

Case Study:

Managing Growth

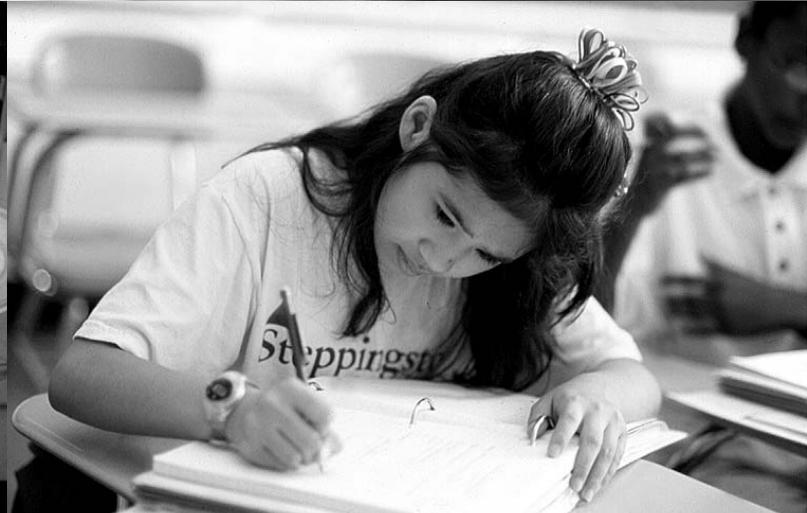
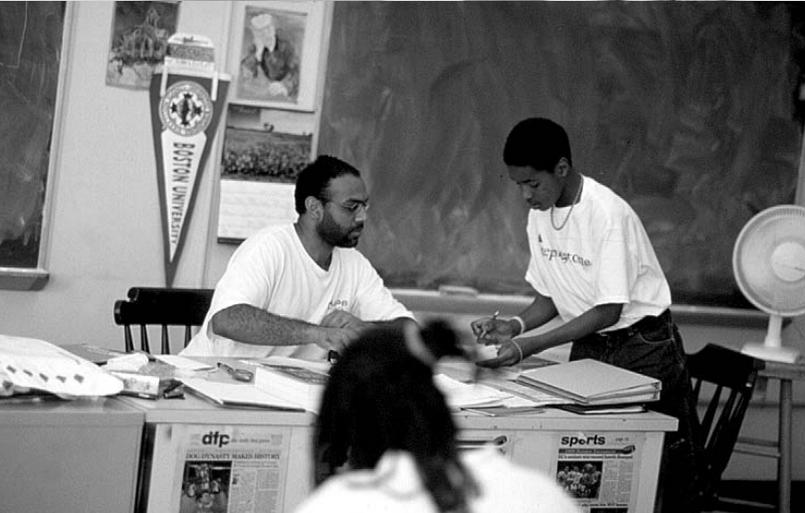
How a Boston educational-services nonprofit is realizing its own potential for growth so that its scholars can realize theirs.

By Kelly Campbell & Rita Louh

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*How a Boston educational-services nonprofit
is realizing its own potential for growth
so that its scholars can realize theirs*

managing Growth

by KELLY CAMPBELL & RITA LOUH

“GROWING UP WAS NOT SO easy,” Alicia Erika Genisca told attendants of the Steppingstone Foundation’s 2004 fundraising gala. “My mother is a single parent, and at the time, she often worked two jobs just to put spaghetti and hot dogs on the table. She did all this while also attending college part time. But my mom saw the potential in me to excel beyond my surroundings.”

And excel Genisca did, with the help of the Steppingstone Academy. Since 1990, the Steppingstone Academy has shepherded underserved children in the Boston area from playground to cap-and-gown at top college preparatory schools, and then on to quality four-year colleges. After completing Steppingstone’s 14-month-long academic program for elementary school students in 1993, Genisca went on to earn

diplomas from Thayer Academy (Braintree, Mass.) in 1999 and from Johns Hopkins University in 2003. If her academic history is any indication, Genisca will march to “Pomp and Circumstance” once more in 2008, when she is slated to receive her M.D. from the Weill Medical College of Cornell University.

