



**Leadership Dialogue:
Venture Philanthropy Partners and Heads Up**

Overview

In June 2000, Mario Morino, Mark Warner, and Raul Fernandez joined together to create Venture Philanthropy Partners (VPP), a venture philanthropy organization for the National Capital Region. Morino, the founder of the Morino Institute and co-founder of Legent Corporation; Warner, who became Governor of Virginia in 2002; and Fernandez, founder of Proxicom, encouraged 27 other technology and business leaders to contribute more than \$30 million to VPP's first fund, The Children's Learning Fund.

VPP's founding investors share four experiences that have shaped their interest in the fund:

- They helped to build and manage highly entrepreneurial, fast growing corporations;
- They experienced the benefits and pitfalls of venture capital funding;
- They understood the value of substantial funding and strategic assistance for organizational growth and expansion, and they believed this could be adapted to help community-based nonprofits; and
- They wanted their giving to influence others and stimulate greater effectiveness in the philanthropic and nonprofit sectors.

VPP's Children's Learning Fund focuses on community-based nonprofits that serve the developmental, learning, and educational needs of children of low-income families in the National Capital Region. VPP's investments are designed to provide substantial, multi-year funding and strategic assistance to help community-based leaders significantly grow and strengthen their organizations. For each investment, VPP draws on the expertise of its in-house investment team and leverages its network of outside contacts, resources, and professional advisors.

By April 2001, VPP's first investment team was in place, and that summer the fund invested in Heads Up, a Washington, DC-based nonprofit that serves children from low-income neighborhoods. As participants in Heads Up's after-school and summer learning programs, college students serve as tutors and mentors to help elementary school children succeed academically.

Although VPP and Heads Up faced challenges in their newly formed relationship as investment partners, both VPP and Heads Up have come a long way.

Despite the nonprofit's initial doubts about VPP's approach to strategic planning—such as hiring a large management consulting firm known for its work with Fortune 100 clients to lead the planning effort—the process helped to clarify the strategic direction for Heads Up, and it allowed the senior management to embrace the plan for getting there. Both of the nonprofit's leaders, Vin Pan and Darin McKeever, identified the planning process as critical to helping them form a more cohesive long-range vision for the organization, establish clearer roles for staff and management, and create a much stronger and more involved board of directors.

Heads Up has benefited from VPP's investment partnership in other ways, too. Pan and McKeever believe that high-level guidance from VPP quickly raised their expectations of their staff, programs, and outcomes, and it has been an important component of the organization's progress.

As for VPP, the experience has challenged the investment team to refine and improve the implementation of its approach as it makes new investments in other organizations. From the beginning, VPP envisioned helping investment partners by providing the strategic assistance of its in-house team and by leveraging its network of contacts. The investment team found both goals more challenging than they expected. VPP learned that to provide high-level management advice and perspectives, its own investment team needed greater senior executive experience. And, the team learned—and continues to learn—that the best ways to leverage its network are not always immediately obvious to VPP's investment partners.

As the relationship has evolved, both parties have begun to use the VPP network for strategic advice and connections. This process began when Heads Up invited Jack Davies, a VPP investor and board member, to join its board of directors. Through that relationship and other business leaders who have joined the organization, Heads Up has established relationships with District of Columbia agencies, publisher Scholastic, Inc., the Washington Capitals, McKinsey & Company, Public/Private Ventures, and other firms. These relationships have led to major contributions of books and curriculum materials, access to high-quality strategic planning services, outcome assessment support, management recruitment assistance, and improved access to elected officials.

Although the VPP/Heads Up relationship is only three years old, the partnership has accelerated Heads Up's performance and growth, allowing it to serve more children with more effective services, and both parties are optimistic about its future success.

About the Organizations

Heads Up is a nonprofit organization in Washington, DC, that provides assistance and activities to help children from low-income neighborhoods succeed in school and life. It enlists college students as tutors and mentors, providing an environment that nurtures their interest in bringing about social change and teaches them to be leaders.

Heads Up was started in 1996 in close collaboration with schools and parents. Its programs at the time included after-school tutoring programs for children in elementary schools. Since then, Heads Up has expanded to offer a more comprehensive set of after-school, summer, mentoring, and employment programs. These programs provide students in grades K-12 with safe, structured learning activities during non-school hours, individual attention to improve their academic skills, and caring adult role models.

Venture Philanthropy Partners (VPP) is a nonprofit philanthropic investment organization that provides growth capital and strategic assistance to build, strengthen, and scale high potential community-based organizations serving the core developmental, learning, and educational needs of children of low-income families in the National Capital Region. In addition, VPP is joining with other organizations nationwide to inspire philanthropists, corporate and nonprofit leaders, and public policymakers at the local, state, and national level to help increase the effectiveness and flow of capital, talent, and other resources to nonprofit organizations meeting the core needs of children.

By the Numbers

Venture Philanthropy Partners

Funds Granted Annually:
VPP does not have an annual distribution percentage but instead will fully deploy more than \$30 million over a five-year period, starting in 2001 and ending in 2006.

Staff Size:
8

Geographic Area of Focus:
National Capital Region – Northern Virginia, the District of Columbia, and Suburban Maryland adjacent to the District

Types of Organizations Funded:
High potential, community-based organizations serving the educational, learning, and developmental needs of children of low-income families

Heads Up

Year Started:
1996

Annual Operating Budget:
2003 – \$3.5 million

Mission Focus:
Improving academic skills of children while providing service learning opportunities for college students

Services Provided:
After-school and summer mentoring and tutoring for grades K-12.

Funder/Nonprofit Relationship

Year Relationship Started:
2001

Expected Length of Relationship:
Initial term of five years, but the relationship will likely continue beyond agreement term.

