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The Web Is Your Lever

**How extreme Internet outsourcing can free nonprofits to move
the world**

By Bruce Judson

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The Web Is Your Lever

How extreme Internet outsourcing can free nonprofits to move the world

BY BRUCE JUDSON

Archimedes said, “Give me a lever and a fulcrum and I will move the world.” The ultimate goal of most nonprofits is to do just that. In recent years, Internet-based tools have allowed organizations of all sizes, even those with minimal resources, to amplify their efforts and dramatically increase their reach. In Archimedes’ terms, the Web has provided the low-cost, high-impact lever that nonprofits need to move the world.

In my book, *Go It Alone! The Secret to Building a Successful Business on Your Own*, I demonstrate how businesses with few employees and minimal funds can realize high revenue potential by outsourcing many of their complex tasks to Web-based service providers. Like these small businesses, many nonprofits must also do less with more. Here, I extend my book’s framework to give nonprofit readers a clear way to think about leveraging the Internet to help them spend less time and money on mundane tasks, and more on mission.

Extreme Outsourcing

In *The 80/20 Principle: The Secret to Success by Achieving More With Less*,

Richard Koch persuasively argues that most of us “only make good use of 20 percent of our time.” The remaining 80 percent is typically spent on activities that make little difference to our overall success. Yet some organizations have found ways to structure their work so that far more of their staff time is spent on the meaningful, productive activities that have the greatest effect. My research suggests that the key to the phenomenal productivity of these organizations is extreme outsourcing.

Extreme outsourcing means shifting absolutely every function except the core skills of the organization to an outside supplier. (Note that outsourcing is not the same as offshoring, which is the process of sending functions out of the country.) Using extreme outsourcing, innovative organizations can focus their limited resources on the areas where they have unique capabilities. These organizations recognize that time is their most important asset, and so they mechanize any functions that can be automated by outsourcing them to inexpensive Web services.

The Internet services that handle this outsourcing are formally known as application service providers (ASPs).

ASPs are typically inexpensive to use (often at the fabled price of \$19.95 per month), can be implemented within a few hours, can be rented on a month-to-month basis (so no capital risk is involved), and are designed to be very easy to use – even for people who are not technically adept. Indeed, my rule of thumb is that if you can’t figure out how to use a Web site in 10 minutes then it’s too complex, and you should move onto another service. Organizations can string together several ASPs to do everything from managing a Web site, to building an e-mail list, to accepting credit card donations, to handling complex accounting. In fact, any nonprofit anywhere in the world with a modest budget can use the Internet to establish an instant infrastructure.

A good example of an easy-to-use ASP is www.MyEvents.com, which was named “Best of the Web” by *Forbes* magazine three years in a row. Although the service was designed to serve as a central resource for party and event planning, it can also be used as a sophisticated information- and project-management tool. As one might expect, a service designed for party planning is accessible to users with all levels of Internet skills.

I recently recommended MyEvents to an educational nonprofit that provides leadership training to about 50 students each summer. The program’s staff wanted to create a secure site where alumni could communicate with each other, post documents, and ask the advice of more experienced participants. At considerable expense, the organization was planning to commission software to fill this need. Instead, I suggested it sign up for MyEvents, which charged just \$4 per month for a secure area with a wide range of collaboration capabilities.

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Habitat for Humanity is also taking advantage of an off-the-shelf ASP. With its many field officers stationed all over the map, and its projects stretched over the calendar, the nonprofit needed a system to track the most recent versions of documents. Board members and headquarters staff enlisted the services of WorkZone from Trichys (www.Trichys.com), which provides a secure online collaboration area where communications and projects can be posted, viewed, and modified by all authorized members of the organization, from any location in the world.

Although more expensive than MyEvents, many complex services like WorkZone now offer substantial discounts to nonprofits. "We defined making our service affordable for Habitat for Humanity as well as other nonprofits as part of our core mission," says Rick Mosenkis, Trichys' CEO. My research shows that Mosenkis is not alone. The current generation of Internet entrepreneurs is increasingly dedicated to ensuring that the nonprofit world benefits from their software innovations – even if this means accepting far lower prices.

