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On the Frontlines

MBAs Gone Wild

Nonprofits must reign in pro bono MBAs

By James W. Shepard, Jr.

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MBA's Gone Wild

Nonprofits must rein in pro bono MBAs

by James W. Shepard Jr.

I have an MBA. And like a lot of other people with MBAs, I think I'm pretty smart. Show me a nonprofit facing a major strategic challenge and I'll bet you dollars to donuts I'll come up with a business solution that will deliver results.

What's that? Your after-school program needs a plan to ensure its future success? I've got an idea for self-sustaining income: Why not start a little factory where the kids can spend their after-school hours making fashionable shoes? (And don't worry about paying them much; they're getting valuable work experience!)

OK, I'm really not like that. But it has taken years in the nonprofit sector to appreciate the challenge of applying business best practices to that sector. In fact, like the proverbial bull in a china shop, MBAs like me can, without appropriate understanding of nonprofits, actually wreak havoc when let loose in the often alien world of nonprofit strategic planning. Here's how it usually works:

Step 1: MBAs arrive at the nonprofit with great fanfare (preferably to the musical accompaniment of Celine Dion's "I'm Your Angel").

Step 2: We offer advice and recommendations (based largely on for-profit business models that may or may not work in a nonprofit setting).

Step 3: We accept warm thanks for our work (and hear a host of reasons why our proposals won't fly).

Step 4: We return to our comfort-

able for-profit worlds not knowing whether our work will have any real impact; still, we feel warm and tingly about having made a contribution to the greater good.

Obviously, this is a gross generalization. Still, nonprofits often deploy pro bono MBAs unsuccessfully.

It's also true, however, that MBAs can add real value, and that the time for pro bono is now. The strategic challenges facing nonprofits are ever more complicated, nonprofits are beginning to embrace better planning as the route to stronger results, and most nonprofits lack the resources to plan effectively.

The challenge, of course, is figuring out when pro bono works best to support effective strategic planning, when it fails, and how to scale up the right kinds of pro bono support.

When Pro Bono Doesn't Work

Let's divide the strategic planning process into three stages: gathering relevant information and conducting appropriate analysis (so that the organization has a firm grip on the main issues and options it faces); weighing options, consulting with stakeholders to get their buy-in (particularly in the nonprofit sector), and making deci-

sions; and finally, implementing the plan and putting a process in place to monitor results and adjust strategy as needed.

Although a nonprofit might sign up for pro bono help during all three phases, sometimes one party or the other should just say no to blanket help. In particular, pro bono MBAs should avoid that middle piece of the process, where stakeholders are engaged and decisions are made.

Consider the somewhat fictional example of a community health clinic in the San Francisco Bay Area that was launching a strategic planning process. The organization was understandably excited to get pro bono support from a team of highly experienced strategy consultants and MBAs eager to dig deep into the core of the planning process. The team, in turn, couldn't wait to make profound observations and accept kudos for their highly beneficial insights.

What really happened: The MBA team led a number of blue-sky discussions designed to get the clinic's leaders to think big about expanding their services citywide, yet the clinic simply wanted to better meet new and emerging health challenges in the small neighborhood they serve. When the clinic director suggested that line staff be highly engaged in building buy-in for any new strategic direction, the MBA team chafed at that "inefficient" process. "But you're the CEO," they chorused with exasperation. At which point they urged her



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to go out and buy a copy of *The Welch Way: 24 Lessons From the World's Greatest CEO*.

The nonprofit leaders were disappointed by the team members' efforts. But rather than tell them this, the leaders continued to praise them, hoping to turn these wealthy MBAs into major donors. Meanwhile, the MBA team evaluated the organization's ability to execute the proposed strategy, thereby offending many staff members and undercutting the executive director's power to implement the proposed changes.

As our example shows, the core of the nonprofit planning process is exactly the wrong place to let pro bono, MBA-wielding consultants loose. More often than not, business professionals taking on these assignments lack the understanding of the environmental context facing nonprofits, their hardwired mission focus, and the differences between nonprofit and for-profit decision making.

When Pro Bono Does Work

MBAs do have the skills and understanding to provide critical pieces of nonprofit strategic planning and management. Good projects for pro bono MBA consultants include collecting and analyzing external data, such as issues the nonprofit will confront in the next three years; analyzing options for the organization itself to consider and debate; benchmarking against great nonprofit and for-profit organizations, particularly those willing to share critical best practices; and creating summary reports that enable the nonprofit's leaders and board to track implementation successes easily and sustainably.

Let's consider another somewhat fictionalized pro bono consulting example: the aforementioned after-

school program.

An MBA team partnered with the executive director and a nonprofit facilitator who had solid experience helping nonprofits make strategic planning decisions.

Launching into their work, team members forecast significant changes in federal policies that would open up major new revenue opportunities and program possibilities. They outlined the primary capabilities that would enable an organization to use these opportunities – an ability to market directly to parents, develop a specialized curriculum, and apply for and report on these sorts of government grants – though they did not determine whether the organization had those capabilities or how difficult they would be to add.

In addition, team members benchmarked the fundraising operations of an after-school program in Seattle that served a similar population. This effort enabled the team to show persuasively that the other nonprofit was raising more money more efficiently.

Armed with the information produced by the pro bono consultants, the nonprofit's director then led his board to plot a course to success.

Scaling Up the Right Kind of Support

By now, you're probably wondering how I can so confidently name the tasks corporate professionals working pro bono should choose. I assure you, my MBA (I have one, remember?) did not give me the knowledge I bring to this subject. I've just done a fair amount of data gathering.

In 2007, for instance, the Taproot Foundation, with support from Deloitte, embarked on a study to assess how to bring high-quality strategic planning support to nonprof-

its at a scale that will enhance the social sector's overall impact and performance. We found the following:

- Conservatively, there are more than 2 million professionals in the United States who have the skills needed to help nonprofits with their strategic planning.

- Of the more than 200,000 small to midsized nonprofits in the United States (\$500,000 to \$20 million in revenues), only about half have strategic plans. The majority of those that do often make critical decisions without access to important data and analysis.

- Nonprofits are eager to assign pro bono consultants to those elements of the strategic planning process that minimize the risks associated with that cross-cultural partnership.

- Effective models for using pro bono professionals do exist (Taproot Foundation's model is one).

No doubt, pro bono strategic services can make a huge contribution. But realizing this potential, and engaging even a small portion of business professionals in pro bono strategic planning assignments, will take real dedication by players in both the nonprofit and for-profit sectors. Foundations, for instance, must support the infrastructure needed for successful delivery of these services. Corporations should develop rigorous pro bono programs that attract large numbers of employees. And business schools should instill the assumption of pro bono in their graduates as aggressively as law schools do.

If we do this right, we will leave the social sector stronger and more able to deliver lasting benefits to our communities and society at large. MBAs might be miscast as superheroes – “The MBAs are here to save the day!” – but we can certainly make an important contribution. □