Total Funding Distributed to Nonprofit:
\$936,000 (as of 2/1/03)

Funding Committed Over Life of Relationship:
\$2.074 million

Dialogue

The following dialogue is extracted from several conversations held in March and April 2003. Participants were:

- **Fred Bollerer**, Senior Partner, Venture Philanthropy Partners;
- **Darin McKeever**, Co-Founder and Executive Director, Heads Up*;
- **Mario Morino**, Chairman, Venture Philanthropy Partners;
- **Vincent Pan**, Co-Founder and former Executive Director, Heads Up*;
- **Bill Shore** and **Alfred Wise**, Community Wealth Ventures, moderators.

**At the time that these dialogues occurred, Vin Pan was Co-Founder and Executive Director of Heads Up and Darin McKeever was Co-Founder and Director of Partnerships.*

Moderator: We are going to begin at the very beginning in terms of how you became aware of each other.

McKeever: Mario first got on our radar screen when his name kept surfacing in a number of conversations with funders, friends, and colleagues. I think there was a running joke between Vin and me that Mario was the Wizard of Oz. We somehow landed in Kansas and everybody kept telling us to follow the yellow brick road to Mario's door.

Pan: That was even before the creation of Venture Philanthropy Partners. After we heard through the grapevine what VPP's interests were and how it could fit with our work, we made it a priority to connect with them and position ourselves in their networks.

Morino: For us, the process happened in two cycles. First, there was a relationship we had with Chuck Stein, who was on the board of Heads Up. Chuck was someone we knew well and had worked with on a regional effort. I remember Chuck telling me about this great organization he'd gotten involved with and these two young guys, the founders. Then

when VPP started doing its surveillance to find high-quality nonprofits and strong leaders as possible investment candidates, Heads Up kept coming up.

Moderator: What appealed to you about Heads Up?

Morino: The strong leadership. The people who were checking around on our behalf found repeatedly that Heads Up had a good program, but it was not without its problems. But we were betting on the combination of strong leadership and a good program as a foundation. With the right leaders in place, this could be a good opportunity for VPP.

Moderator: From VPP's perspective, what are your objectives for growing leadership and maintaining leadership of organizations in the community?

Bollerer: One of our anchor beliefs is that we have to help organizations strengthen themselves, and that's a broad category, but clearly that includes the leader. The leader has to become stronger, more developed, and understand things more broadly. So the more we can expose that leader to—how to understand organizational dynamics, how to manage organizational change, how to strengthen management, what kind of people to surround yourself with—the more likely the leader is to grow a much stronger organization. That's our goal. There are a lot of elements to growing strong organizations, one of which is educating and exposing the leadership to a lot of learning opportunities.

When we're initially looking at an organization, we look for one that is making a real difference in the lives of children. We look for outcomes and leadership. If you ask me to define leadership, I'm not so sure I can define it. We're looking for somebody who has the persona to create a vision and rally others toward that vision. We're looking for presence, intelligence, focus, capability of really thinking through complex issues in a thoughtful way, someone who has a pretty strong ego and has a pretty good

understanding of who they are and what their capabilities are. And, we're looking for someone with personal conviction—somebody who is willing to push back and argue and get a little tough every once in a while.

Moderator: Mario, how would you describe identifying strong leadership?

Morino: In terms of what we do, the problem is if you have to describe or explain what leadership is to somebody, the conversation will not be worthwhile. This is not meant to be condescending but to reflect the nature of what leadership actually is and represents. I spent some time with one of the partners at McKinsey & Company who is well versed in this issue. His comment was, "Leadership is a lot like speed. You can't really teach someone to be faster. And, you know it when you see it. You don't describe it. You see it. You know it." I think there's a lot to that. How to best assess leadership is to recruit people to your team who understand it and can judge it. We're going to write all of our learning down, capture it, and make it available to others. But, you know what? It's unusable by the wrong person. An ability to judge leadership is not something one is able to package and give to anyone to use. If you don't have the right context and experience in the people looking for and assessing leadership, it doesn't matter what you have on paper. It takes judgment and experience. You need people who have been there, can understand it, and are able to sense strong leadership and cull strong leaders from the ranks of those who just show well or are good managers.

You're looking for the intangible—the person who has the character to get the organization where he or she wants it to go. That's how a great commercial investor works today, and I'd argue it's how a great philanthropic investor needs to work in this space.

Bollerer: One of things common to each of the investment partners we work with is passionate leaders whose backgrounds

have led them into the space they're in. In many cases, they've been in that space for a very long time. We come in as a group of people with executive management experience, including strong business roots, and we believe we bring something to the table. The question that we've gotten directly and indirectly is, "Why do you do this? How does your passion match our passion, and where does it come from?"

For example, with Heads Up, Vin is absolutely passionate about the immorality of what's happening with kids in the city. That drives everything he thinks about. We're fully supportive of his belief and Heads Up's mission. We can differ on aspects of execution, but his point of view comes from having worked in the vineyards, and we respect that.

Moderator: How do you develop a trusting relationship despite your different points of view?

Bollerer: You're never going to have 100 percent trust, but the important thing is for both sides to understand each other's agenda and to be open and candid with respect to expectations of the other. What are we trying to accomplish, what are you trying to accomplish, and why is there a commonality of interests? If the agenda of the nonprofit is purely to get money from us, we can figure that out fairly quickly. If that's all it is, and there appears that there's no way that we can get past that, we'll walk away because our agendas are not harmonious. If their focus is only the money, then they're clearly missing the whole context of what we're about, the potential our approach can have to further a lot of the goals that we both share.

Moderator: Can you describe the initial conversations between VPP and Heads Up?

Pan: When VPP first came out to meet with us formally about investment opportunities, the stakes seemed very high. The potential upsides and the unique nature of their grantmaking put pressure on us to present well. They were also new, and we wanted them to see things our way. So there was clearly more tension than you'd

find in most initial conversations.

