



**Leadership Dialogue:
Robin Hood Foundation and The HOPE Program**

Overview

Started in 1988 by three Wall Street executives, the Robin Hood Foundation invests in more than 100 New York City poverty-fighting nonprofits. The foundation first gave a grant to The HOPE Program in 1989, when the charity was a struggling community-based job-training program with an operating budget of \$300,000. The nonprofit has grown, and funding from Robin Hood now accounts for just under a third of HOPE's \$1.5 million operating budget.

HOPE was a good match for Robin Hood. Both groups believed in attacking poverty at its root causes, and both recognized the importance of measuring outcomes as a means of continual improvement. Despite its low budget, prior to the Robin Hood investment, HOPE had already invested in a staff research analyst to evaluate what was working and what was not.

Robin Hood works with each of its nonprofit partners to establish annual goals, which are then detailed in a signed contract. Those goals relate to the impact of the programs on clients, agency governance, board development, and fundraising. Robin Hood's nonprofit partners are then measured against those goals every year.

Regular evaluation allows the programs to determine what is working and what is not. When a program falls below expectations, the foundation assists in re-focusing the charity's efforts. If performance still doesn't improve, Robin Hood reduces or eliminates funding.

When a program does work, Robin Hood sticks with it. The foundation has been supporting nearly 75 percent of its programs for more than five years. The HOPE Program has been a grantee for 14 years.

One way in which Robin Hood's model differs from other high-engagement funders is that the foundation operates two departments—programs and management assistance—that work separately with the charities. The programs department oversees all grantmaking, monitoring, and evaluation. The management assistance department helps with strategic and financial planning, recruiting, legal and organizational issues, and capital needs. The management assistance staff generally comes from a for-profit management consulting background and develops relationships with blue chip law firms and accounting firms that provide pro bono support to the foundation's nonprofit partners.

Robin Hood's management assistance is available every step of the way. For example, it brought in McKinsey & Company to help a group of its partners, including HOPE, with strategic planning. As a result of the strategic planning process, HOPE gained more government contracts. With more government work, HOPE needed more robust financial systems, so Robin Hood helped it evaluate financial software packages and provided training for staff on the new systems.

Early in the relationship, Robin Hood assisted HOPE in defining its objectives. Robin Hood focused on job placement and retention, but many on HOPE's staff were social workers and felt that clients' improvements in personal development were another sign of success, even if the clients hadn't found jobs. While the team at Robin Hood understood the difficulty of moving from abject poverty to job readiness—and didn't dismiss the significance of personal growth—it stressed the importance of employment outcomes for clients. Using this focused outcome as a measure of performance was a change for the HOPE staff.

Early on, Robin Hood also provided research professionals to help the nonprofit better understand how to measure and understand data and better design its programs. With the insights gained from working with the research firm, HOPE's management team started to think of its program as a lab where they could test hypotheses on how to best move clients out of poverty. For example, it found that clients who had avoided drinking and taking illicit drugs for four months did twice as well at retaining jobs as clients who had been clean for only three months.

As part of its focus on helping its nonprofit partners attain their goals, Robin Hood has modified its grantmaking from providing general operating support to funding functions within an organization that the foundation believes will improve outcomes. This targeted funding includes support of such functions as follow-up counseling or skills training and support after clients have found a job.

Like other non-endowed foundations, Robin Hood has to raise money to do its work. However, Robin Hood sees donor acquisition on behalf of its nonprofit partners as one of the foundation's key responsibilities. As a result, it often taps its network of donors to become board members of its nonprofit partners, even though doing so can mean those donors will begin to support the charity rather than the foundation. As Michael Park, director of management assistance at Robin Hood, notes, this belief in the foundation's role as a board development resource puts them in the position of having to continually find new donors.

Robin Hood was launched on the premise that foundations severely underfund nonprofits, forcing charities to spend time and resources chasing small amounts of money. Its strategy is to provide ample support and to have a significant voice in the work of the nonprofit so that nonprofits can focus on serving clients extremely well. The partnership between Robin Hood and HOPE, one forged over 14 years of working together, demonstrates how shared vision and trust can allow the foundation to have that voice and how two organizations can achieve clearly defined outcomes.

About the Organizations

The **Robin Hood Foundation** was founded in 1988 by hedge fund leader Paul Tudor Jones and two Wall Street colleagues, Peter Borish and Glenn Dubin, to fight poverty in New York City. The Foundation is an engaged grantmaker, applying investment principles to philanthropy. Since its founding, Robin Hood has provided approximately \$175 million in grants and an additional \$95 million in donated goods and strategic support services. In the wake of the September 11, 2001, attacks on the World Trade Center, the Robin Hood Relief Fund was established and since that time has provided \$54 million in funds to those affected by these attacks. Robin Hood board members underwrite all administrative costs so every dollar donated goes directly to those in need.

Robin Hood funds New York City-based poverty-fighting charities that emphasize early childhood development, education, after-school programs, and job training initiatives, plus survival funding in supportive housing, food programs, and AIDS services. It also provides in-depth pro bono management assistance and strategic support services to grant recipients. Finally, Robin Hood coordinates millions of dollars of donated goods and services to its portfolio of community groups.

The HOPE Program combats poverty through its direct services, research, and training. HOPE's service model is designed to provide individuals with the skills and supports necessary to achieve economic self-sufficiency. Located in downtown Brooklyn, New York, HOPE offers training in how to choose, find, and keep a job. It provides work experience, education, counseling, mentoring, and job placement/retention services. Since its founding in 1984, The HOPE Program has helped hundreds of impoverished New Yorkers attain economic independence for themselves and their families.

The HOPE Program's training and services include the following: 16-week job readiness training, GED classes, computer instruction, tutors and mentors, internships, mental health services, job placement and job retention services, loan and grant funds, professional clothing, and breakfasts and lunches. HOPE works with each of its clients for at least two years, with a commitment to a lifetime of follow-up services.

