Transitioning to the Nonprofit World

LGO Webinar with Cynthia Closkey, Elizabeth Kao, Sue Nagle

December 18, 2009
Agenda

Introductions & Poll - Cynthia
What is SheHeroes? - Sue
Formation - Cynthia
Board and Advisors - Sue
Current Status/Achievements - Elizabeth
Lessons Learned - Elizabeth
Q&A - All
Introductions - LGO Team Members

Sue Perrin Nagle  
CEO and Founder  

- Sue Perrin Nagle is a social entrepreneur. Sue spent 11 years as an accomplished management consultant helping technology companies increase sales productivity, improve product development return-on-investment, and effectively launch new products and services. After a career spanning more than 12 corporations and 5 continents, she is now earning her living making the world a better place. Prior to management consulting, her roles included marketing management, operations management and design engineering at companies such as Schlumberger, Hewlett-Packard, and Pitney-Bowes. Sue received her MBA and MS from the LGO program. She enjoys singing and hiking with her 2 children and husband in Boulder, Colorado.

Cynthia Closkey  
Founder, President, Big Big Design  

Cynthia is a social media advocate. She has developed communication and marketing strategies and designed websites since 1997, and has worked in information design and user interface design since the late 1980s. With three degrees from the Massachusetts Institute of Technology and years of experience at high-tech companies including NeXT Computer, Oracle Corporation, and Bay Networks, she brings together skills in marketing strategy, UI design, communications, product design, business process improvement, and management. Cindy co-founded the Pittsburgh Bloggers blog directory in 2004. She is on the leadership team of the social media conference PodCamp Pittsburgh.

Elizabeth Kao  
Volunteer Resource Development Director  

Elizabeth volunteers as SheHeroes Resource Director, in a job share arrangement with her sister, Penelope Kopf. She brings 10 years of experience with Ford Motor Company in strategy, manufacturing and product development/marketing. Previous to MIT LGO '97, she started up two companies in Los Angeles. Elizabeth currently lives in Northville, Michigan, where she and Rob Moeller, LGO '97, are raising two small children. She spends her free time volunteering with the PTA, Reflections Art Program and Michigan Green Schools Initiative.
What Is SheHeroes?

Our Mission

To tell inspiring stories of female role models via free video hero stories for 9 - 14 year olds. To awaken youth to their potential, increasing the pipeline of tweens from all income and ethnic backgrounds in rewarding careers, including those where they are a minority. To encourage positive choices and reduce risk factors through programming and curricular materials focused on education, healthy development, and discussion, enabling meaningful interaction between tweens and adult family members or educators.
What Is It Really?

1. Tweens valuing themselves and their potential

2. Adults forming meaningful connections with tweens

3. Teenage interviewers developing leadership and media skills

4. Society celebrating and archiving the contributions of SheHeroes

5. Donors supporting the development of future SheHeroes and the future female workforce
Founding SheHeroes - 4 Months Research

1. Idea based on career of management consultant to technology companies + 4 year old daughter with questions…
   - Can we make the journey easier for our girls?
   - Can we make their worlds bigger, whatever their background?
     - “I couldn’t have been X until I saw Y”

2. Is it even a good idea?
   - Dr. Sophia Yen, MD adolescent medicine at Stanford, cofounder and President
   - Cathy Cohn, school psychologist, Impact on Education, teaches resilience at University, board member
   - Dr. Ellen Wartella, researcher on effects of media on children, board member Sesame Street, National Academy

3. Is it feasible?
   - Cynthia Closkey, Podcamp Pittsburgh
   - Funding models – Individual to Foundation/Government to Corporate
   - Can we get the right people?

4. Is it actually unique?
   - 3 exceptional MIT student volunteers during January

5. Big Hairy Audacious Goals: Preventative and 20% viewership
What Are We NOT?

NOT Television
- We are new media - 1% of television budget
- turn-off and discussion when and where you want

NOT Career Development Encyclopedia
- But we do serve as an introduction

NOT Mentoring Group
- But we are a tool to facilitate connections

NOT The average new Non Profit
- We require high skill specialists in most areas
- We did not immediately Form Board, Apply for 501C3 or Fiscal Sponsorship, Begin Fundraising
- Because…although it sounded good, we had a lot to prove and understand before we felt comfortable asking for board members and money…

NOT Commercial Venture
- We did NOT build product quickly, get response, adapt
- We believed the concept was worth the work to build true foundation
Non-Profit vs. For-Profit?

Using Mission and Values for Direction, Plus Practical Implications

- Does it “feel” like a non-profit or like a for-profit?
- Where money comes from and what strings are attached
- Who we want to partner with and what they’ll expect and want
- How much it will cost and what the revenue model is
  - Case study: SheHeroes.org and iTwixie.com

Challenges of Being a Non Profit

- Populating the board of directors and advisory board
- How to hire, who to hire
- Pay philosophy – varies widely within nonprofits, benchmarking, etc.
- Time needed for administrative work and paperwork
- Initial costs (out of pocket expenses)
- Fundraising, fundraising, fundraising
File for 501c3 or Find a Fiscal Sponsor?