But it helped that Bob Templin was a participant. Bob was working with VPP, but I had met him before under different circumstances. I really trusted him and his judgment. Bob was not an ideologue, and he was willing to acknowledge VPP's missteps and warts. If Bob hadn't provided the guidance that he did, the relationship might not have taken off.

Another thing to note is that Washington, DC can be a small place, so a couple of people who knew what was going on behind the scenes were both encouraging us and giving us strength to stand our ground with VPP when necessary.

McKeever: From the beginning, there was a concern about VPP's level of involvement creeping into a level of control and what the ultimate value of the relationship would be. At some point the consternation moved from the staff level to the board level.

Pan: For example, once we were really into it, we wanted to know the potential range of investment before committing a lot of very limited staff time. VPP was reluctant to provide that up front. In addition, some of the lengthier legal documents presented to us caused concerns and led to a lot of wrangling. I suppose we could have just signed them and gotten on with it, but we weren't taking any chances.

Moderator: What might VPP have done differently during this time?

Morino: We made mistakes in how we approached Heads Up. We came on too strong, almost pushing for a deal. You can't jam things on somebody like we did. You have to respect the relationship up front. We learned the importance of taking the time to develop the relationship. You have got to take the time to get to know somebody. And we did not show the sensitivity and respect to their program and the kids they were serving, and, in so doing, we made our work more difficult.

We compounded this by trying to use a

formal, very detailed agreement that was filled with legalese. This only fueled the lack of trust between us.

Heads Up's lack of trust and uncertainty about our intentions also caused them to insist on knowing a range of what we intended to invest in them. Our normal position is that we don't present dollar numbers up front, and I was against doing that in this case as well—and, we haven't done it since. Our contention was that the plan that we develop together should guide our level of investment.

Moderator: Why did you continue to focus on a range of investment?

Pan: To us, the range was important because if we spent months trying to secure this deal and the award ended up being too small or nonexistent, the opportunity cost would have been devastating. We couldn't afford to chase a mirage because there was so much to do to keep things running and so many important relationships that we still needed to build.

At the same time, I believed that our ability to raise additional dollars—on top of the VPP investment—was going to be a key factor in our ability to succeed. So I wanted to ascertain, as much as possible, just how much we were biting off to make sure we weren't setting ourselves up to fail.

Obviously, we don't demand that any other funder give us a range of what's being considered before we apply for a grant because we can look at how they've funded similar organizations, and then we can budget accordingly the time and energy to spend on trying to get the grant.

And though we eventually did get a range, it was a very wide one because we agreed to trust the process. That is, Heads Up would develop a strategic plan in good faith independent of whatever the VPP investment might be, and then VPP could determine its investment level and interest based on the plan.

Still, there were some problems in the planning as we argued about what numbers to use to describe VPP's invest-

ment in our business plan, even as place-holders. You want the plan to dictate the investment. But at least on some level the investment dictates the plan.

Moderator: So in the end, you withheld any investment decisions until you saw the plan?

Bollerer: Yes, once the plan was done and we reached agreement on the milestones to be achieved. As a norm, we make no financial commitments up front or a commitment that we'll invest at all. All that we say is that the plan and the milestones it defines should guide the amount of the investment we make.

Moderator: That planning process defines how much investment is needed?

Bollerer: Not really. The plan clarifies the organization's aspirations, defines what the organization seeks to do, identifies the outcomes and outputs it seeks to attain, and lays out the organizational accomplishments necessary for it to do so. It also creates a high-level budget and the projected monies necessary to fund it. With Heads Up, this process allowed them to define their plan by laying out what they want to achieve, their outcomes and what they have to do in terms of strengthening the organization to make that happen. Based on the plan that

Heads Up developed and a rather clear picture of the funding that was required, VPP had the information we needed to arrive at the level of investment we would propose to Heads Up.

Moderator: One of the things that is interesting to me about this part of the conversation is that we are talking only about money and not about how much value is involved.

McKeever: I think that was definitely on our minds. There was a degree of skepticism there—we were having such challenges just with the funding relationship aspect. How would the other aspects of our relationship work? How much would that impact our organization?

Pan: In the long term, quick-fix money won't guarantee you anything, and all sorts of non-financial assistance and stakeholder support are clearly more important. But in the short term, we, like many groups, needed cash. That was just the reality.

Looking at it now, on the list of non-cash value adds, the involvement of Jack [Davies, a VPP investor and advisor to Heads Up] and Fred [Bollerer] jumps to the top of the list. That includes their business advice and relationships, their mentoring, their commitment to making personal

financial contributions and raising additional funds, as well as their ability to open doors for us.

Second on the list is the planning process and how it got us to think strategically. Having not gone through that kind of process before, it was very difficult for us to anticipate how helpful it would be. An unexpected benefit of the planning process was that our board got re-energized and refocused, and I think that began when board members were intimately involved in helping us negotiate and think through the relationship with VPP.

Because some of these things were uncertain and intangible, they weren't fully appreciated. That and the financial realities of running a nonprofit drew our attention to the monetary aspects of the agreement.

Bollerer: Very important to me was the comment Vin and Darin and Heads Up's board made after the planning process: "We are going to do this plan regardless of whether VPP funds it or not." That attitude of absolute commitment, "Hey this has been a really good process, we learned a lot. We can do this and if we can't sell it to VPP, we can sell it to somebody else because we really believe in it." That was very important.