Although Genisca’s story is exceptional among underserved schoolchildren in the Boston area, it is more common among the Steppingstone Academy’s students, called “scholars.” Ninety-eight percent of Steppingstone scholars graduate from high school. Of these, 94 percent are admitted to a four-year college.¹ In comparison, only about 25 percent of children who begin high school at a Boston public high school graduate, and only 45 percent of these graduates attend four-year colleges.²

How does a nonprofit
decide if it can expand?

How can it ensure that it
does not sacrifice quality
in its quest for size?

What are the talent and
infrastructure needs of a
growing organization?

Steppingstone's First 12 Years

When Steppingstone co-founder Michael Danziger heard Genisca's speech, "My heart swelled with pride," he said. "I've known Alicia since she was just a fifth-grader. She's come a long way.

"I realized that Steppingstone has come a long way, too," he added. Danziger first hatched the idea for the Steppingstone Academy in the late 1980s, when he was a student at the Harvard

tory high schools, but also to realize their full life potential. The program first selects its scholars from a pool of fourth- and fifth-graders nominated by their teachers, principals, and other community members. Next, Steppingstone Academy gives its scholars 14 months of intensive instruction – during the summer after fourth or fifth grade, after school and on Saturdays during the following academic year, and again dur-

a network that would support them for many years to come. "My best friend from Steppingstone and I are still very close to this day," Genisca said.

During her sixth-grade year, Genisca began applying to independent schools with Steppingstone's help. "It was strange," she recalled. "It never occurred to me that I would get to choose which school to go to." Once Genisca was admitted to the Thayer Academy for seventh grade, Steppingstone helped her mother apply for financial aid.

Steppingstone's services did not stop there. For the duration of high school, Genisca, like all Steppingstone scholars, received counseling, college guidance, discounted SAT preparation courses, college tours, a Saturday study hall, and academic mentoring. When the time to apply to colleges arrived, Steppingstone once again helped Genisca apply and helped her mother find financial aid. And even during college, "Steppingstone has been great about providing internships and summer jobs," Genisca said.

Stunted Growth?

Steppingstone welcomed its first class of 14 scholars in 1990. By 2002, that number had grown to 103. With stories like Genisca's inspiring them, Steppingstone's management and board decided that it was time to expand their successful program to reach even more children. "It has always been my goal to help as many kids in as dramatic and as lasting a way as possible," said Danziger.

He also thought that growth would be good for the organization itself. "One way to retain valued employees, as well as to keep the organization vibrant, is to grow the organization," Danziger said. "The more Steppingstone grows, the more opportunities we create for our employees and the more focused our mission becomes."

Although Steppingstone was ready to expand, it was unclear whether the

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Graduate School of Education. "As a teacher, I became acutely aware of the opportunity gap between those who had exposure to college preparatory schools and those who did not," he recalled. "I also noticed that the few students who did somehow gain access to these schools followed a path that was fraught with both academic and social obstacles."

Danziger (who moonlights as Lucky the Leprechaun, the Boston Celtics' mascot) created the Steppingstone Academy to help these underserved children not just to get into top college prepara-