By the Numbers

Robin Hood Foundation

Funds Granted Annually:
\$37.9 million (2003)

Geographic Area of Focus:
New York City

Types of Organizations Funded:
501(c)3 organizations providing social services and education to those in poverty

The HOPE Program

Year Started:
1984

Annual Operating Budget:
\$1.5 million

Mission Focus:
To combat poverty through its direct services, research, and technical assistance.

Services Provided:
Job readiness training, job placement, job retention and career advancement, mental health, workplace literacy, computer and GED training, mentorships, internships, research, and technical assistance

Funder/Nonprofit Relationship

Year Relationship Started:
1989

Total Dollars Granted to Nonprofit to Date:
\$2.11 million

Dialogue

The following excerpts are from a conversation held in September 2003 at the offices of the Robin Hood Foundation in New York City. Participants were:

- **Joe Daniels, Manager, Special Projects, Robin Hood Foundation and The HOPE Program Board Member;**
- **Barbara Edwards Delsman, Executive Director, The HOPE Program;**
- **Suzi Epstein, Director, Job Training & Domestic Violence, Robin Hood Foundation;**
- **Michael Park, Director, Management Assistance, Robin Hood Foundation; and**
- **Alfred Wise, Community Wealth Ventures, moderator.**

Moderator: How did Robin Hood and The HOPE Program first find each other?

Epstein: Robin Hood gave its first grant to The HOPE Program in 1989. That preceded my arrival at Robin Hood by about four years. In its application, HOPE pitched its education and job training programs. Those were two of the areas in which the foundation was interested in making some grants. The foundation was also interested in small community-based programs and was looking to the outer boroughs as well as Manhattan, number one. Number two: It was interested in leadership in grassroots organizations that were fairly small and in a young organizational growth stage.

Moderator: What made Robin Hood say, “This organization has the leadership that we’re interested in?”

Epstein: In the first place, it looked like local, indigenous leadership. The executive director was from the community, as were the clients. And as a poverty fighting foundation, the constituents at HOPE were among the poorest of the poor, so it was absolutely the program participants that Robin Hood wanted to target. Even in the early days, HOPE was able to

demonstrate some results in terms of people finishing the program and getting jobs in Brooklyn, so it was definitely a fit at that time. That grant was renewed for several years, and, when I arrived at Robin Hood in 1993, I was charged with building an employment portfolio and looking carefully at the results of groups that did job training activities. So I was authorized to start giving more money to groups that were already part of the portfolio, while trying to figure out what kinds of practices worked.

Moderator: So when you cast the net, how many organizations were you looking at in 1993?

Epstein: In ‘93 we had half a dozen organizations that were already doing job training that we were probably going to renew and about half a dozen that eventually were cut, although that was done very gradually. Then over the next year or two, I probably looked at 100 organizations and maybe made another dozen grants. To this day, we have probably 25 job training grants at most.

Moderator: And what criteria were you using to evaluate 100 organizations?

Epstein: We were looking at sector-based job training programs where the skills were focused on a particular business or industry for the most part—with a couple of miscellaneous groups like HOPE—where the training was much more general toward work readiness and preparedness. But we were looking at a mastery of work readiness and entry-level skills for a particular business. We were looking at people finishing the program, not just graduating, but actually getting a job. Then we were looking at long-term retention and salaries. What we wanted to say was that the intervention made a difference and that this was a cohort who would not have gotten a job but for the intervention.

Moderator: And did organizations even have that data?

Epstein: No, although I would say that HOPE probably had the best data earliest on.

Moderator: So was that one of the things that attracted you to them?

Epstein: It was one of the things that kept them getting money. It was actually one of the things that kept the grant growing and that also paved the way for other technical assistance. In other words, the management assistance that we were about to offer, we wanted to offer to groups that we were sure would be a good bet and would get continued funding.

Edwards Delsman: I’d like to go back to what attracted us to each other. Robin Hood’s philosophy is to attack poverty at its root causes. In 1988 when Robin Hood was founded, HOPE was four years old. Our mission was to find the underlying causes of people’s homelessness and chronic unemployment and to provide the services that responded to those findings. Philosophically, we were very much in the same place.

Moderator: How did you get to the point of looking at outcomes and metrics at such an early stage?

Edwards Delsman: When Robin Hood began funding HOPE in ‘89, I had just been hired as HOPE’s first research analyst. At that point we had a rich data set but had done little with it. My job was to organize and computerize the data, see what it told us, and find out how we could use our outcomes to make our program more effective.

Moderator: When did technical assistance start and how did that come about?

Epstein: It started in 1993 or 1994. Robin Hood had a management assistance department from its own inception. When I got here, there was a trove of information on correlations between different subjects of the population. We could see that women may have graduated at a higher rate but didn’t get jobs at quite

as good a salary as men, for example. Or women got jobs but because of issues with childcare often had to struggle much more with retention. Younger people did not do as well as older people. If you were over 29 or 30, it was a better bet that you were going to finish the program and get a job.

Moderator: So in '93 Robin Hood was doing evaluations with HOPE. Did you welcome that?

Edwards Delsman: Oh, did we ever. The evaluation process started when I came on board. I was able to help the staff understand the importance of outcome thinking, but we were still looking at our results at a fairly basic level. Things really changed when we had the assistance of the professional researchers, Philliber Research Associates, an evaluations firm that works with Robin Hood. We never felt that they were looking over our shoulders; they sat at the table and partnered with us. For example, if we found that women were getting jobs but weren't keeping them, we'd ask, "Well, why not?" With Philliber's assistance, we were able to delve deeper into our data to find causes. In this case, the lack of child care would prompt our next question, which was, "What can we do about that?" It wasn't just information for information's sake. Our evaluations led us to add to our services, in this case by pro-

viding assistance with finding child care.

Having professional consultants also enabled us to think of our program as a lab in the truest sense of the word, meaning we could test different hypotheses. For instance, we had a sense that the amount of time that our clients had been clean and sober before they started our training affected the likelihood that they would complete our program and get a job. Our hypothesis was that one additional month of clean time might make a big difference. So we set up an experimental group and a control group, and we did in fact find that people who were clean for only three months did half as well as people who were clean for four months. We couldn't have done that kind of hypothesis testing without the advice of research professionals. Another example of HOPE as a lab was our testing of the vocational impact of on-site psychotherapy. Our findings indicated much better outcomes for those clients who opted for therapy on-site. Because of the high level of significance of these results, we now offer therapy on-site to all of our clients.