On the Relationship

"The important thing is for both sides to understand each other's agenda and to be open and candid with respect to expectations of the other... If their focus is only the money, then they're clearly missing the whole context of what we're about, the potential our approach can have to further a lot of the goals that we both share." —Bollerer

"We made mistakes in how we approached Heads Up. We came on too strong, almost pushing for a deal. You can't jam things on somebody like we did. You have to respect the relationship up front." —Morino

"If the relationship is going to work, there must be a sense of joint accountability... So our job is to get into the heads of leaders like Vin and Darin...help focus them on the strategies and actions most important to their success, and then to encourage them to imple-

ment systems to report on their progress in a meaningful way... Chances are if it meets their needs, it should meet ours as well." —Morino

"It is clear VPP is unlike other funders in at least three promised ways. First, the money. The investments are larger, longer term, and more flexible for capacity purposes... The second is that they are highly engaged. They don't have as many grantees or investment partners so they can provide more strategic management assistance. The third piece—the one that we are all still trying to figure out—is the leverage." —Pan

"Because of the strength of the relationship, there is trust and honesty. Because of the process involved, both organizations are fully invested. We are pushing hard toward the same milestones." —Pan

On Leadership

“If you ask me to define leadership, I’m not so sure

I can define it. We’re looking for somebody who has the persona to create a vision and rally others toward that vision.”

—Bollerer

“The problem is if you have to describe or explain what leadership is to somebody, the conversation will not be worthwhile,... How to best assess leadership is to recruit people to your team who understand it and can judge it....It takes judgment and experience.”

—Morino

“You’re looking for the intangible—the person who has the character to get the organization where he or she wants it to go.”

—Morino

Moderator: Mario, did you expect early partners to be able to anticipate the value beyond the money?

Morino: I think it’s hard for anybody to understand that value. I’d suggest two reasons. First, it’s hard to value something that one can’t yet appreciate or maybe understand, and that is simply a function of experience of living things the first time. It’s like fire. You really never know what hot means until you touch it. Similarly, things like great boards, strong management, clear focus, etc., are all relative to one’s experience. This is why the more we learn, the more we realize how much we don’t know. Secondly, I think the culture where nonprofit executives function does not recognize or reward things like effective management, strengthening organizations, and building great community institutions. Of course, many organizations say they do, until it’s time to make funding commitments. In our case, the senior partners at VPP, the people who are leading investments today, must help those we work with cross this chasm. As executives, they have to have

an experience and understanding that is further developed than the executive directors they are working with. In this way, their experience provides a growth path for the executive director.

My own career is a great testament to this. I always benefited from working with people who had been where I wanted to go. At one point, as we sought to grow our business, we recruited three members to our board who had built companies of a billion dollars in size, firms much larger than ours. It was amazing how insightful and helpful those board members were because they had been there before and could see problems or obstacles in advance. It was equally amazing to find out how much I didn’t know and could learn from them. In a similar way, VPP’s senior partners and board members need to serve this role, and I believe that Fred and Jack serve such a role for Vin and Darin and Heads Up.

Moderator: In working with Heads Up to execute the plan, how has VPP struck a balance between being highly engaged and being too controlling?

Morino: Our involvement and this kind of funding should not come across as controlling but rather as supportive and influential. If the relationship is going to work, there must be a sense of joint accountability. And if what we’re suggesting is based on fact or merit, and not whimsy, ego, or ideology, then over time such constructive suggestions tend to be accepted. Also, it doesn’t matter what we, VPP, want you to do but rather what Heads Up wants to do. So our job is to get into the heads of leaders like Vin and Darin, to understand how they want to run Heads Up, help focus them on the strategies and actions most important to their success, and then encourage them to implement systems to report on their progress in a meaningful way. And, if they develop clear objectives and ways to assess and report their progress and if they come up with a way to provide transparency and accountability within their own organization and to their board, then this accountability should suffice for our needs. Chances are if it meets their needs, it should meet ours as well. In this way, they’re not reporting to us as

much as they are keeping us informed of their progress and the issues they face.

With the right leadership, they will hear what we say, give the comments appropriate consideration, and make their own decisions. All we can ask and expect is that they have factored in our input and given it due consideration. But we must always recognize it is their organization to run. The right leadership will, more often than not, make the right decision and get to the right answer.

Bollerer: If we get to the point where we have weekly reporting mechanisms, we are at a level that is totally ineffective for Heads Up and VPP. That’s not where we need to be. We need to be very strategic.

Morino: Right. If we’re doers, we’re dead. We should be trying to help you make the best decision, find those resources you need, and build your capacity. Our relationship must be based on where the organization grows and is strengthened, not one where we become a crutch to the management team and board. And I would argue that is how the best investors do it. They’re not the ones at the table executing, but they help find the right people, bring new capital, and make introductions to vital relationships, which is what we have to do.

If I looked at what VPP is doing today, we have to be more strategic and then be very selective when we help our partners operationally. We can’t ignore that they have operational needs, but I will argue that the time spent on the strategic issues of recruitment, board and management development, and financing is going to be far more important in the end than anything we’ll do tactically. And, when you are highly engaged, it is all too easy to lose sight of this and jump in to fill a void or help with a specific need. Yet, even though there may be isolated times where this makes sense, in the long run we will serve organizations like Heads Up through our strategic assistance.

Moderator: What were some of the early projects and products that the two organizations worked on together, and how did that affect the dynamic of the relation-

ship? Did it overcome some of the early difficulties?

Pan: Well, we interviewed a number of management consultants together before eventually going with McKinsey to facilitate our planning. It was difficult for me to come to terms with the idea of using a management consultant, especially when we didn't start out thinking we needed one, and we'd always found ways to do things ourselves. To learn a new skill like accounting, for example, Darin or I would read a textbook, maybe take a class, and figure out how to do it. We didn't need to spend a lot of money and could get scarce resources out to programs and participants.

So on the one hand, it was good to have VPP to bounce ideas off of and learn from their past experiences with consultants, of which I had little. On the other hand, for me, I had a hard time getting over what seemed to be an awful lot of money to spend on consultants.

McKeever: This was the first time that we, Heads Up and VPP, were now on the same team sitting in judgment. For so long the relationship had been one where we were on opposite sides of the table. And seeing how we were evaluating other groups and understanding what process we each used was very helpful for us.

Moderator: What came out of the planning process for Heads Up?

