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ABSTRACT

For some time the Ewing Marion Kauffman Foundation has been studying the attributes that characterize effective nonprofit organizations. These attributes were identified after a review of the literature, discussions with national leaders, meetings with administrators and funders of nonprofit organizations, and the information from case studies by several organizations. The attributes identified show that effective nonprofit organizations can be characterized as being: mission-directed, entrepreneurial, sustainable, outcomes-oriented, adaptable, and customer-focused. Each of these characteristics is illustrated with a case study of an organization in the Kansas City, Missouri area, which has been the recipient of a REACH (Reaching for Excellence Achieving Community Health) Award from the Ewing Marion Kauffman Foundation. The attributes of organizational effectiveness for nonprofits are a framework from which organizational effectiveness strategies can be further strengthened. (SLD)

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Profiles in Organizational Effectiveness

FOR NONPROFITS

IMPROVING THE LIVES OF
CHILDREN, YOUTH AND FAMILIES
IN KANSAS CITY'S URBAN CORE



*A report by the
Ewing Marion Kauffman Foundation*

2000

ED 443 908



Organizational Effectiveness

AND THE EWING MARION KAUFFMAN FOUNDATION

President and Chief Executive Officer Louis W. Smith

Kansas City is a special place for philanthropy. As individuals and organizations come together to rebuild community, we are truly discovering a common purpose at the Ewing Marion Kauffman Foundation. We depend on our partners in our quest to improve the lives of children, youth and families in Kansas City's urban core neighborhoods and schools where we concentrate.

We believe that foundations and nonprofit organizations must work together to define mutual goals, standards of evaluation, strategies, inputs, realistic timeframes for results, positive outcomes and how those can be measured. Until we recognize that we are all interdependent, we will not fully appreciate the true meaning of our work in philanthropy.

This understanding was clear to our founder, Ewing Kauffman. As he began to give back to his community, he identified and set out to address issues, problems and opportunities that concerned him deeply. Mr. K believed in investing in people, because people, not money, solve problems. He knew that we are in this together, and that "relationships matter." His success, and the legacy of his foundation stand as a testimony of that understanding.

Our vision at the Ewing Marion Kauffman Foundation is: "Self-Sufficient People In Healthy Communities." We recognize that our internal effectiveness is directly tied to the effectiveness of our partners. And we understand that a shared vision, mission and desired outcomes must lead us to building the organizational capacity of our partners. We assist them in the professional development of their associates and boards, and, in many cases, we provide core operating support as well as programmatic funding as we work toward mutual goals. We try to leverage our dollars with other resources that exist at the Foundation and in the community, including research and evaluation, training and facilitation, communications and public affairs support.

The central importance of organizational effectiveness based on solid evaluation lies at the root of our ability to be accountable with our partners for the outcomes we both desire for children, youth and families. Many foundation leaders also are concluding that organizational effectiveness is the issue for the immediate future in communities everywhere. Strategies for accelerating this work are of the highest priority.

Effective Nonprofits Make a Difference

The health of a community, the stability of its neighborhoods and the quality of life for its families are the measures of success in the nonprofit sector. Against these high standards, stellar nonprofit organizations shine in our communities. Talented people in these institutions create ideas, stir things up, work toward achieving results and add texture and richness to our lives. A society is healthy when its nonprofit sector is vital and effective.

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For some time, the Ewing Marion Kauffman Foundation, in our work with children, youth and families, has been working with the community to identify and define the attributes that characterize effective nonprofit organizations. We have found that effective nonprofit organizations are able to blend the following set of characteristics throughout their operations: mission-directed, entrepreneurial, sustainable, outcomes-oriented, adaptable and customer-focused.

These attributes were identified after an extensive review of literature, discussions with national thought leaders, and a series of meetings with nonprofit executive directors, board members and funders in Kansas City, Kansas, and Kansas City, Missouri. We also relied on the groundbreaking research and case studies presented by *Profiles of Excellence*, produced nearly a decade ago by the Independent Sector, and the ongoing work of the Grantmakers for Effective Organizations.

There is growing awareness guiding the nonprofit sector to consider the qualities that distinguish effective nonprofit organizations. It is moving funders to support organizational performance and the capability of nonprofit leaders to achieve results.