ASPs cannot only streamline internal communications, but also automate mailings to various stakeholders. AWeber Communications (www.Aweber.com), for example, offers a communications suite that allows organizations to customize interactions with mailing list members with very little effort. Say your organization wants to send new members of your mailing list an immediate confirmation, followed by two e-mail newsletters spaced 30 days apart, and then a solicitation to become a donor. This type of customized communications would quickly eat up the time of any conscientious worker, particularly if your

Outsourcing Across the Digital Divide

"Outsourcing isn't just for Benedict Arnolds. It's also for idealists," writes Thomas Friedman in his recent best seller, *The World is Flat*. Friedman is referring in his book to Digital Divide Data, a nonprofit that employs disadvantaged young people in Cambodia and Laos as data entry and document processing workers. The organization creates jobs and builds skills for nearly 200 youths, including women and people with disabilities. By using Digital Divide Data's services, small businesses, large corporations, universities, and NGOs not only get cost-effective business processes, they also support the organization's social mission. Other nonprofit groups have established similar models. For example, Datamation Foundation, the nonprofit arm of a for-profit Indian outsourcing firm, develops the vocational skills of women and young people by training and employing them as data processors.

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organization were attempting to juggle this communications cycle for thousands of people. For just \$19.95 a month, AWeber manages the distribution of these communications according to your preset decisions. Valued employees can then spend their time on new, creative activities, as opposed to on these necessary but tedious tasks.

AWeber is just one of many ASPs that can automate communications. As I often tell leaders of nonprofits, "If you can imagine a specific type of service, it probably already exists in some form."

The Enemy of the Good

Voltaire said, "The perfect is the enemy of the good." If you choose to use ASPs, be aware that no service will meet 100 percent of your needs. Instead, keep in mind what I call "the 60 percent rule": It is better to automate activities, and move them outside the organization, even if they are only 60 percent as good as they might

be if employees did them by hand. In many cases, the 60 percent rule will free a nonprofit's employees from activities that can fill an entire day, and instead allow them to focus on functions with far greater impact.

A few years ago, I started Speed Anywhere Inc., which markets broadband communications to small businesses. To date, the business has served over 15,000 customers, with just one part-time employee: me. At one point in building Speed Anywhere, I contemplated spending an hour a day to improve the results of an outsourced activity from 60 percent functionality to the 90 percent I was certain I could accomplish by doing some of it on my own. Then I realized that this was precisely the trap that I needed to avoid, and which I recommend all nonprofits avoid. If I outsourced 10 functions and each required some by-hand activities, I would quickly fill my entire day. Yet the gains in impact in moving from 60 to 90 percent in each case would have been relatively small. This convinced

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me that organizations must accept outsourced services that are good enough, and keep time free for everyone to focus on the very high leverage areas where they could double or triple their impact.

Consider the case of the educational nonprofit to which I suggested outsourcing its alumni communications. Sure, the MyEvents area would not match the branding of a custom-built site. On the other hand, creating and maintaining a custom site would eat up valuable months and dollars. All of this time and energy would detract from the nonprofit's ability to focus on achieving its core mission. Instead, the nonprofit could have an effective, economical communica-

tions idea up and running in a matter of days.

In general, I would argue that creating custom software is a mistake. I have seen organizations in both the private and nonprofit sectors commission custom software applications at costs ranging from \$10,000 to \$1 million. Not only did the cost of this software far exceed the cost of an ASP, so too did the time involved in creating and maintaining the software. And while ASP clients can change their services at almost no cost, custom software clients are typically locked into their systems, no matter how their needs evolve.

ASP users can also ride the curve of the ASP's upgrades without any cost increases. Competition between

ASPs is substantial, and so ASPs are quickly evolving. A service that can handle 60 percent of an organization's needs today will most likely improve to handle a greater percentage within six months.

Ultimately, using low-cost ASP services can be a major step in helping nonprofits move the world. In *Go It Alone!* I write that the potential income of a few highly focused individuals taking advantage of ASPs is almost limitless. Nonprofits can enjoy a corollary truth: By taking advantage of the Web and ASPs, the potential impact a few highly focused individuals can have on the world is almost limitless. ■

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