Epstein: One of the things that Robin Hood saw from the evaluations of all job training programs, including HOPE, was that there were many, many people who finished the program and whose personal development grew and improved a great

deal and who may have gotten medical services, a driver's license, their teeth fixed, or reunited with their families, and completed the program, but that there wasn't solid, encouraging data on getting and keeping a job. HOPE was very, very proud of its completion rate, and even the job placement rate was okay. We didn't have a lot of follow-up information, and we didn't have as high a job placement rate as we were hoping to see. Actually, Robin Hood had a meeting with HOPE's executive director and a board member at the time and quite vigorously reviewed a lot of broad data and asked a lot of questions about the program's mission. We had a number of debates about it. Is it social services? Is it education? Is it job training and placement? We did that with a lot of groups. We had some vigorous debate about what Robin Hood's goal was, which was job training and placement as opposed to personal growth, and what the community-based organization's goals were. There were a lot of struggles around that time, and it was like a Polaroid picture going from fuzzy to clear in terms of what direction different social services groups were heading. HOPE is definitely an example of that. There were a lot of people who finished the program and who made many, many gains, but those gains were not necessarily around employment.

On the Relationship

"When we make a grant, we develop a contract that has half a dozen to a dozen goals that include the impact on clients and other things, like agency governance, board growth, fundraising." —Epstein

"We write the goals first in our year-end report... The goals start with us and then they go to Robin Hood... That's where the dialogue begins, and usually Suzi will want them to be tougher or more aggressive." —Edwards Delsman

"Thinking of Robin Hood not only as a funder but as a partner, as well, that's something I would not have thought of as possible early on. And by partner I mean that we can go to them and say, 'Hey, this problem arose that we hadn't anticipated. We need help or we need your expertise.'" —Edwards Delsman

"When groups meet their contract goals, they're not going to be de-funded, even if 20 other new groups come along that are absolutely stellar, because the group met its contract obligations." —Epstein

"What we've said to grant recipients is that we will not jeopardize your funding because of a management problem. We expect that management problems and issues are part of the territory with nonprofits, and our job is to help you figure out how to deal with them rather than to penalize you for them." —Park

"You have to be totally committed to this concept. This means that you have to be willing to be brutally honest and understand that's how you're going to learn. ...if you view the process as a burden, then it's not a relationship you should get into." —Edwards Delsman

Moderator: Did Robin Hood change where HOPE was aiming or did Robin Hood help it clarify its aim?

Epstein: I would like to say we helped clarify and help sharpen the focus.

Edwards Delsman: Definitely. Although there's always—I guess I would call it—a tension around this. For example, we might be working with a woman who comes to us with no teeth, who's living in a shelter, and who does not have custody of her child. If, at the end of our training she has teeth, has an apartment, and has custody of her child, then we believe that she has made significant progress.

The difference is that Robin Hood—if I can speak for you—would say, “Yes, but that's not what we're funding you for. She still doesn't have a job.” Most of the HOPE staff are trained in social work and psychology and are frustrated when they feel that we are evaluated by hard outcomes only. As the executive director, I have to find a way to acknowledge and affirm all of the work that they put into getting this woman to where she is and make it clear that because of them she has moved much closer to her ultimate goal, economic self-sufficiency, but she is not there yet.

Moderator: When you started helping them clarify their objectives, was it a process that Robin Hood focused on or did it just come about through discussion?

Epstein: I think it was a little bit of both. One of the ways that we took care of it was to start making more targeted grants allocated toward particular functions within an organization. So, as opposed to giving general operating support, we would give money for the follow-up counseling or remedial instructors, or skills trainers. In the group currently enrolled, we're funding case management and post-placement support. With HOPE, you can see an evolution of the purpose of the money of each grant from year to year. We gave general operating support from '88 to '95, and, then after two years of looking at that, we started targeting the money toward the training itself and the post-placement support.

Moderator: Michael, could you talk about how Robin Hood is structured?

Park: We have a programs group charged primarily with grantmaking functions. They own the relationship with grant recipients, conduct the primary due diligence on grants, and are the link with monitoring and evaluation. They're involved in questions of programmatic development of the organization, and how the relationship or the group gets promoted with other funders. On the management assistance side, we have a group of people whose professional backgrounds are more in management consulting and some in direct operations of nonprofits. So the way we divide the work internally is that the ongoing relationship, the grantmaking relationship, and consideration of high-level issues tend to be more on the program side. Specific projects or advice often comes to the management assistance side. One of the reasons we want to talk about the HOPE program is that it shows that if we help organizations not only get the money to operate their programs but also fund evaluation, they can use evaluation as a tool for program improvement and for growth of the organization.

Moderator: There can be funder outcomes and expectations, and then there are the nonprofit's outcomes and expectations. Hopefully they align, but sometimes they don't. How do you get to where you know what you're even measuring?

Epstein: There's a dialogue on what we measure in terms of the impact of direct services on clients. Now, many, many results that are captured by the evaluation may be valued more or less by groups and more or less by the foundation. When we make a grant, we develop a contract that has half a dozen to a dozen goals that include the impact on clients and other things like agency governance, board growth, fundraising. These things are not part of the independent third-party evaluation, which is only looking at direct services for clients, but are evaluated by foundation staff members.

Park: Over the years we've become better at putting the capacity-building goals in as

part of the contract goals, which may not be the focus of the evaluation but part of our overall evaluation for renewal grants.

Moderator: Barbara, with most foundations you write an application and then you get funded and you don't have a contract and you don't have these board-building goals. How does HOPE deal with that?