The Kauffman Foundation realizes that our success as a philanthropy is driven by the success of our partners in the nonprofit sector. We have funded efforts to build the organizational capacity of nonprofits, investing in sound leadership, strong boards, professional development for staff, technology, evaluation and sustainability by funding the core operational needs of local nonprofit organizations. Identifying the key attributes of effective nonprofit organizations is critical to providing a framework, by which we can communicate how our organizational effectiveness investments are strengthening programs and ultimately improving the lives of children, youth and families in Kansas City's urban core.

Our research comes to life with this publication. It connects principles and practice by featuring the stories of nonprofits that exemplify the attributes of organizational effectiveness.

Mission-Directed

Indicators of a Mission-Directed Organization:

- Uses the mission statement as a guidepost by which success is determined.
- Mission and vision statements are communicated throughout the organization and prominently displayed.
- Actions and programs of the organization clearly reflect the mission and vision statements.
- Procedures are in place for the review of the mission statements at appropriate intervals.
- Staff, board and other leaders in the organization understand and can articulate the mission.
- The leadership of the organization clearly understands the importance of culture and values in a mission-directed nonprofit.
- Strategic and/or business plans are aligned with the mission.



“Your mission is your framework. It becomes your guiding principle. It tells our staff and our customers that this is what we’re about,” said Dwayne Crompton, executive director of the KCMC Child Development Corporation. “This is our identity. These are our values. This is what we are working toward every day.”

KCMC Child Development Corporation

Vision: To be the leading force in changing the lives of children and families.

Mission: To provide leadership in the creation and implementation of quality services and programs for children and their families to maximize their potential as productive and contributing members of society.

On a Mission



It's not that the KCMC Child Development Corporation has never deviated from the straight and narrow of its mission and vision. It's just that it will never happen again.

"We've learned the hard way that going after something that's not within our mission statement really can cause a lot of problems," said Dwayne Crompton, executive director. The agency's innovative practices and sparkling facilities have served low- to moderate-income families in Kansas City's urban core for 29 years. The organization has helped set the standard for preparing boys and girls for success in school. In the mid 1970s when the agency tried to provide care for the elderly, the experiment took the organization off track. "We ended up spending a lot of valuable time and resources. We were able to recuperate and move ahead, but it could have been devastating," Crompton recalled.

Since that brief sidestep, the path for KCMC has been clearly marked as service for children and families. The work has traveled down that path without getting sidetracked by other issues or scenery along the way.

"It's tempting when you are offered funding for a project that falls outside the parameters of your mission. Money is attractive, and in some cases it is needed, but if you're not careful, it will pull you off course. When the main driving force is dollars rather than the service, programs are pulled in 15 directions. It pulls the agency off course and the nonprofit disappears from the scene," Crompton said.

Far from disappearing, KCMC has been in the national spotlight for creating a new program that blends funding streams and leverages federal Head Start program dollars to support and upgrade under-funded community-based centers. Based on the belief that all children should have quality early education and care, KCMC developed the model program called Full Start in partnership with funders, state and local governments, and the communities it serves.

"We didn't sit down and decide to be innovative. It happened because we focused on our mission," Crompton said. "If you look at our vision — 'A leading force in changing the lives of children and families' — you can't do that without being creative and innovative. Full Start came about based upon the belief that we wanted all kids to have a quality preschool experience. It just seemed logical to go to existing child care centers where the space and staff are already available and create a partnership that would impact not only the children that we were established to serve but all children who were at that site. It's really humbling because what we've done with Full Start is a model all over the country. It's a good feeling to be a force that's improving the lives of children."

Like the children KCMC serves, the agency has moved through stages of development. "In our infancy we were very directly involved in providing service. As we have grown up, we wanted to be that force in changing the lives of children. We have become more involved in policy issues and advocacy for families and children. Our boundaries may have widened but our mission hasn't changed. From day one the purpose of this organization was to serve children and families," Crompton said.