Need one or the other to raise funding and have credibility

Filing for 501c3 status…

- Quarterly paperwork -- not trivial
- Requires board to take responsibility for legal, accounting, including costs
  - Many small nonprofits run into problems with IRS and fiscal compliance, which affects foundation funding/audits

Working with a Fiscal Sponsor…

- Usually pay overhead fees (3 to 7%) for legal, accounting, HR support
  - Some local incubators can help in establishing credibility with donors
- Must follow their process & schedule, wait to be reimbursed for expenses
- Still requires functioning board
- Best to pay for fictitious business name to simplify writing of checks etc.
  - But who owns rights to the name?

What We Did

- Filed to incorporate as 501c3 with assistance of The Foundation Group
  - $800 corporate filing fee; $1,200 fee to consultants
- Average “high focus with consultants” filing time: 2 months prep + 9 months
  - Excellent preparation by Sue meant 5 wks prep and 4 weeks to approval
Board Responsibilities

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Board Member Responsibility
Accept responsibility for governance and serve as partner in success of Kids Leadership Coalition, participate in quarterly meetings to review/approve overall strategy, programming and partnership plans, help with fundraising to achieve revenue goals, preferably serve on one subcommittee, and review/approve output from other subcommittees

Officers
President, Secretary, Treasurer, Vice President roles as defined by Board Source (email Sue for handout)

Nominations Committee Responsibility
Manage process for targeting, recruiting and training board members. Maintain a list of potential new board members

Development Committee Responsibility
Create, debate, oversee and help implement revenue strategy, goal and performance; review in kind goals and performance for expense reduction

Operations and Audit Committee Responsibility
Review operations, financials and audit practices and performance

Ethics Committee Responsibility
Review, improve and change interviewer and SheHero selection process, diversity goals and performance, hiring goals and practices, other issues as necessary
Legal Boards and Advisory Boards

1. **Nonprofit Board – Money, Connections or Work, ideally 2 of 3**
   - The MOST important group for credibility/integrity
   - Diversity/Reflecting Community Served
   - Stages: Startup, Building, Mature have very different feels and roles
   - Working Board vs. Fundraising Board
   - Recruiting: People say yes/no for many reasons: people they will meet, business asset, cause
     - Heavy competition for best people

2. **We’re Recruiting! For board, team members, local support, etc**
   - If interested, please reach out to any one of us

3. **Advisors – Add credibility, moderate work**
   - Advisors vs. Advisory Board
   - Some nonprofits charge advisors as a revenue source! (rare)
   - Referrals, credibility, connections, stakeholders
**Additional Team & Advisors**

**Working Team**
- Dr. Sophia Yen *
  Adolescent Medicine
- Penelope Kao Kopf
  Grant Writing Experience
- Stephanie May

**Advisory Team**
- Cathy Cohn *
  Psychologist
  Social Worker
- Kris Pederson
  IBM VP
- Dr. Rick Stevens
  New Media
- Jill Kenney, J.D.
  Asst. Superintendent
  MN Viking

**Affiliations / Advisors**
- Melanie Dever
- Ellen Wartella
- MIT Interns, incl.
  Gloria Yang,
  Leslie Kao
- Scott Jacobson
Accomplishments

Implementation Plan

Stage 0 (3 mo)  Stage 1 (6 mo)  Stage 2 (6 mo)  Stage 3  
PLAN       PILOT & LEARN   SOFT LAUNCH   ROLL OUT

Finishing soft launch of video biographies
- 5-6 SheHero videos

Finishing Colorado area
- Ready to launch into major cities (NYC, DC, SF)
- Continuing to test/refine with student/parent feedback
- Developing PR and marketing plan

Creating credibility
- 501C3 approval 4 weeks
- Endorsements and linkages
- National board recognition
- National SheHero recruitment continues

Investigating new business model
- Currently operating at half of forecasted revenue
Lessons Learned

Fundraising takes time & effort
- More than you think?
- Balance between time to develop ‘product’ and fundraise
- Lots of competition
- Investors looking for credibility (board)
- Innovation is challenge

Run it as a business, a start-up company
- Revenue = Sales = Fundraising
- Investors looking for different return
  - Greed is always present, belief in mission + ability to give rarer…
- People
- But with achieving the mission not profit as goal

Get involved but don’t overcommit
- Learn to say “no” sometimes
What We Learned From LGO/Sloan

Q&A
Thanks for Joining!

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Watch episodes/provide feedback if you have a 9-14 year old.
www.SheHeroes.org

Help us meet our $10,000 challenge grant by December 30
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