Pan: As a result of the four-month planning period, we had clarity on mission and values. We had agreement on what we wanted the organization to look like, to be doing, and have accomplished in five years. This related to the quality of our programs, the scope of our activities, the number of students we would be working with, and the contribution we would be making to the field.

We also had a better sense of, "Okay, on a day-to-day level, what do we need to do to get from point A to point B? And how will we organize the board, staff, and stakeholders to do these things?" These were things like the implementation timetables and budgets and so on. We also have a more disciplined approach

to and a greater appreciation of planning in general.

Moderator: Talk about point B for a second. How did point B move?

Pan: Point B had been nebulous. The process helped to define point B and in this case for 2007. For us, it's to be a leading and influential provider of out-of-school time programs for children and teenagers in DC neighborhoods and to be the premier youth-related community service program for local universities and undergraduates. We have goals that track against that. The first is to grow and improve our programs so that we're working with 2,400 DC students in 25 neighborhoods with 700 college student tutors and mentors. Incidentally, that will probably make us the largest community provider of after-school and summer programs in the city.

Moderator: And this was a result of the planning process?

Pan: Yes. So we always knew we wanted to grow, but we didn't know exactly how much we wanted to grow or where we wanted to grow.

The second goal was to show that our work truly makes a difference through evaluations that convey both the quantitative and qualitative aspects of our work. This will help us improve our programs while also meeting many external needs. Third, we strive to become a great partner for our colleges by building more co-curricular and learning opportunities for our undergraduate tutors so that they can be better change agents. Fourth, we want to help advance a sorely needed public policy agenda for out-of-school time and youth development programs, and fifth, we must continue to be a well-managed, high-performing and highly effective organization.

McKeever: It was important to put a stake in the ground—to identify a moment five years out when we could imagine what Heads Up would be doing and what we would look like. Then through the planning process it was important to understand the landscape of local and national players and the barriers

to quality and growth that other programs in other cities and in DC have faced.

There were some fundamental decisions about our scope that we addressed during the planning process. First was whether to go national, regional, or local. There was a strong alignment between us, almost from the get-go, about the local emphasis of our growth, but it was reinforced as we discussed our options. Second, we needed to determine how many DC students we could imagine serving. Some said, "Why not 20,000 kids? Why isn't that doable?" We would talk about what other nonprofit groups have faced, what DC and its current school and funding environment looks like, the state of the field within other cities, the policy barriers. Third, we grappled with the number of students we should work with in each school or neighborhood. We believed 80 students in each school was a good target. That's probably one of the decisions that we continue to wrestle with as we grow—whether that is a good expectation, one that allows us to preserve the learning community that we talk about.

Pan: None of this was easy, by the way. There was an extended debate about the very core of who we were. In the planning discussions, one of the points of discussion if not contention was the role of college students as tutors and future leaders.

The disagreement went on for some time, until finally Darin or I said something like, "Look, this is one of the premises of Heads Up that is important to us and it is central to our mission." To us, the purpose of Heads Up to help college students understand and work for social change was not negotiable.

Then folks accepted it and moved forward. This type of discussion and challenge has value, but it is worth noting that there is a big difference between changing an organization's mission and getting more clarity on it.

Moderator: Their view that emerged from the planning process on where they want to be in five years, is that something VPP influenced?

Bollerer: We tried not to influence. We were involved in that we were a participant in the planning process. Our goal was not to change their ambitions, their vision, or their mission in any way, but we did want to influence them to be clearer and better defined. After that was over, our deal with them was that if we felt their ambitions were consistent with building a stronger organization, having a greater impact on kids, and raising the bar in the field of out-of-school programs, then they could demonstrate success and therefore influence the way others invest. If we could see that kind of clarity, then we would invest in Heads Up. If we felt differently about what came out of the planning process, we reserved the right not to invest in it.

Moderator: So it sounds like your planning process was internal, which most organizations have to do at some point, but also it sounds like you did an external assessment.

Pan: Yes. We looked at the funding environment. As Darin mentioned, we looked at the range of other out-of-school time providers. We looked at the external environment in terms of the needs of our students, our partners, our stakeholders, and our college students. With this knowledge, for example, we knew serving 2,400 kids would likely make us the biggest out-of-school time provider, short of the school system itself. If we found that everybody else was serving 10,000, well, maybe we would have had to push more if we really wanted to be a leading and influential provider.

Moderator: And part of becoming a leading provider was driven by aspiration? By funding?

Pan: Aspiration. The idea is not just to lead but also to be influential. We can help a lot of kids get ahead, but there is no way we are going to be able, nor should we try, to reach all kids. So we need to earn enough credibility to help improve the market and environment so that there can be more programs like ours, and so that we can all flourish and get stronger. More importantly, our interest is to advocate for reform and improve-

ments in the systems that are failing children and families in the first place. Our sense is there needs to be a critical mass to attract enough attention and goodwill to influence public policy, public awareness, and public understanding, beginning with our undergraduate participants themselves.

Moderator: What else came out of the planning process?

McKeever: One of the key outcomes was a more highly engaged and aligned board. There is also greater alignment about the mission throughout the organization.

Moderator: What does VPP look for when looking at the boards of its investment partners?

Morino: There is a tremendous importance in finding several highly experienced, thoughtful, rational minds on a board, and that makes all the difference in the world for the way you work together and build a strong relationship. An analogy to consider is that if one is doing an acquisition or merger, dealing with the entrepreneur or business person one-on-one is often problematic and sensitive. If that person has an advisor, a trusted advisor, who is experienced and thoughtful, the chance of successfully negotiating and building a relationship is actually higher because that advisor is moderating the discussion and bringing the business person back to earth on issues that you can never do one-on-one because you're the other side of the equation. A rational mind is an experienced person. Someone who brings stability to the board, has a good managerial background and probably a good executive understanding, and, most important, understands people and organizations. It doesn't necessarily have to be a business person but someone with solid judgment and maturity, someone who approaches problems without emotional fanfare. It's somebody who is going to be a good counterbalance to the exuberance of the leader. Any leader should have a strong ego, and sometimes that can get in the way of the discussion. So if you looked at Heads Up, Vin and Darin have enjoyed the support of such rational minds in Chuck Stein, David

Sylvester, and others on their board. And the thinking and support of these people helped Vin and Darin, and us, keep things on track through some bumps in the initial relationship and agreement period.