Entrepreneurial

Indicators of an Entrepreneurial Organization:

- Relentless pursuit of opportunities that are aligned with the organization's mission.
- Understands the importance of due diligence.
- Influences the culture (assumptions and beliefs) in the organization.
- Crosses boundaries among the public, private and nonprofit sectors.
- Exemplifies trust — people know where it stands.
- Has the courage to manage conflict and make tough decisions.
- Leaders are held in high esteem by the community, the organization staff and the customers of the organization.
- Leaders are active in and hold leadership positions in other community or professional organizations at the local, state and national levels.
- A dynamic and engaged board clearly understands governance and carries out its responsibility to the organization.
- Highly committed, motivated and competent staff.



The results of AURI's commitment to crossing boundaries and changing a city's landscape can be seen along Kansas City's revitalized Brush Creek corridor and Swope Parkway where urban blight has been replaced by private sector investment and a community renaissance. "We try to move everyone on down the road," said Jim Scott, executive director. "Sometimes it helps just having a picture and getting it in front of enough people and saying if we pay close attention, tomorrow could be like this. Optimism about tomorrow can change the nature of a discussion. It can take out the bitterness and it can take out the neglect. Progress in that context can be so intoxicating."

Change Agents



Today at the Applied Urban Research Institute (AURI) is nothing like yesterday was, and tomorrow won't be anything like today. For the agency's small staff, they wouldn't have it any other way.

AURI is a different kind of nonprofit. The agency operates best on the frontier of institutional wilderness, working with virtuous leaders who promote change and believe that it's their institution's duty to play against convention in the community.

AURI brings its technical experience, planning and applied research into settings where they normally don't exist. Its services change with its clients. The agency's planning tools help health centers, colleges and churches act as community stewards, working with residents in the urban core. The partnerships return essential services, quality amenities and sustained development to create healthy neighborhoods.

"We don't exactly fit the mold for nonprofits," said Jim Scott, AURI's executive director since its inception in 1994. "There are organizations that see planning as something you do while you're waiting to solve the real problem. We see it in the reverse. We see a lot of money spent without a plan, and that causes inefficiencies."

"I don't think there's anybody who targets the organizations we do," Scott said. "This group of clients needs special care. They have an additional responsibility for the public interest in the community in which they're located. Based on our experience we can help them fulfill that responsibility in a number of ways."

"I see us as the missing link particularly between the private and the public sector," said Caroline Samuels, AURI's assistant executive director. "There are gaps in that market. That's one of the reasons for having a nonprofit sector. Our goal is to work with institutions to craft a future in the communities of disinvestments where a lot of nothing has happened for a long time."

Committed to objective analysis, AURI finds itself on both sides of issues, working with competing constituencies. "I hope AURI teaches that there shouldn't be fear in discussing goals and interests," Samuels said. "Solutions come from the most unlikely sources. It's not about making the problem go away. It's about achieving goals that may at first seem to be in conflict but once you dig at them reveal common interests."

Unlike business consultants, AURI prefers to see a client through the whole spectrum of projects. Over several years they have seen neighborhoods through a depth of change that has brought mainstream economic development and public policy initiatives to areas that have been long neglected.

At AURI, the entrepreneurial spirit prevails. "We rely on unintended consequences. You have to set up the opportunity for those consequences," Scott said. "It's not chaos or a complete abandonment of reason."

"We are the kind of organization that requires people to be creatively involved. We have a competition of ideas that gets us to the best ideas. We are about ideas and committed to principles," Scott said. "Everybody here has an ultimate faith in community involvement. We see value in reinvestment in the urban core."

"Somebody called us change agents," said Samuels. "I thought that sounded pretty good. We should write that down someplace."

Indicators of a Sustainable Organization:

- Diverse funding sources so the organization is not overly dependent on a single funding source.
- Mutual respect, knowledge and integrity between the organization and funders.
- Attracts, creates and sustains sufficient new resources.
- Appropriate financial controls are in place in the organization.
- Funding is sufficient so that the resources needed for the continued operation of the organization are rarely in question.
- "Financial crises" are managed (unpredictable events that are the result of circumstances beyond the control of the management of the organization).
- Sufficient reserve funds are available when needed.