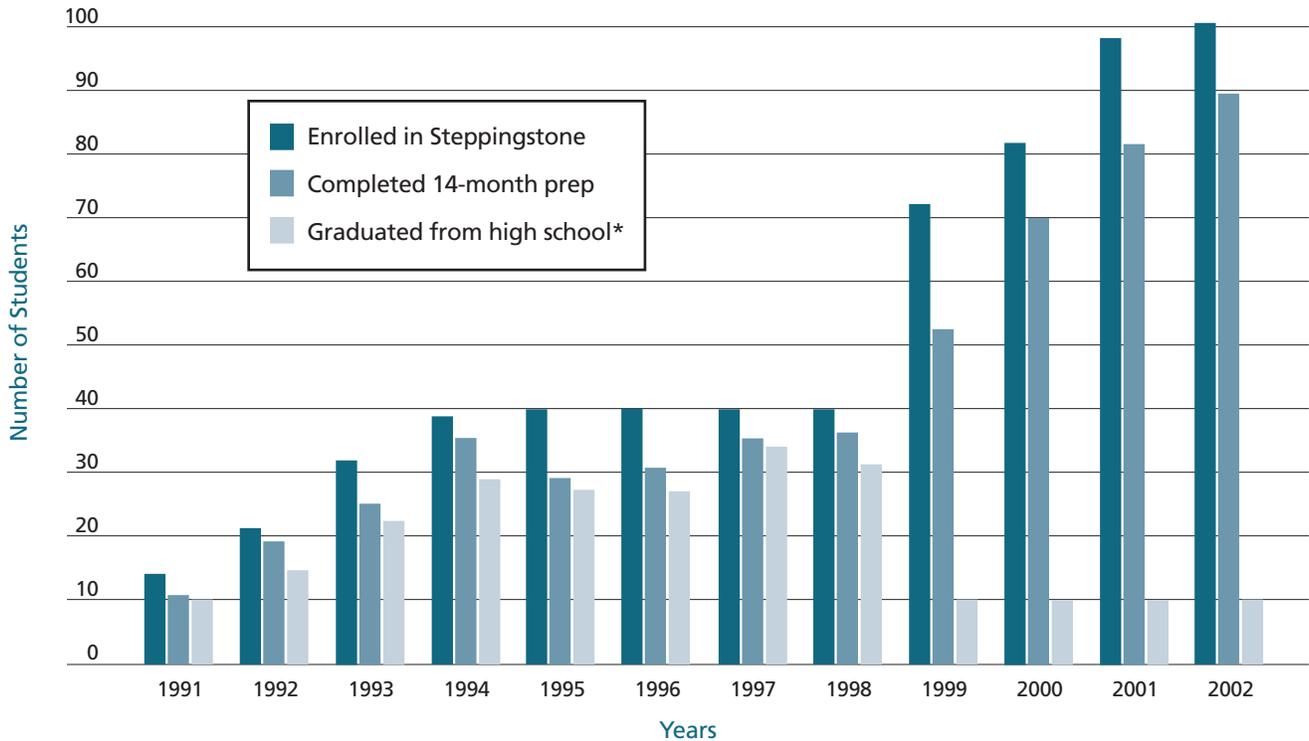
ing the following summer.

Genisca recalls that being a Steppingstone scholar "was sometimes hard, especially during the summers. There I was, in school, taking English, science, math, Latin, social science. And all of my friends were on vacation." There was some fun to be had, though; Genisca sang in (and later led) the chorus, took drama, and learned two new sports that would be played at her new prep school: lacrosse and field hockey. During their shared exertions and amusements, Steppingstone scholars also knitted together



The Steppingstone Academy provides intensive tutoring and mentoring to underserved students in the Boston area.

The Steppingstone Academy's Growth Over Its First 12 Years



*Cohorts are in the sixth grade when they complete the 14-month academic program, and so the last cohort for which high school graduation data are available is the Steppingstone Academy class of 1998 (who would have been old enough to graduate from high school in 2004).

Boston area was ready for it to do so. Annual growth rate of scholar enrollment had slowed from 22 percent in the 1990s to just 3 percent between 2001 and 2002 (graph, above). Were there more as-yet-undiscovered scholars in the Boston area? Could Steppingstone support them in the same way that it had its smaller cadres of scholars? What was Steppingstone's own potential, and how could the organization realize it?