Edwards Delsman: Our experience has been that we write the goals first in our year-end report—we put down what we would like to accomplish the next year. The goals start with us and then they go to Robin Hood. Then Robin Hood—in our case, Suzi—will look at them and then we start talking. That's where the dialogue begins, and usually Suzi will want them to be tougher or more aggressive. The key point is that the goals start with us. I never feel that any of them have been imposed on me.

For example, one of our goals is to increase revenues to better secure our financial stability. We negotiated a goal to add two people to our board who can help us by increasing our individual donor base and help us increase corporate giving.

Moderator: Let's jump back a bit to 1993 and '94. How else did Robin Hood get involved?

Epstein: We started looking at board development at that time because that's been key for many groups in terms of fundraising and in terms of having boards function appropriately. Our early board work in management assistance at that time was to get the board to form several committees that met regularly so that the whole board didn't have to meet, and there would be different representatives within the board to push internal governance forward. I believe we also looked at financial systems, whether a group's bookkeeping and fiscal procedures would pass muster.

Park: We got folks in law firms to come in and help us, pro bono, look through the organizational documents, look through some of the fiscal controls.

On Planning

“We had done a strategic plan once before that was not helpful, but this one proved to be very useful. Within a little over a year, we experienced rapid growth. The clients we served increased by 50 percent and our expense budget by 41 percent. We renovated new space, moved, and hired and trained additional staff. If we hadn’t had this plan, it could have been a disaster.”

—Edwards Delsman

“The fact that the process took a year was necessary to build the relationship between the McKinsey and HOPE teams.... It definitely took some time to form a real relationship where the organizations felt like we could contribute.”

—Daniels

“It turned out through market research that a lot of the beauty or success of the program relied on keeping the model relatively small.”

—Daniels

“When I came on board...we were in a survival mode.... Our focus was only getting through the next four months,...so I didn’t have a vision beyond survival. That has all changed. Now I have a very clear vision for HOPE.”

—Edwards Delsman

Nobody wanted to call it an audit, but it was the content of what you would find in an audit.

Edwards Delsman: Robin Hood brought in Cadwalader, Wickersham & Taft to help us with our personnel manual and also had consultants who helped us understand the cost of each of our program components. That was helpful, and to this day we evaluate the cost-effective-

ness of every new program component.

Moderator: Was there an assumption of more funding if you went through some of this technical assistance or was the technical assistance valued in and of itself?

Edwards Delsman: In and of itself.

We’ve gotten help from quite a few top-notch professional firms. Right now we are working with Deloitte & Touche on a fiscal policies and practices manual. This is in addition to the in-house expertise that Robin Hood has provided. We could never afford to pay for this level of help from some of the most respected companies in the city.

Moderator: So early on it sounds like you started getting a tighter grip on financials and being able to look at costs and at measuring outcomes. What else had an impact?

Edwards Delsman: Well, there’s a lot. Thinking of Robin Hood not only as a funder but as a partner, as well. That’s something I would not have thought of as possible early on. And by partner I mean that we can go to them and say, “Hey, this problem arose that we hadn’t anticipated. We need help or we need your expertise.” For example, as we began to expand and our services became more comprehensive, we had to decide which services we wanted to provide internally. Did we want our mental health services to be in-house or did we want to develop strategic alliances outside of HOPE? So we talked to Robin Hood, asked for their advice and ended up providing mental health, computer training, and GED classes ourselves, and forming alliances for drug treatment, legal, and housing services. We’ve continued to turn to Robin Hood’s management assistance program and its educational workshops over the years. Our board and staff have attended trainings on everything from assessing risk to reading a 990.

Epstein: HOPE did a number of things that were also instructive to us in terms of best practices and looking at how we wanted to make grants. One example is that HOPE excels at offering mental health

services to clients. They had a collaboration with a graduate psychology program, which was very effective. It was much higher level in terms of a clinical intervention than a lot of other groups were offering, where they merely hired a counselor to talk to people in a group once or twice a week. It helped us fertilize a lot of other programs in terms of using their model.

Moderator: Describe how you decide what assistance is needed.

Park: It’s an iterative process. In 2000, we piloted a program in which McKinsey & Company consultants worked with six grant recipients. It was a team from McKinsey and a Robin Hood person who paired with each of the six and over the course of nine months developed a strategic plan. That’s how we got Joe Daniels because he was one of the consultants at McKinsey who was working with HOPE. As a result, and just to illustrate the iterative cycle, one of the issues that came up was the funding mix for The HOPE Program. The organization’s budget was somewhere between \$1 million and \$1.5 million, all privately funded, essentially. The parts of the discussion I remember hearing were something like, “It wouldn’t really kill you to go out and get a government grant. I know it’s going to be a lot of trouble to manage and it will create a number of headaches, but if the program is to grow like we’re talking about strategically, and also if you’re to continue using the program as a model to be more widely recognized, some of the headaches that come with government funding are really worth it because people pay more attention.”

So they listened to that advice; it became part of their strategic plan. About six or eight months after the strategic plan had been completed, Barbara called and said, “Okay, we said we were going to go after this government funding. We’ve been more successful than we thought. We’ve actually hit on every one that we applied for. As we look ahead we realize that a year from now we’re going to need to prepare for an A133 federal audit, which we’ve never done before. It’s clear that our accounting systems are not up to snuff to handle an A133 audit, so can we

get some help from you guys to evaluate accounting software, look at the training that we need for staff, and go through a process of getting ready so when we get to that juncture we will be ready?" So it's another iteration of previous fiscal work that had been done but as a result of the growth that happened in the agency.

Edwards Delsman: With our strategic plan, we decided to expand. We had done a strategic plan once before that was not helpful, but this one proved to be very useful. Within a little over a year, we experienced rapid growth. The clients we served increased by 50 percent and our expense budget by 41 percent. We renovated new space, moved, and hired and trained additional staff. If we hadn't had this plan, it could have been a disaster.

Moderator: How did you develop the plan?

Edwards Delsman: It took us over a year—an exciting and a occasionally stressful year. We did it with the board, staff, and Joe, who was with McKinsey then. We interviewed our stakeholders carefully and thoughtfully. We met frequently and were as inclusive as possible.