"One of the reasons we've been very successful working with families is because we look at housing costs as something that makes a difference. Affordable and available housing is the single most important issue facing families in the urban core," said Richard Ruiz, executive administrator of El Centro. "I went to the board and recommended we borrow money to purchase Woodland Hills, a half-boarded-up, drug-infested 211-unit apartment complex. I went to 30 banks before one said they would let us borrow the money." Three years later Woodland Hills paid El Centro nearly \$400,000 in developer's fees that went straight to the nonprofit's reserves.

Sustainable

Built to Last

Richard Ruiz was sitting in his Executive Fellows class at Rockhurst University wondering how he could apply the business lessons he was learning to his world as executive administrator of El Centro. Then the managerial accounting professor asked a question that would change everything.

"I was the only nonprofit guy there with presidents and vice presidents of top corporations and the professor asked, 'What drives the balance sheet?' The answer was debt drives the balance sheet. He explained that you borrow money to buy assets that produce revenue that allow you to generate income. If you retain and increase your equity you can borrow more money to buy more assets to produce more revenue to generate more income. That drove me crazy for weeks. At the nonprofit board table, we hate to borrow money. When I graduated in 1992 we had zero liabilities on the balance sheet," Ruiz said.

With his master's degree in hand and a new outlook on how to run a business, Ruiz set out to make El Centro a success story along any bottom line. Facility costs were causing the biggest drain on the budget so the agency decided it would purchase and manage its own property, reduce costs and put more money into the community. They paid \$20,000 for a dilapidated railroad building. It was an eyesore but it came cheap and when the building was remodeled El Centro developed office suites on the second floor and rented space to four other nonprofit organizations.

Ruiz has followed creative variations on this same theme over and over. "Our real estate ventures have not only cut costs but generated new streams of revenue," he said. Today El Centro is a \$3.6 million enterprise with \$1.1 million in reserves. This year, all of the money donated to the organization went into the reserve

account. The nonprofit owns all of its facilities, including the 211-unit Woodland Hills apartment complex, Foxmoor housing development, a school building and a business incubator. Through ECI Development Corporation, El Centro develops the property and serves as general contractor and real estate agent on all of its projects.

Building El Centro to last was one of the most important objectives of the nonprofit's founders. In the early 1970s the community saw organizations come and go because they were funded by only one or two sources. "When the powers that be felt that it was time to turn off the water, the community would suffer the consequences. The early strategy for El Centro was to diversify funding so that no one entity could ever determine our existence," said Ruiz. Today El Centro receives money from 41 funds and 33 funding sources, with no single fund representing more than 10 percent of the agency's consolidated budget.

For Ruiz, El Centro's real achievement doesn't show up on the bottom line. "The numbers speak for themselves but more important is what this allows us to do for families. If we strengthen El Centro, we strengthen families with job training and placement, child care, affordable housing, transportation loans and counseling," he said.

"Social entrepreneurs have to look for economic opportunities that make sense for the families we serve," Ruiz said. "We have to develop high-quality products and apply business principles with compassion and intelligence."

Indicators of an Outcomes-Oriented Organization:

- Recognizes the importance of incremental achievement.
- Procedures are in place to measure program and organizational outcomes.
- Reviews the quality of services to generate improvements that will benefit clients.
- A strategic plan guides the organization.
- Monitors organizational changes.
- Uses creative ways of evaluating outcomes.
- Links the mission and performance.



"If you're a carpenter, you can step back and see what you've built. When you're finished with a day of activity in our work you wonder if you've made a difference," said Gene Dooley, president of the YMCA of Greater Kansas City. "On the most basic level, a swim instructor keeps kids safe and teaches them to swim, but they do so much more than that for a young person's self-esteem, confidence and development. Being outcomes-based allows us to step away and get a feel for what you've accomplished. It helps everyone involved realize the value of their efforts."

Outcomes-Oriented

Measuring Up

The YMCA of Greater Kansas City felt soft. For an organization associated with health and fitness, it was a feeling the agency's leadership was anxious to shed. They've looked to outcomes to reshape the agency and tone its muscle.

"The outcomes issue came at a time when we were being pressured to prove ourselves. In grant-funded programs we always had to prove the value of our work. In our fee-for-service programs we didn't have that. We didn't look intentional," said Gene Dooley, the organization's president.