We realized that we now have to look at boards much more extensively than we did in the evaluation process, either to help us in the decision or to really help us understand any potential difficulty with the relationship.

Pan: Some people miss the boat on that and revert immediately to a litmus test of "best practices," which as Mario points out, can obscure the real nuances of an effective board.

Moderator: So, as you're looking at other future investments, how do you even begin to assess whether there is a rational mind on the board?

Morino: You have to spend time with the board, the key members of the board, to see if they're engaged. Also, one of the things that you want to get to is whether the executive director is open to working with a good board—open to seeing the board as a true asset beyond the traditional fundraising perspective of most non-profits. This has proven true with Heads Up. Vin has a very different relationship, a more effective and engaged relationship, with his board. It is a much different relationship than he may have initially imagined. So you have to look at the executive director and make a judgment call. If you identify somebody who is going to be open and willing to work with the board, you can actually influence transformational change. It starts by helping the executive director visualize the type of board needed, then make changes to the board, if necessary, to ensure the board is fully engaged. An engaged board will hold the executive director accountable. And, the board should likewise be held accountable to the executive director and the organization. The board at Heads Up and the relationship that now exists between the board and Vin are two of the organization's biggest assets.

McKeever: For us, we began to see the changes to the board with the planning.

We had about half of our 14-member board involved intensively in the planning—coming together every two weeks for three to four hours at a time poring over a lot of the research that McKinsey consultants had done. We started out with a board that was a sounding board, one that we would bring updates to, one that was sensitive to the challenges of a start-up and, in some ways, a little more hands off. Now we have a board that understands that in order for us to get to that point B that Vin was talking about, we need a more highly engaged board around fundraising, around advocacy, and around program planning.

Pan: Many nonprofits are unlikely to have a full complement of staff able to do all that must be done or provide everything that is needed. So you depend on the board members not just to be strategic and to provide accountability but also to roll up their sleeves at certain times and be involved in the design and implementation of specialized areas.

McKeever: There are some obvious things to look at now in how the board functions. One is that our board is meeting every two months. Our officers are meeting during the other months. We have a good and getting better committee structure, and those committees are also meeting every other month, sometimes every month. So that level of engagement has stuck around. Individually, board members have stepped up their participation as well by coming on site visits and organizing fundraising activities.

Moderator: Does VPP take a board seat on all of its investments?

Morino: Yes, and we have a very clear view of what role that board seat should play. When somebody takes a board seat, the first responsibility is to the organization as a fiduciary member of that board, not to VPP. That's what a board seat is about. Jack's [Davies] first call is to help Heads Up. That doesn't mean that he ignores VPP, but if there is mission alignment between the two organizations, if there is good leadership and agreement on the overall plan and milestones to be achieved, there is no real tension. We want VPP represented at the table because we think we add value to the board, but we do not look at the board seat as a monitoring or controlling mechanism. If we have to resort to board representation to protect VPP's interest or to exert control, then the relationship of our investment team with Heads Up has failed. The risk of board participation for funders exists when board seats are meant to exert control over the organization and when the funder has a representative who adds little value to the board. Unfortunately, boards in the nonprofit sector need to be much more than they are. Understanding the development of highly effective boards is not the strong suit of many supporters and funders.

Our designate does not necessarily have to be a VPP person. We may recruit somebody from the field. It may not be someone aligned with VPP per se, but we want to provide a really solid asset to

the organization and the person must be someone we trust so that we can get another view of the organization and how well VPP is serving it. The board member has to bring something to the table at an executive level.

And composing boards is funny. Many nonprofits aren't conditioned or rewarded to think boldly and therefore they can undershoot who they recruit for their boards. All too often, nonprofits focus on fundraising skill rather than securing a diverse set of competencies, such as connections to local officials and public policy expertise, or connections to key resources for the constituency they serve. It's important that a board understand that they can create low watermarks on their boards.

Moderator: What does that mean?

Morino: Our experience suggests you want to create a board that people want to be on—in which they see themselves as relative peers. Sometimes one board member may inadvertently set a low watermark that will make it hard to recruit some of the top talent a board may need. No one wants to go on a board and see a weak link on the board. That's the classic sign of poor board development. What happens is you have all these really top guns and you have this one person who just doesn't fit at all. And that's a negative to people coming on the board. Boards are cumulative. The greater strength you have in your peer group, the greater chance of getting good board members.

On Planning

“The plan clarifies the organization's aspirations, defines what the organization seeks to do, identifies the outcomes and outputs it seeks to attain, and lays out the organizational accomplishments necessary for it to do so. It also creates a high-level budget and the projected monies necessary to fund it.” —Bollerer

“Having not gone through that kind of process before, it was very difficult for us to anticipate how helpful it would be.” —Pan

“As a result of the four-month planning period, we had clarity on mission and values. We had agreement on what we wanted the organization to look like, to be doing and have accomplished in five years.... We also had a better sense of, ‘Okay, on a day-to-day level, what do we need to do to get from point A to point B?’” —Pan

“Our goal was not to change their ambitions, their vision, or their mission in any way, but we did want to influence them to be clearer and better defined.” —Bollerer

I'm referring to relative peers. A business executive, a community leader, and a parent from the community can all be relative peers.