To answer these questions, Steppingstone hired our firm, the Bridgespan Group, in 2002. Bridgespan is a nonprofit management consulting firm that helps other nonprofits and foundations achieve greater social impact. We worked together with Danziger, his management team, and Steppingstone's board to establish realistic growth targets and to identify changes the organization would have to make to reach those targets.

The Case for Increase

Determining the number of potential

scholars in the Boston area first required us to adapt Steppingstone's usual screening process. Steppingstone had learned from experience that it was best able to help students who already possess basic academic skills, a strong personal commitment to education, and solid family support. At the same time, Steppingstone was committed to helping students who were unlikely to access quality four-year colleges on their own. These include students in the poorest school districts in Boston, most of whom are ethnic minorities and whose families' annual incomes are less than \$50,000.

To find schoolchildren who fit these criteria, Steppingstone had traditionally used an extensive, time-consuming screening process that included a written essay, academic exam, and personal interview. This approach was clearly too cumbersome to figure out how many schoolchildren in the Boston area might thrive under Steppingstone's tutelage. Balancing the desire for analytical rigor

with the need for efficiency, we devised a streamlined two-step screening process to estimate these numbers.

First, we used Massachusetts standardized test scores to get a glimpse of how many Boston-area fifth-graders met the academic skills criterion. Using this data, we first disqualified children whose test scores fell at either end of the distribution, reasoning that students with high scores would likely gain admission into independent or exam schools on their own, while those with very low scores would likely require more support than the Steppingstone program could provide. Just under 30 percent of Boston-area fifth-graders – or 1,500 kids – fell within the specified range.

Second, we used Steppingstone's past records to calculate that roughly 45 percent of its applicants had met the other two admissions criteria: commitment to education and family support. Taking 45 percent of 1,500, we estimated that there were likely to be 675



Steppingstone scholars aim for placement in the Boston area's top college prep schools.

potential Steppingstone scholars in the greater Boston area – considerably more than the organization was currently enrolling.

Finding Room to Grow

Having identified 565 additional scholars per year in the Boston area, Steppingstone faced a second question: where to put them? The Boston area needed to have a sufficient number of slots in high-quality schools to maintain Steppingstone's impressive standards and outcomes. Moreover, the schools would have to have ample financial aid for Steppingstone parents.

To assess whether Boston schools could indeed provide Steppingstone with room to grow, we interviewed admissions officers from 24 of 59 potential partner independent schools and public

exam schools. While independent schools said they could add one to two slots each, they could not provide financial aid for these slots. With tuition for each scholar running \$150,000 over Steppingstone's six-to-seven-year involvement, these slots would be prohibitively expensive.

Public exam schools proved more promising. These schools accept up to 975 students per year, based purely on academic performance. In the past, 90 percent of Steppingstone scholars had qualified for public exam schools. And since public exam schools are free, their price is hard to beat.

However, four-year college acceptance rates were historically lower for scholars graduating from public exam schools than for those graduating from independent schools. Digging into this

problem, we traced public exam school scholars' lower performance to Steppingstone's inexperience with these schools during its earlier years. Because Steppingstone was now more knowledgeable about the public exam schools, and now had a critical mass of scholars attending these schools, we predicted that Steppingstone's public exam school performance would soon catch up to independent school levels.

Scaling Up Without Sacrificing Quality

Based on Bridgespan's research, Steppingstone aimed to more than double its cohort size by 2007. Steppingstone was not just keen on getting bigger, however. It was also committed to preserving its strong results, which would require more program staff, an expanded man-

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agement team, larger facilities, and more effective information technology.

One key to Steppingstone’s success is its low scholar-to-program staff ratio. The Steppingstone Academy allows no more than 15 scholars per teacher and 35 scholars per adviser for the 14-month academic component. This generous ratio provides scholars with individualized attention, supports scholars through the school application process, and fosters strong relationships between staff and scholar families. To preserve staff effectiveness, we budgeted for a stable scholar-to-program staff ratio.