The outcomes-oriented approach worked itself into the YMCA's organizational culture over several years. The agency had been part of the outcomes-based pilot program among the nation's YMCAs and was selected to be an early Kansas City model for outcomes-based evaluation initiated by the Heart of America United Way. "It was a new way of thinking. We had to get our egos out of the way and embrace it, understand it and apply it to our work," said Dooley.

"Part of the reason we stepped out earlier is because we have the YMCA image of being swim and gym," said Gail Vessels, vice president of development. "There are a few funders that know we are more than that, but the general perception is the Y does child care, aquatics and youth sports. We needed outcomes to show there is a lot of substance here beyond swim and gym. We also needed to prove to volunteers that their time was going to be well spent."

The YMCA has made a gradual shift to outcomes, introducing the concepts at a staff assembly where each division was responsible for developing a summer pilot program based on outcomes. Child care set outcomes for boys and girls in summer camp and youth sports narrowed its focus to a T-ball program. "We didn't want our staff to be overwhelmed," Vessels said. "We asked them to focus on outcomes by starting with the end in mind."

The staff assembly introduced outcomes planning throughout the organization. Budgets and goals for the year 2000 were based on these outcomes and each individual's performance review and job description added outcomes language. "Outcomes-oriented evaluation has become the basis for the way we operate. It's how we evaluate staff and make expenditure decisions. We know we're making headway when a youth sports director talks more about the developmental process than the results of a game," Dooley said.

The YMCA is translating existing systems to the outcomes approach. Recently the staff completed a yearlong project to convert the Search Institute's list of 40 developmental assets for young people into YMCA outcomes. There is a continual challenge to find affordable and reliable tools to measure success based upon the agency's outcomes. "Measurement is extremely important to the process. It's also difficult and costly," Vessels said. The agency has had some success recruiting college students as volunteers to structure scientific analysis and reports.

"We still teach kids to play baseball. We still take kids on field trips. Being intentional and having good outcomes for kids doesn't make us hard edged, it just gives us hard facts," said Vessels.

Adaptable

Indicators of an Adaptable Organization:

- Analyzes whether and how the changing environment can work to the advantage of the organization.
- Continuous innovation and learning prevail throughout the organization.
- Technology is current and appropriate to services provided.
- Programs are reviewed on a regular basis to ensure that the current needs of customers are met.
- Uses partnerships, strategic alliances and collaborations to leverage opportunities and strengthen the organization.
- Searches for change, responds to it and sees it as an opportunity.
- Views planning for the future as a competitive advantage.
- Renewal is a part of the organization's culture.



To meet the needs of urban core residents of Kansas City, Missouri, Heart of America Family Services' Family Focus Center offers prenatal, childbirth, child development and parenting skills classes in English and Spanish. In Kansas, the agency operates Dame la Mano, a family support center for the growing Spanish-speaking population in Wyandotte County. "We're in schools, we're in housing developments, we're in neighborhoods and we're in the process of pushing ahead to integrate our service delivery so that counseling offices are comprehensive family support systems," said Betsy Vander Velde, president of Heart of America Family Services.

Tending to Trends



"If an organization gets to the point where it thinks 'we've got it, we're there,' that's when things are going to come unglued," said Betsy Vander Velde, president of Heart of America Family Services where, in the past few years, the staff has tripled, programs have gone bi-lingual, a major revenue source disappeared overnight and aggressive partnerships have moved more than three dozen agencies to work together to raise parent education and child care standards in every corner of greater Kansas City.

To keep ahead of the curve, the agency receives family briefing bulletins from the Alliance for Children and Families, giving national statistics regarding changing family structures, workplace issues, crime, violence, family concerns and public policy. "We never stop doing community analysis and environmental scans. One reason we've been around for 120 years is our ability to respond effectively and quickly to the changing environments and stay very clearly focused on what we do best," said Vander Velde.

Society's economic, demographic and social trends and research about what it takes for children to be successful in the world have held Heart of America Family Services on course. Fifteen years ago the agency ran a fledgling program to care for kids whose parents were working. When more parents went to work, the organization responded with new services, including a support program for kids who were home without supervision after school.

The agency has continued to adapt to meet the changing needs of families and transform child care programs. Heart of America Family Services developed Homefront, a collaboration devoted to improving the quality of parent education, including sharing the latest research about early brain development. The organization has been part of a progressive partnership to increase the number of accredited child care centers in Kansas City and took the lead to develop a single phone line that connects parents to child care referrals across 15 counties.

