematic about hiring specialized staff at the national level in areas like finance and accounting, fundraising, and IT. (See Figure 3.)

Around 2002, Mornell realized she needed to let go of controlling every detail of the organization, “pull up a level,” and hand over day-to-day operations to a CEO. “Linda’s role is teaching and training, but her job is also to embody the values and be the founder,” says Jacobs. “And my job is to institutionalize that. In a sense our culture is still very built around our founder — which is a great advantage and a great potential weakness.”

Summer Search’s program success hinges on its ability to pick the right students, which means finding and training the right staff to be able to select these students and run the sites. Therefore, recruiting and retaining staff is critical. The organization believes in hiring young talent and training them so they are imbued with the organization’s culture. “We’re creating a third-generation leadership,” says Mornell. Jacobs was the second generation, and Mornell was the first generation.

Figure 3  
Summer Search organizational chart (2004)



Source: Organization internal data

Early in the organization’s growth, staff training was relatively unstructured. Mornell recalls, “It was almost like you had to teach [from the] gut. It was really challenging to pass on [what you knew], and you couldn’t explain it to anybody.” Mornell saw the need to add more structure, but doing so required the organization to be explicit about its approach. “[We took that new] clarity and put it into more tangible teaching structures — the staff handbook ... [as we call it] ‘catching the secret sauce’ — the things that you as the mentor need to do.” At the same time, the organization clarified development paths for staff, identifying key milestones staff needed to hit along the way and specifying how the organization would measure each staff member’s progression against these milestones.

Summer Search’s emphasis on internal talent development helps ensure quality, but also slows growth, as the experience expanding in Seattle showed. “The big problem with developing a site is the leadership required to get it off the ground,” says Jacobs. In fact, finding internally groomed leadership to run new locations has been the organization’s major bottleneck for growth, rather than fundraising or demand.

## Key Insights

- **Hiring from within.** Summer Search has found the concept of “generations of leadership” effective for retaining high-quality staff, managing quality and consistency across locations, and creating a culture of innovation. Internally groomed staff run four of Summer Search’s five sites.
- **Partnering smart.** Summer Search sticks to its knitting, using local partnerships for key functions where it has limited competency. It has found that shared program and organizational values are key to the success of these partnerships, as well as having a vested interest in each other’s services.
- **Building the infrastructure for growth.** Building systems to deal with expansion has been one of the hardest things the group has done. “I thought going from three to five sites would be easy, but it was actually a pretty big leap,” says Jacobs. “At three sites you can get on the phone in one day and clean up shop. At five sites you can’t. Your message can get very diffuse very quickly, and any lack of clarity really comes back to bite you.”
- **Balancing individual and foundation support.** While Summer Search has found individual donors to be a stable, loyal, and relatively undemanding source of unrestricted funding, the same donors are difficult to tap for funding the administration of a national office. At the same time, foundation support for capacity building is hard to generate without the right metrics. Summer Search has found that it has to invest in better performance measurement to meet this need.
- **Finding the right size.** Summer Search feels unsettled at its current size. Its management team found that when the organization topped the \$3 million revenue mark, the challenges of running operations, raising funds to build capacity, and keeping a consistent organizational culture elevated to a higher level of complexity. But the organization has yet to reach the size where million-dollar capacity-building grants are available or where more intricate management systems are warranted.