We also recognized that Steppingstone would need a larger management team with a broader spectrum of skills. Almost all of the new positions that the organization had added in the past decade had been program-related, with the exception of a few development support staff and a part-time office manager. “We had a very bare-bones staff, with people in programs helping in events, and people in events helping with mentoring,” recalled Danziger. With expansion, however, the jobs currently being done by the small management team soon would be getting much more time-consuming and complex.

Expansion is not cheap. Steppingstone estimated that it would have to raise a total of \$15.6 million over the next five years, \$6.3 million of which would be to support growth. To raise the money necessary to support Steppingstone’s

larger scale, the organization hired a part-time grant writer, a part-time publications manager, and a full-time director of annual giving and alumni relations.

To recruit and retain new students, Steppingstone also hired a coordinator of community outreach. The program also needed a staff member dedicated to tracking student outcomes, especially in the relatively untested public exam

pingstone had never had a long-term lease on a building for the summer program, so staff members had to spend several weeks each year looking for space. Steppingstone brokered an informal, long-term arrangement with the Boston Latin Academy (one of Boston’s public exam schools), such that Steppingstone only has to pay the costs of keeping the building open (e.g., costs

“One way to retain valued employees, as well as to keep the organization vibrant, is to grow the organization. The more it grows, the more opportunities we create.”

schools. Steppingstone therefore created and filled a position for a director of organizational learning.

With the addition of new staff members and scholars, managing the organization became a much more complex undertaking. To improve Steppingstone’s management capabilities, the organization increased professional development training, provided clear career tracks, and raised salaries to those of similar organizations.

Just as the new scholars needed additional slots in schools, the organization itself needed more space for its staff, scholars, and programs. Indeed, Step-

pingstone had never had a long-term lease on a building for the summer program, so staff members had to spend several weeks each year looking for space. Steppingstone brokered an informal, long-term arrangement with the Boston Latin Academy (one of Boston’s public exam schools), such that Steppingstone only has to pay the costs of keeping the building open (e.g., costs

of electricity and custodial staff) during the summer and on Saturdays. Upgrading Steppingstone’s information technology was also essential. Outdated systems had long drained staff time and energy, and much of the application and tracking processes had to be done manually. Steppingstone therefore implemented a better database, improved backup systems and protocols, and put in place guidelines for regularly upgrading hardware and software.

Growing Pains and Growing Gains

With research-based growth targets and

Steppingstone’s Actual and Projected Growth

	ACTUAL		PROJECTED	
	2001	2004	2007	2007
New Enrollments	107	132	149	275
Completing 14-Month Program*	81	93	117	215
Staff	21	32	34	45
Budget (in millions)	1.5	2.5	2.6	3.8

*Number of scholars, enrolled in the previous year, who completed the 14-month academic program.

a detailed action plan, Steppingstone is moving toward its 2007 goals, as the table (p. 59) illustrates.

There have been setbacks, however. For example, the plan originally called for Steppingstone to hire a director of marketing. The new hire, however, lacked strategic planning skills. “For

curve, just having a growth plan in place is reassuring to its founders, board, and staff. “I’m a pilot,” said Danziger, “and so I know how to steer clear of thunderstorms and avoid ice.” But Danziger did not know how to clear a safe path for his organization’s growth. “The strategic plan gave us a road map

college access program. This new understanding shapes what we do as an organization.”

Identify potential constraints on growth. For each key activity, first ask the question “What factors – beyond funding – are essential for performing this activity?” The answer will clarify your organization’s needs, and, to the extent that these needs are difficult to meet, will also clarify constraints on your organization’s growth.

For example, in order to recruit qualified kids, Steppingstone needed qualified kids to recruit. Thus a first potential constraint on growth was the number of children who fit Steppingstone’s admissions criteria. A second potential constraint was revealed when Steppingstone examined the factors necessary for performing its third key activity: placing kids in quality schools. That potential constraint was the number of slots in quality partner schools.