Responding to the needs of families moving from welfare to work, Heart of America Family Services placed child care resource and referral staff on-site at the Missouri Department of Family Services.

For all the efforts the leadership of Heart of the America Family Services makes to research and anticipate trends, there have been times when change has blindsided the organization. "We were heavily involved in managed care a few years ago as the sole provider for MetLife clients for the entire Kansas City area. It was unbelievably lucrative. Then out of nowhere, the contracts were bought out and were gone. It was like being hit in the gut," recalled Vander Velde. The episode put the agency's resiliency to the test and its 17 offices responded by generating new revenues to help sustain the organization.

Heart of America Family Services' ability to adapt extends to its efforts to put new technology to work. Administrative assistants have automated the registration and tracking process for all of the agency's facilities. In addition, all correspondence with the organization's 31-member board of directors is sent via e-mail.

"We're a learning organization," said Claudia Baker, vice president of development. "An important element in adaptability is to learn what's working and what's not working and be able to make adjustments every step along the way."

Customer-Focused

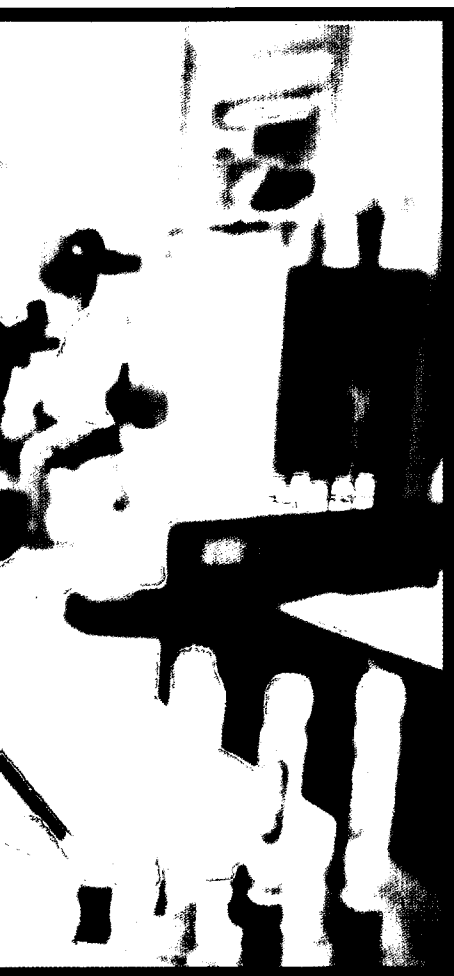
Indicators of a Customer-Focused Organization:

- Everyone connected to the organization treats customers with respect and courtesy.
- Facilities provided for customers are safe, attractive and well-maintained.
- There are well-established and publicized channels through which the opinions and concerns of customers may be expressed.
- Feedback from all customers is solicited, and responded to, on an ongoing basis.
- Customer satisfaction is a primary concern.
- The organization understands the needs of stakeholders and constituencies.



"We respect the wealth of knowledge and understanding parents have about their family," said Dwayne Crompton, executive director of the KCMC Child Development Corporation. "When you have this rich mixture of caring parents and quality child growth and development expertise, you can't help but have positive outcomes for children. It takes on a life of its own. It's great to see that happen."

Centers of Attention



The preschool girls and boys running the playgrounds of the Thomas/Roque Child and Family Development Center, the George Washington Carver Child Development Center and Lollipop Land Child Development Center are running the show at KCMC Child Development Corporation.

“That’s our primary customer,” said Dwayne Crompton, executive director. “They’re here every day and we are targeting our resources to provide a rich environment and establishing benchmarks to give those children every opportunity to be successful.”

Parents and the dreams and aspirations they have for their children and families follow a close second on Crompton’s list of KCMC’s customers. Monthly meetings of the center’s advisory committees draw hundreds of involved parents. The agency works with them to set policy and make decisions about key programs.

“Parents come to us wanting the best for their children,” Crompton said. “We value our customers. We understand the socio-economic differences that exist within our constituency. Many people assume that because we serve low- to moderate-income families that they are dysfunctional. I often suggest that they are more functional than most families elsewhere because many times they have a better understanding of their needs.”