As a result, we not only moved and expanded but upgraded our systems as well. We now have cost-allocation accounting software, which allows us to be more fiscally accurate. We upgraded our computer lab—we have 25 state-of-the-art, networked computers—with technological help from another Robin Hood group. We received real estate assistance

from attorneys in Robin Hood's management assistance pool. After this experience, I firmly believe that any group that grows as quickly as we did has to have a solid plan and assistance in place. Without both, that kind of rapid growth could be unmanageable.

Park: This was also just as the economy was starting to plummet. So the fact that you expanded that quickly in such a tight funding environment is amazing.

Moderator: Talk about the strategic plan because a lot of organizations say, "We're going to have an afternoon retreat and do our strategic plan."

Daniels: It's basically a year-long process that involved six groups. From the McKinsey side, we assembled groups of consultants with an engagement manager, a couple of associates, and junior business analysts, and they were assigned to individual groups. There were monthly meetings and someone from Robin Hood would lay out what was lined up for that evening's meeting, and we used strategic plan templates that McKinsey helped develop.

The fact that the process took a year was necessary to build the relationship between the McKinsey and HOPE teams. At McKinsey, we were mostly young consultants, and we were dealing with direct service providers that have lots of experience in the field and are probably pretty high level in the first place if they're Robin Hood grantees. It definitely took some time to form a real relationship

where the organizations felt like we could contribute. At the end of the strategic planning process, HOPE was kind enough to ask me to join the board. The most valuable thing that came out of the plan was a definition of the strategic objectives of the organization. At that time, there were a lot of different notions on the board about what HOPE was and what HOPE could be. Just the very exercise of saying, "Over a one-year, three-year, and five-year period, what is the direction of HOPE? What are the four things that we want to accomplish?" was very helpful. That is instructive not only on a strategic level but on an operational level. What are we doing the next day? What are we doing a month from now? Two months from now? There are still folks on the board who have this idea of, "What else can we do out there in the universe," but it's helpful to be able to go back to a document that has been syndicated and thoroughly discussed and say, "You know, we've tackled this before. This was the thinking then. Unless something has radically changed, maybe we don't want to deviate and go off in another direction."

Moderator: So it's two years into the plan now. How are you tracking against it and what have been some of the modifications?

Edwards Delsman: We're pretty much on target with everything. The one area in which we deviated was in enrollment size. In the strategic plan we put a cap on annual enrollment in our training program and on the overall number of clients served each year. Last year we exceeded

On Leverage

"Robin Hood brought in Cadwalader, Wickersham & Taft to help us with our personnel manual and also had consultants who helped us understand the cost of each of our program components...Right now we are working with Deloitte & Touche on a fiscal policies and practices manual...We could never afford to pay for this level of help from some of the most respected companies in the city."

—Edwards Delsman

"We rely on feedback from the client who is getting the work. In some cases, we're working with very small or very new organizations, and they're hesitant to provide negative feedback to a funder. There's something that doesn't feel right about the work, but they think, well, they're supposed to be the experts so who are we to argue. This happens with, for example, the white-shoe Wall Street law firms that we get involved with to do a personnel manual... and small social service nonprofits feel uncomfortable going up against these experts."

—Park

the cap on enrollment and considered modifying the plan. I don't think that's a major issue, though.

Daniels: I personally thought that was a big deal because there was certainly input from the board that says that even after doing the market research, we've got a successful program here; why not get bigger and bigger and bigger? It turned out through market research that a lot of the beauty or success of the program relied on keeping the model relatively small.

Moderator: So the plan came to a conclusion that you don't want to scale this across the city?

Daniels: Exactly. It wasn't saying that HOPE didn't have a very important role in causing a greater impact or influencing the field, because that was something that was highlighted as something we should do. But the method of achieving that wasn't to have HOPE staff get bigger and bigger and serve more people. It was saying, let's look at the good things HOPE has done through its research and its actual work and share that with others in this industry and influence practices that way.

Edwards Delsman: We discussed how to have the greatest impact in our field. We decided not to replicate and concluded that we could have an even greater impact if we used our research and our experience to inform our training and technical assistance efforts.

Moderator: Does the strategic plan focus on fundraising at all?

Daniels: One of the objectives is to secure HOPE's financial stability so there is a whole set of objectives about the number of donors, where the money is coming from, and how much is raised.

Epstein: Because of the plan, they had put forth a goal that they needed to raise a certain amount of money from first-time donors. They made that goal last year. I think they raised \$200,000 from first-time contributors.

Moderator: How does Robin Hood's funding and assistance work with other funders?

Edwards Delsman: Robin Hood has certainly helped by introducing and recommending us to other funders.

Moderator: How do other funders respond? Is HOPE seen as a Robin Hood investment and they're coming in second?

Epstein: There are funders who call me and beg me for good groups to fund. Many of them say, "We know you did your due diligence. Who's a good bet?" I would say overall our involvement is positive to varying degrees. It's certainly never negative.

Park: I also think that our development capacity at Robin Hood has been

growing and our funding has been growing. Shortly after the strategic plan was completed, the size of our grant to HOPE doubled. I think when other funders look at this, they see it as a recommendation from a funder that has done its due diligence.

Moderator: What have been some of the biggest challenges in the past two or three years with this relationship?

Edwards Delsman: Our staff's involvement in the contract renewal process has grown exponentially from the early years when they were only marginally aware of the process. Today, they know that funding is highly competitive and that our outcomes are compared to those of other programs. As a result, they work with our researcher to make sure that every single client, every single outcome is counted. There is a lot of tension around this process.

Moderator: And is next year's grant commitment conditional on that comparison of HOPE against other job training programs?