Moderator: As we talk about this, we are getting to where things are now, and this is perfect. In terms of staff, board, management, and measuring outcomes, I am interested in understanding the degree to which you knew you had to do these things and VPP just pushed you to do them. Or did you learn some things from VPP about what you had to do that you just hadn't thought of?

Pan: We weren't pushed, but the planning process was key. All the ideas came out then and were evaluated based on whether they were necessary for the direction we wanted to go. We learned a lot.

For example, it was clear that VPP felt strongly about the importance of having experienced staff members, and I didn't feel strongly about it because we had always had young people like us who would do whatever it took to get the job done. And that was the culture of our organization, with the performers on our staff always having fire in their bellies. So VPP wasn't pushing or shoving that aside but helping us think about ways to raise the bar.

For the most part, we were in alignment because we were all moving in the same direction. There wasn't very much pushing or shoving because many of the important steps were obvious. There are a number of things that our plan is premised on—for example, expanding the senior management team; securing some type of incremental funding like child care subsidies; investing in curriculum, training, and evaluation. And even though the environment now is as different as it can be from what it was then, the fundamentals of what we're trying to do are still the same, only more difficult.

Moderator: How has Heads Up changed since you started executing the plan? What has VPP done for you?

Pan: Planning was more than a year ago. One big change since we began executing

the plan, apart from new program sites, new staff, or new systems, is the way we think about creating growth maps. That change is just as valuable as anything else.

You asked what VPP has done for us. It is clear VPP is unlike other funders in at least three promised ways. First, the money. The investments are larger, longer term, and more flexible for capacity purposes. That is something that a lot of funders could replicate. The second is that they are highly engaged. They don't have as many grantees or investment partners so they can provide more strategic management assistance. The third piece—the one that we are all still trying to figure out—is the leverage. I think it remains to be seen whether we can institutionalize the leverage of their networks—for advocacy purposes, for fundraising, for building stakeholder support—especially now as the funding environment and political climate are getting more difficult.

Moderator: So the funding you talked about becoming available for capacity building. How have or can you use that?

Pan: We've expanded the senior management team to include a director of resource development, a director of finance and operations, and a director of programs. This has helped free Darin to take on the critical work of developing our partnerships with public agencies, schools, and universities.

In addition, we've been able to add staff with the expertise to improve curriculum, training and evaluation; to lead tutor recruitment; and coordinate our undergraduate service learning work. The general trend is toward more specialized positions, and, as we grow, we'll need additional capacity here.

Moderator: Versus before, when everyone was wearing a lot of hats?

Pan: Right. And that's a function of being a smaller organization. In addition, the support from VPP is helping spur other important developments: infrastructure issues like better accounting software and information systems to track program participants and program performance

On Leverage

“Looking at it now, on the list of non-cash value adds, the involvement of Jack [Davies, a VPP investor and advisor to Heads Up] and Fred [Bollerer] jumps to the top of the list. That includes their business advice and relationships, their mentoring, their commitment to making personal financial contributions and raising additional funds, as well as their ability to open doors for us.” —Pan

“We're trying to get to the point where VPP investors themselves are truly invested. So we hope Jack's involvement isn't just about his ability to help Heads Up but also his ability to model for his peers how they can make a significant difference in their communities. The power of VPP is to get these folks involved as true ambassadors or champions for our organizations and our causes.” —Pan

“If funders want quality, they may seek organizations that have some kind of stamp of approval by others. So VPP can slowly become a kind of stamp of approval.” —McKeever

more efficiently. These things help answer questions like, “What does attendance look like across sites? Are some sites doing better? Does it have something to do with the tutors? Are the freshman and sophomore tutors more effective than the juniors and seniors?” So there are lots of things that we can look at with an information system more quickly so we can respond more rapidly.

A difficult issue related to capacity that we are still trying to address relates to outcome measurements. With this funding, we were able to get some evaluators to help us think through our options and understand the pros and cons, null

things over with some board members and advisors. This is an area fraught with landmines so we're trying to proceed thoughtfully and carefully.

Another capacity issue is the breadth and depth of our stakeholder network. We're trying to get to the point where VPP investors themselves are truly invested. So we hope Jack's involvement isn't just about his ability to help Heads Up but also his ability to model for his peers how they can make a significant difference in their communities. The power of VPP is to get these folks involved as true ambassadors or champions for our organizations and our causes. That's what we need: champions who are willing to be as engaged as they would be for their for-profit financial investments.

Moderator: Are there unintended benefits or consequences from the relationship?

McKeever: One of the big questions when we signed the agreement was how our existing funders would react. As the year has borne out, whatever risks we thought we might be facing haven't materialized. What we see now is that there may be a benefit in having a relationship with VPP. If funders want quality, they may seek organizations that have some kind of stamp of approval by others. So VPP can slowly become a kind of stamp of approval. That's been an unexpected positive benefit.

Moderator: Did you have the same concern that Darin expressed, that this could affect other funders negatively?

Morino: Yes. We were very concerned about this. We had foundations tell us that if we were involved, they may move their funding elsewhere. We've not seen that.

Moderator: I would like to compare notes on how you see yourselves accountable to each other, and how each of you expects the other to be accountable to you.

Morino: I'll start. I think the accountability comes not so much from an external

assessment, which is the norm in the field, but rather is first established internally within the organization. We believe it is important to do all we can to encourage Heads Up and our other investment partners first to gain sharp clarity in terms of the outcomes, hard and soft, it seeks to achieve in the children it serves. Once this is understood, then we encourage them to think through how well their current programs and services lead to achieving these outcomes. We urge them to define ways to measure or assess how well they achieve these outcomes and, ultimately, what impact they are having. And, just as in my business life, I fought the concept that everything has to be measured. What is important is that Heads Up defines the critical information it needs to know. Then it does its best to collect data on the metrics that are measurable, and it collects whatever anecdotal information and feedback it can on those that do not lend themselves to quantification. The big challenge is to learn to use this information to manage the organization, to use this information to know what problems are arising and need attention, to understand what things are working and what are not, and to help the organization, at all levels, make better informed decisions. If the organization does this, then it has a stronger basis for reporting to the board and to other supporters, thereby ensuring an important transparency with its stakeholders. And VPP is one of those stakeholders.