To identify its customer base, KCMC conducts a comprehensive needs assessment every three years. They take an in-depth look at the number of children in the greater metropolitan area who meet the federal and state guidelines for low- to moderate-income families. They know how many children there are in each age category by county. Even more valuable is the feedback that comes from parents. Every year questionnaires go to the 800 parents with children in the agency’s program.

“The assessments serve as guideposts,” said Mack Alexander, KCMC’s deputy director. “They tell us where to locate centers, how to structure our organization, how to train staff and how to respond to the culture and ethnic diversity of the community.”

“Parents tell us what their expectations are and the kinds of support they need to be self-sufficient and support their families,” Crompton said. “Customer focus works when you are able to balance the expectations of the customer and your knowledge base. We develop a family partnership. We spell out those expectations and we follow up with home visits by our family advocate to make progress toward measurable outcomes for children.”

“We don’t fear being held accountable by our customers,” said Alexander. “A lot of nonprofit agencies are service-oriented but there has really been no built-in mechanism to hold themselves accountable. We have standards we must meet in health and nutrition and social services. We’re going to be accountable; if something breaks down we’re going to try to fix it.”

KCMC’s customer focus includes filing progress reports with the agency’s stakeholders and private funders and extends to an obsession over the upkeep and appearance of its buildings, equipment and grounds.

Crompton believes the agency’s organizational culture supports being customer-oriented. “It’s the attitude we project at all levels of our organization,” he said. “It’s what we communicate and the actions we take. We demonstrate our customer focus when we respond to an angry parent or provide for a child’s special needs. You put the focus on the customer when you create an environment where everyone can thrive.”

Reaching for Excellence

THE REACH AWARD



Achieving Community Health

The organizations featured in this publication are the recipients of the inaugural REACH Award established by the Ewing Marion Kauffman Foundation to recognize excellence in nonprofit organizational effectiveness.

KCMC Child Development Corporation, Applied Urban Research Institute, El Centro, Inc., YMCA of Greater Kansas City and Heart of America Family Services share pieces of the crystal REACH Award to symbolize the unity of purpose that brings clarity and light to the lives of children, youth and families in Kansas City's urban core.

The REACH Award acknowledges that an organization has attained a level of excellence while it continues to strive to do more. Reach is a versatile word. It carries a benevolent tone that resonates at many levels to represent the ideals of organizational effectiveness for nonprofits. Reach can mean to strive, to arrive or to succeed in doing. These definitions capture both the "reward for coming to a destination" and the "work-in-progress" aspects of organizational effectiveness.

The complete REACH Award is made up of six identical pieces signifying the equal value and interdependence of the six attributes that contribute to the whole of organizational effectiveness for nonprofits. Over time, organizations will strive for additional REACH Award pieces to build a complete REACH Award, signifying efforts to build a complete organization based on the attributes of nonprofit organizational effectiveness.

Relationships Matter

There is an inextricable link between grantmaking foundations and the organizations they fund within the nonprofit sector. There is also a connection between the strength of the nonprofit organization and its ability to provide quality services for its customers. The Kauffman Foundation is committed to listen, learn and lead in efforts to build the capacity and develop organizational strength of the nonprofit sector. We will:

- Continue to invest in the core operations and organizational capacity of key partner nonprofits serving children, youth and families in Kansas City's urban core.
- Use the attributes and supporting indicators of organizational effectiveness as a framework for investment and recognition of nonprofit partners.
- Determine if the attributes and supporting indicators can be used to gauge organizational capacity, strength and performance leading to improved outcomes.
- Share what we learn in Kansas City with other nonprofit practitioners, leaders, board members and funders locally and nationally.

Effective Nonprofits Strive to Do More

Foundations can be a source of vitality for the fresh perspectives of the nonprofit sector. Innovative funders have more to offer than money. They think beyond financing a singular program and look for opportunities to support an agency's move through organizational effectiveness toward long-term sustainability.

Our investments in the core operations and organizational capacity of select key partner nonprofits in Kansas City's urban core have paid great dividends. Grantmakers build capacity when they invest in relationships. The focus isn't on grant dollars; it's about the capacity to solve problems.