Measure the extent to which these constraints could limit growth. In other words, quantify the qualitative information from the last step. In the Steppingstone example, we quantified the number of candidates by taking the number of Boston-area fifth-graders and using various proxies (e.g., standardized test scores, historical acceptance rates) to estimate how many would pass Steppingstone’s screening process.

We also estimated the number and cost of slots in the independent and public exam schools with which Steppingstone already had a relationship.

This step proved very helpful to Danziger. “We didn’t realize the extent to which the Boston public schools would be our main outlet for growth. Having the numbers in front of us made us confident about expanding into these schools.”

Quantify the organization’s full growth potential. To do this, first identify the constraint that could limit your organization’s growth the most. Then,

“You know what they say about consultants: They take your watch and then they tell you what time it is. Fact is, we didn’t have a watch.”

the year that this person worked here, the word about Steppingstone simply did not get out,” explained Kelly Glew, Steppingstone’s executive vice president of development and operations.

Steppingstone has since changed the position from a director of marketing to a coordinator of community outreach, and has since hired a person who is “fabulous,” said Glew. “We used to pound the pavement from September to December, seeking nominations from teachers and principals,” she said. “Now, our new coordinator of community outreach maintains year-round contact with the community through churches, fairs, and even a cable-access science show featuring Steppingstone scholars,” Glew said. “Nominations are on the rise.” Numbers of newly enrolled scholars per year are not as high as projected, however, in part because of the first hiring misstep.

Even if Steppingstone’s expansion does not exactly track the projected

that helps us anticipate and then navigate around danger,” he explained.

Measuring Your Organization’s Potential for Growth

Every organization has different supports for, obstacles to, and limits on growth. A few basic steps can help you assess whether and how you should expand your organization:

Understand your organization’s key activities. For Steppingstone, these activities included recruiting qualified kids, preparing the kids academically, placing kids graduating from the program into partner schools, and supporting the scholars through graduation from high school.

“This is not a ‘duh’ step,” said Danziger. “Thinking about our organization’s key activities helped us focus our mission. Before this analysis, we viewed ourselves as an organization that helped get kids into top secondary schools. We now view ourselves as a

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Even after growth, Steppingstone maintains a 1:15 teacher-to-scholar ratio.

figure out how much your organization could grow, given this constraint. This amount is your organization's full growth potential.

In assessing Steppingstone's growth constraints, the number of high-quality school slots initially appeared to be the most formidable limiting factor. Once we determined that Boston public exam schools could provide education equal in quality to that of Boston independent schools, Steppingstone saw that there were plenty of school slots for its scholars. The greatest limiting factor on Steppingstone's growth then became the number of Boston-area fifth-graders who could meet Steppingstone's admissions criteria. This mark (675 kids) served as the upper limit to the organization's growth potential.

However, Steppingstone's management and board knew that, organizationally, they didn't want to get that big by 2007. We therefore ratcheted this target down to a number with which Steppingstone was comfortable – that is, more than doubling the number of scholars by 2007.

Identify needs and make investments necessary to support growth. The final step is to identify the organizational implications of making growth happen – the people, infrastructure, and money required to achieve full potential growth. For Steppingstone, this step meant hiring new program staff, bolstering the senior management team, upgrading information technology, and finding a new facility. If the organization cannot, for whatever reason, make the neces-

sary investments, it will have to revisit its growth target.

When asked if developing this plan had been helpful, Glew replied: "You know what they say about consultants: They take your watch and then tell you what time it is. Fact is, we didn't have a watch. We didn't have the perspective to make this kind of plan. Now that we have it, the staff is more unified and excited." □

1 Steppingstone's statistics do not include 21 students who either moved, lost contact with the organization, or were expelled from the program.

2 Boston Public Schools statistics come from a study commissioned by the Boston Private Industry Council and performed by Northeastern University in 2003. Numbers reported here do not include Boston public exam schools.