Epstein: Yes and no. HOPE has a grant this year of close to half a million dollars. We're trying to fund the groups that are the best at what they do compared to other groups. We're comparing apples to apples. If a group comes in and says, "Ninety percent of our folks kept their jobs." We ask, "Is that 90 percent of the

On the Board of Directors

"Our early board work... was to get the board to form several committees that met regularly so that the whole board didn't have to meet, and there would be different representatives within the board to push internal governance forward."
—Epstein

"We were a four-year-old, small, grassroots organization when Robin Hood first met us. Our board members were with us because they had an emotional commitment to our mission. What we need now are directors with professional expertise. Robin Hood is helping us with this transition. They helped us to identify what skills we need and then followed up by helping us recruit board members with that expertise."
—Edwards Delsman

"The general policy at Robin Hood is that current staff members will not be placed on a grantee board."
—Daniels

"In a lot of organizations where the executive director does not have a very good partner in the board...we see the best role we can play is in sourcing candidates for their board, and those are primarily Robin Hood donors....In some cases people have said, 'Okay, part of our job here is to fundraise. I'm going to have to make a choice about whether it goes to this program or to Robin Hood.' We say, 'If you take a board seat, your primary obligation is to that program, and we'll figure out some other way to replace you as a donor.'"
—Park

people who started or 90 percent of the people who finished?” So, number one, we really are trying to keep everything uniform. Certainly when groups meet their contract goals, they’re not going to be de-funded, even if 20 other new groups come along that are absolutely stellar, because the group met its contract obligations.

One of the big challenges, at least with job training, is that we try to set fairly aggressive goals, but there is nothing anyone can do about the environment. Certainly in the last two years we’ve seen a number of disappointments in terms of job retention because folks are fired because of downsizing, not because individuals have run into trouble with attendance or behavior or job performance. We have groups that didn’t quite hit their salary target because folks are being hired at \$8 an hour where we set a goal of \$8.50. It is a challenge for both the foundation and the grant recipient because we can set goals that are aggressively optimistic and viable but that are not met, and it has nothing to do with the organization’s performance. Then we have to weigh that and justify that to our board when it’s saying that results look flat.

Moderator: How do you report to Robin Hood shareholders, your investors, on what the job training programs that you’re funding are doing?

Epstein: We report on both the aggregate and on the individual programs. So if in the aggregate, 20 groups, one out of three people are keeping a job for a year or longer, for example, that’s one metric. Average salaries are about \$9 an hour at this point, and about 75 percent of the folks who are placed get jobs with benefits. It’s much higher than the national averages in terms of people with health insurance and benefits like that. Those are the main things.

Moderator: Do you also have similar metrics with your other program areas?

Epstein: Job training is the most concrete and it’s the easiest to evaluate. But, yes, in each of our portfolios we have several goals. I’ll give you an example. I do

alternative high schools. So in that portfolio, we’re looking at graduation rates. We’re looking at the Regents state test pass rates. We’re looking at the number of kids who attend college. We’re looking at the number who get jobs who are not going to college. We’re looking at avoidance of negative behaviors—arrests and criminal justice outcomes. We’re looking at SAT scores where we can get them. For early childhood, for Head Start, we may be looking at going to mainstream kindergarten or special needs. We’re looking at parent involvement, and, in that instance, resolution of issues within the family, social services issues. For that portfolio, we are much more looking at activities than outcomes. We look at units of service and referrals more than resolution of an issue. For youth programs, we are looking at academic achievement, avoidance of negative behaviors—pregnancy, criminal justice arrests. So for each of the portfolios, we’re looking at four or five metrics. It’s the easiest with job training because it’s very concrete.

Edwards Delsman: For us, an ongoing challenge is to continue to come up with ways to improve our performance that don’t involve growth. As I mentioned before, in our strategic plan we capped enrollment. One reason for this is that we’re seeing an increase in clients with serious barriers to employment who require more intensive services in order to become job ready. So if a continuing increase in clients served is considered to be a key measure of success, we are in trouble.

Moderator: Do you turn away people who are perhaps the hardest to serve because you know it will depress your numbers for the year?

Edwards Delsman: We refer them to other programs only if we feel we can’t help them, and that’s if they’re using drugs or if they have extremely serious mental health problems. But if we feel that as a result of our services they can get a job, even if that means we have to provide more services or put more time into those services, then we’ll work with them.

Epstein: We are not interested in funding groups that are “creaming.” We’re very clear about that. Certainly because of the nature of some of the job training protocols, there are groups that have to screen for eligibility, so you can’t get through some of the job training programs unless you’re reading at a fourth- or fifth-grade level. Otherwise, you wouldn’t be able to read the printing manual or you wouldn’t be able to learn to write a business letter. We consider that screening rather than creaming. We’re certainly not looking for groups to give everybody a motivation test and only take the people who seem the most motivated or who have a history of employment. HOPE is very good at highlighting all the barriers to employment, and, because of that, we have developed something we’re calling a severity index, in which we assign values and points to different problems that people have so that we see exactly how different and difficult the population is. HOPE has a very high severity index because among its participants are folks with a history of homelessness, substance abuse problems, incarceration, domestic violence, and all kinds of domestic chaos. Those are difficult barriers to employment. We have some job training programs where you’ll find folks with many, many problems, but they’re softer. English may not be their first language. They may be single moms, but they don’t have a history of serious problems, so they will get a severity index of two rather than eight.

Moderator: Let me change gears to talk about the board and how you rebuilt it.

Edwards Delsman: We were a four-year-old, small, grassroots organization when Robin Hood first met us. Our board members were with us because they had an emotional commitment to our mission. What we need now are directors with professional expertise. Robin Hood is helping us with this transition. They helped us to identify what skills we need and then followed up by helping us recruit board members with that expertise. Their assistance worked well for us recently when we added two new board members, one with expertise in marketing and another with connections to large donors. We also received help from Robin

Hood in developing job descriptions for board members and committees and guidelines for board evaluations.

Moderator: So if there is an issue that HOPE is dealing with internally that hasn't gone to a funder level yet, Joe, with your two hats, where do you weigh in?

Daniels: The general policy at Robin Hood is that current staff members will not be placed on a grantee board. I was already on the board before I joined Robin Hood so was grandfathered in. The outgrowth of that is that there's not really a two-hats conflict. I'm a HOPE board member and there are lots of internal discussions going on, but I don't even put the other hat on as far as approaching Suzi or anybody about that because Robin Hood's policy demonstrates that that's not what we do.