The attributes of organizational effectiveness for nonprofits provide a framework from which we can further develop our organizational effectiveness investment strategy in the Youth Development division of the Kauffman Foundation.

Foundations typically provide resources for specific, designated programs that match a strategic interest. Funders are not generally willing to underwrite administrative and operational costs, leaving nonprofit leaders to confront day-to-day operational costs of facilities, salaries, benefits, rent, utilities and supplies.

"We had a budget deficit and struggled like everyone else to make payroll," said Richard Ruiz, executive administrator of El Centro, Inc., a \$3.6 million enterprise with \$1.1 million in reserves. "Core operating support allowed me to develop my management skills and focus on the bigger picture. There would be no reserves today, there would be no positive cash flow, had it not been for the capacity building support and the program support we received."

Identifying the indicators of effective nonprofits provides an opportunity to recognize nonprofits demonstrating leadership in this area. "For a long time nonprofits have been providing services and, in some cases, not being able to really document effectiveness," said Dwayne Crompton, executive director of KCMC Child Development Corporation. Effective nonprofits, like those featured in this publication, are sharing their experiences. They are leaving a legacy that can be transferred from one agency to the next.

There is a message here for nonprofit executive directors, board members, staff and funders. Leadership of typical nonprofits can apply the attributes of organizational effectiveness to their institutions. Program officers in foundations may find this information particularly useful as they consider investments in organizational capacity building, improved performance and sustainability of nonprofit partners.

We rely on our nonprofit partners to be highly effective. They are stewards of our most valuable resources and fundamental human services. The simple truth is that a well-managed organization is more likely to meet its goals. Building the core capacity and organizational efficiency of our key nonprofit partners improves the lives of children, youth and families in Kansas City's urban core.

The reward for an effective nonprofit organization is the opportunity to do more.

OUR KEY NONPROFIT PARTNERS 1999 - 2000

The key partners of the Youth Development division of the Ewing Marion Kauffman Foundation have played critical roles to identify and define the attributes of effective human service providers serving children, youth and families in Kansas City's urban core. Their partnership has made a meaningful contribution to the understanding of the nonprofit sector and will help others follow the paths of the most effective nonprofit organizations in our community.

Applied Urban Research Institute (AURI)	Historic Northeast Restoration Corporation
AVANCE - Kansas City	Kansas City Church Community Organization
Big Brothers Big Sisters of Greater Kansas City	Kansas City Consensus
Bishop Sullivan Center	Kansas City Neighborhood Alliance
Blue Hills Homes Corporation	Kauffman/UMKC Principals Institute
Boy Scouts of America, Heart of America Council	KCMC Child Development Corporation
Boys and Girls Clubs of Greater Kansas City	Learning Exchange
Brush Creek Community Partners	Local Initiatives Support Corporation (LISC)
Cabot Westside Clinic	Mattie Rhodes Counseling and Art Center
Camp Fire Boys and Girls, Heartland Council	Metropolitan Council on Child Care
Center for Management Assistance	Midwest Center for Nonprofit Leadership
City Union Mission	Minute Circle Friendly House
City Vision Ministries	MOVE UP
Coalition for Community Collaboration	Mt. Carmel Redevelopment Corporation
Coalition of Hispanic Organizations	Seton Center Family and Health Services
Community Builders of Kansas City	Swope Parkway Health Center
Community Resource Network	United Inner City Services
DeLaSalle Education Center	Upper Room
Della Lamb Community Services	Urban League of Greater Kansas City
The Don Bosco Centers	Westside Housing Organization
El Centro, Inc.	Whatsoever Community Center
Family Resource Center	Women's Employment Network
First Step Fund	Wyandotte County Interfaith Sponsoring Council
Full Employment Council	YMCA of Greater Kansas City
Girl Scouts, Mid-Continent Council	YWCA of Wyandotte County
Guadalupe Center, Inc.	Youth Opportunities Unlimited
Heart of America Family Services	YouthNet

“All of the money in the world
cannot solve problems
unless we work together.
And, if we work together,
there is no problem in the world
that can stop us
as we seek to develop people
to their highest potential.”

Ewing Marion Kauffman

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