Park: We already have a strong voice, as you've heard, primarily from the program side. We also have a clear policy that we share information. I don't want to be in a position where Barbara calls me up and says, "I want help with this, but I don't want it to get back to Suzi." That's not a good kind of relationship. What we've said to grant recipients is that we will not jeopardize your funding because of a management problem. We expect that management problems and issues are part of the territory with nonprofits, and our job is to help you figure out how to deal with them rather than to penalize you for them. We also believe that management expertise and excellence are connected to program outcomes and successful programs, but they're not a one-to-one relationship. So, to put it another way, you can slide by for a few years on an under-par accounting system and still deliver some pretty great program outcomes. But you can't live that way forever. Eventually, if your books are that screwed up, it's going to come back and bite you.

It's very similar with the board of directors. In a lot of organizations where the executive director does not have a very good partner in the board and board members need to grow into their responsibility, we see the best role we can play is in sourcing candidates for their board, and those are primarily Robin Hood

donors. Our grant recipients don't have as much access to people who have certain professional skills or who might be able to ramp up fundraising efforts. So that's why we have a board recruiting function as a part of management assistance. We're pretty clear with the people we recruit that when you go on this board of directors, your job there is to be a board member of The HOPE Program or whatever, not to be a spy for Robin Hood. And, in fact, in some cases people have said, "Okay, part of our job here is to fundraise. I'm going to have to make a choice about whether it goes to this program or to Robin Hood." We say, "If you take a board seat, your primary obligation is to that program, and we'll figure out some other way to replace you as a donor."

Moderator: Looking back over the past four or five years, what would you have done differently?

Edwards Delsman: In our strategic plan, we had decided to cap enrollment. In setting our goals with Robin Hood, I had agreed to serve more people than I honestly felt that we could handle. The number exceeded what was in our strategic plan. It turns out we couldn't handle that many clients.

Since then, I've talked to Suzi and we've come to an agreement that we will lower the number who enroll in our job readiness program and increase the number in our job retention and career advancement program. Trying to enroll more took a toll. It was stressful. In hindsight, I wish I had just explained to Suzi that we couldn't do it and why, before the fact rather than after.

Moderator: And why did you agree to it?

Edwards Delsman: Because I wanted to please Suzi, to be honest. I felt it was important to Robin Hood.

Epstein: It almost looked doable and we didn't want to be complacent in terms of, okay, just keep doing what you're doing.

Edwards Delsman: Yes, it's that whole idea that growth is good.

Park: I think one of the missteps that happened around the time I came on board, or just a little before, is that we had recommended a fiscal consultant who did not deliver very good service, and we were not sufficiently on top of that to understand what the problems were early enough to intervene and correct them.

Moderator: How do you know that they didn't do a good job?

Park: We rely on feedback from the client who is getting the work. In some cases, we're working with very small or very new organizations, and they're hesitant to provide negative feedback to a funder. There's something that doesn't feel right about the work, but they think, well, they're supposed to be the experts so who are we to argue. This happens with, for example, the white-shoe Wall Street law firms that we get involved with to do a personnel manual, or something like that, and small social service nonprofits feel uncomfortable going up against these experts. So it's hard sometimes to go to these firms and say, "I think you need to take a different tack to serve this organization well. We appreciate that you're doing this pro bono." This was not the case with HOPE, but I think the biggest example has been in setting up the 501(c)(3)s. The corporate lawyer's natural reaction is to put up membership corporations, and they're usually closely held and they can supersede the actions of the board. They think of it as, if the executive director is the driving force behind this organization, she would want some insulation between her and this board of directors who could fire her. It's exactly 180 degrees opposed to our belief, which is that this is a public trust organization. You have to have board members authorized to do this. So those kinds of things sometimes are a difficulty in having pro bono partners provide this service.

Moderator: Looking into the future, how do you see building or expanding upon what you've done?

Epstein: I would expect that their grant would probably continue to increase somewhat. Maybe their numbers would go up a little bit with the services. If not

getting wider, those services might get deeper. Because one of the things they want to do is more technical assistance, I would expect that that's an area where they're going to grow. They could offer some information consulting support to other New York City small job training groups and maybe ratchet up their visibility in terms of other researchers who are doing studies and monographs on best practices.

Edwards Delsman: We're in the middle of a research project right now with Public/Private Ventures taking a look at the reasons why people don't complete our training program. Once we have a better understanding of non-completers, we'll use our findings to see if we need to reconfigure our assessment or our services. As with all of our research, we will incorporate our findings into our technical assistance curriculum. In the future, I would like us to raise our profile by expanding our research, the underpinning of our direct services and the foundation of our technical assistance.

Moderator: Over the past 10 years, how has this relationship evolved versus what you envisioned?

Edwards Delsman: When I came on board, we had just lost most of our government funding, which had decreased from 34 percent of our income to 8 percent. We were in a survival mode. At that time I was not thinking about long-term planning. Our focus was only getting through the next four months, which was the length of a training cycle. It was only when that fiscal crisis passed that we were able to begin to think about long-term planning. So I didn't have a vision beyond survival. That has all changed. Now I have a very clear vision for HOPE.

Moderator: You're making recommendations to other funders who are interested in this sort of high-engagement approach. What do you tell them?

Epstein: It takes a lot of time. If you're going to take a high-engagement approach, you have to be prepared to sit down on the floor with a lot of paper and read it thoroughly and carefully. Be very, very patient. You don't turn things around in a year. And in order not to make false equations, be familiar with every aspect of the program because looking at it in bits and pieces does not give you the whole picture. I also think it takes more than one person. I don't think any one person or

program necessarily has the skill set to think about every aspect of an organization.

Moderator: Do you think more funders should be taking this sort of approach?

Epstein: I don't know. When several funders take this approach with the same organization, the organization could feel like it is serving a dozen masters and that could be very, very bad. So, yes, I think maybe more funders should take that approach, but they should divide up the pie.

Park: Here's the other piece that I would add. You said it would take a lot of time. It also takes a lot of money. Some of the work in the field of engaged philanthropy has been about more and more time spent on not a lot more money. The worst outcome for a nonprofit could be if many other funders who were accustomed to giving grants in the low five-figure range started to try and become more engaged. That's just multiplying headaches, and it doesn't provide resources.

Resources are key. One of the structural problems in the nonprofit sector that our board looked at when it first founded Robin Hood was not simply that there

On Outcomes and Evaluations

"HOPE probably had the best data earliest on...It was actually one of the things that kept the grant growing and that also paved the way for other technical assistance."
—Epstein

"I was able to help the staff understand the importance of outcome thinking, but we were still looking at our results at a fairly basic level. Things really changed when we had the assistance of the professional researchers [from Robin Hood].... For example, if we found that women were getting jobs but weren't keeping them, we'd ask, 'Well why not?' ...We were able to delve deeper into our data to find causes."
—Edwards Delsman

"The HOPE program... shows that if we help organizations not only get the money to operate their programs, but also fund evaluation, they can use evaluation as a

tool for program improvement and for growth of the organization."
—Park

"One of the big challenges, at least with job training, is that we try to set fairly aggressive goals, but there is nothing anyone can do about the environment... we can set goals that are aggressively optimistic and viable but that are not met, and it has nothing to do with the organization's performance."
—Epstein

"An ongoing challenge is to continue to come up with ways to improve our performance that don't involve growth. ...We're seeing an increase in clients with serious barriers to employment who require more intensive services in order to become job ready. So if a continuing increase in clients served is considered to be a key measure of success, we are in trouble."
—Edwards Delsman

wasn't a broader relationship with organizations, but they also said the typical practice in philanthropy is that we drastically underfund what organizations need in order to accomplish their objectives. When you give \$10,000 and \$20,000 grants and you make organizations work very hard to get those grants and then keep and manage them, it doesn't help them to achieve their objectives.

Epstein: You also have to be prepared for a modest rate of return. Certainly with job training, it's a very modest result. Nobody makes adjustments in their behavior and in their lives in a year or two. So if one out of three people are keeping a job for a year, realistically, what's that going to go to? From 35 percent to maybe 50 percent. So we have to be prepared that our grant of a quarter of a million, \$300,000, \$500,000 is going to maybe make a difference of several percentage points over a couple of years, and then it's not going to go that much higher. So be prepared for a modest rate of return. But I would argue that it is worth it because it is priceless what you can do for a small number of people.

Moderator: And what would you tell other nonprofit leaders who are considering this sort of engagement?

Edwards Delsman: First of all, know the funder well because you will be working together very closely. Second, you have to be totally committed to this concept. This means that you have to be willing to

be brutally honest and understand that's how you're going to learn. You have to embrace the philosophy underlying high engagement. And if you view the process as a burden, then it's not a relationship you should get into.

Moderator: Looking forward, if you could change anything in the relationship, what would it be?

Edwards Delsman: I would hope we'd have all the money and Robin Hood would be coming to us.

Moderator: That's a great way to end. Thank you very much.

On Other Funders

"There are funders who call me and beg me for good groups to fund. Many of them say, 'We know you did your due diligence. Who's a good bet?'"

—Epstein

"Shortly after the strategic plan was completed, the size of our grant to HOPE doubled. I think when other funders look at this, they see it as a recommendation from a funder that has done its due diligence."

—Park

"Robin Hood has certainly helped by introducing and recommending us to other funders."

—Edwards Delsman

"It [high-engagement philanthropy] takes a lot of money. ...The worst outcome for a nonprofit could be if many other funders who were accustomed to giving grants in the low five-figure range started to try and become more engaged. That's just multiplying headaches, and it doesn't provide resources."

—Park

The Participants

Joe Daniels' role in Robin Hood's Special Projects group is manager of operations. Before joining Robin Hood, Daniels spent two years consulting for McKinsey & Company, where his focus included financial institutions and securities exchanges. He also led an effort exploring the field of social investing, which seeks to obtain market rate financial returns as well as positive social impact. Previously, Joe was an attorney at Cravath, Swaine & Moore in New York City. He earned his undergraduate degree in history at Washington University in St. Louis and his law degree at the University of Pennsylvania.

Barbara Edwards Delsman has been with The HOPE Program for 14 years. Originally hired as a part-time research analyst, she became the program's development director and for the past seven years has served as executive director.

Before coming to HOPE, Edwards Delsman was the program director of the University of Miami's computer training program for physically disabled adults. During a good part of her career, she has been overseas. In Iran, she was the executive director of Community Adoption Services, and in Panama she taught math at Panama Canal College. She has a master's degree in experimental psychology and a bachelor's degree in mathematics.

Suzi Epstein joined Robin Hood after serving as executive director at Sanctuary for Families, a Robin Hood grant recipient. Sanctuary for Families provides emergency shelter, counseling, and other services to abused women and children. Under Epstein, Sanctuary planned and launched the largest New York City transitional housing project for victims of domestic violence, significantly broadened its funding base, and introduced tighter financial controls and reporting systems. Before that, Epstein held a number of other high-level positions in social service agencies including the Northern Westchester Shelter and The Manhattan Bowery Corp. She holds a BA in history from the University of Rochester, was a visiting student at the Georgetown University Law Center, and received her JD from Hofstra University in 1979. She spent a number of years in the legal profession—as a criminal investigator for the Georgetown Criminal Justice Project and as a clerk to Judge James A. Washington, Jr. of the Superior Court of the District of Columbia—before entering the social service sector.

Michael Park is director of management assistance at Robin Hood. He leads Robin Hood's efforts to augment the impact of its grantmaking through capacity-building grants, donated professional services, and services provided by staff consultants. Before joining Robin Hood, Park worked as a consultant at Downey Associates International and the Girl Scouts of the U.S.A., and held senior operating roles in faith-based community organizations. Park is a faculty member of the Institute for Nonprofit Management at Columbia Business School and a graduate of the Pepperdine University School of Business program in organizational development. He also holds degrees from the Catholic University of America and the University of Utah.