Bollerer: I think that is key. What has happened, and what we hope happens with every organization, is that they internalize all of these things and we just go along for the ride helping where we can. What they use as their measurement mechanism, what they use as their success criteria, will be acceptable to us as long as they are thoughtful and fact-based. We get to monitor them on those criteria.

Pan: I think we hold each other accountable through mutual integrity. We have both done a really good job with this. Because of the strength of the relationship, there is trust and honesty. Because of the process involved, both organizations are fully invested. We are pushing hard toward the same milestones.

Moderator: You talked about the IT system and looking at some outcomes and ongoing improvements.

Pan: The evaluation piece, the outcome piece, is ongoing. We have a system that allows us to measure some quality issues, like the level of student engagement, our ability to implement the curriculum, or the nature of adult and student interactions. In terms of what actually changes for kids, it's inherently more complex, so we'll be piloting and rolling that out over time

McKeever: We are seeing more information-based decision making. We have only tiptoed into this area. Just to give one example, we talk a lot about coverage, this idea that we need to make sure we have sufficient tutors on the right days and at the right sites for the number of students scheduled. So now we have good systems with coverage charts to see where we can easily enroll more students and where we need more tutors. That is just a small difference that we made in the last year. I think with the introduction of this information system, we'll be able to make more smart decisions about how we devote our resources.

Moderator: How are you using some of the knowledge that you are trying to capture about the students and the impact on the students?

Pan: Many funders want it, so you need it to some degree for credibility. I think, though, the promise is oversold. A lot of people look at evaluations as research questions to be tested without enough attention to execution and implementation. What we see oftentimes in the field are program concepts that can work but that are under-funded, understaffed, and poorly executed. As a result they don't give us the types of good outcomes that we'd like to see. Those get misinterpreted as the concept being no good to start.

People want magic bullets. They want panaceas. They want a program to develop this magical formula that we give to kids so they succeed. But helping to raise and educate children doesn't have a medicinal type of solution. It isn't where you develop treatment and dosage so that

we just have to find the right treatment and the right dosage. It doesn't work like that. So when we get encouraging results, it's more important to ask why. And when we don't get encouraging results, we have to ask why not. And then we have to adjust and do better. Because changes occur slowly, the process needs to be somewhat organic and patient. Instead, a lot of these things get tested as binary—yes or no—especially in the public policy world. Interventions don't have enough time to work and evolve. They are tried for two years and that's it. That's not how to do it, especially with children, because that's not how children grow. Instead, we need to demonstrate better that there are common threads in things that work for kids, and then we need to get the community and the public to understand that investing in these common threads is critical. It takes time, and it is expensive to get it right—or at least it looks expensive. In reality, the alternative is much more expensive. What we spend as a consequence of underinvesting in children—through the court and penal system, through the child neglect system, through dependency on public assistance—is incredible.

So if you look at teen pregnancy, failure to complete high school, and involvement in the court system—just those three things—and then you look at many of the kids who end up in this type of trouble, you will see they live in poverty, their primary caretaker lacks steady employment and a high school diploma, and maybe they only have one parent at home.

But research shows that kids with these same backgrounds are able to make it when programs and people can provide some basic things: caring adults who they can look up to, safe places to be when they aren't in school, structured attention to help them achieve, a chance to contribute to the community to build their self image. The challenge is getting many more groups that can do a good job of providing these things and reforming our institutions to encourage and support them.

Moderator: You're talking about comprehensive impact.

Pan: I'm talking about a comprehensive commitment to the process and not losing sight of the forest for the trees. How to improve education is something that will be debated through our lifetimes and our children's lifetimes. Something like that is an ongoing thing; you never "solve" the question of education. You need resources and commitment to the process of improving it and making it excellent. It's the same thing with youth development and out-of-school time programs. This has very little to do with VPP, though.

Moderator: It's important if you are talking about measuring outcomes and what funders expect and look for.

Pan: A lot of folks think that nonprofits don't do evaluations because they are too expensive or they are afraid of the results. That might be part of it. But it's also that even good results don't always provide very useful information about what we should be doing more or less of. What we have to do is figure out a better way of defining success. Different types of organizations have access to more compelling versions of success. So a lot of programs that have been able to develop very strong outcome models are job-related programs working with adults, or maybe working with high school students and looking at college admission rates. So you can ask, did this person find a job and how long did he or she stay in that job? Did the student get into and go to college? It is very binary—yes or no—and it satisfies us. With elementary and middle school students, it's much more difficult. There's less agreement on good measures of academic and social development, and it can be simply impractical to isolate the many influences on kids' lives, from home to school to after-school program and so on. Satisfaction or success takes longer and may be years away. But we've been working hard on this and taking important steps.

Morino: We really have to come to grips with this. You're not going to get quantitative measures. And if you're going to think that we can or should, you're going to end up with the same myopic focus on standard level learning scores.

In the field of youth development, we are in a remarkably young field where there's an absence of empirical data and longitudinal studies to show us what's right and wrong. It's not healthcare. It's not community development. You're still in a relatively emerging field that's only existed for decades. I'm not saying you don't push for hard facts, but we do want organizations to do more to understand cause and effect. What is important from our standpoint—and we hope theirs—is that Heads Up has a clear understanding of their theory of change and how their program will help children develop and improve their lives and whether its impact is lasting and important. The second piece of that is the confusion between evaluation and outcomes in how the system works today.

Fundamentally, measurements are done much more for the funder than for the benefit of the organization itself. We believe that is a flawed approach. I learned long ago there are at least three types of information: that which is required by law (regulatory), that which is provided for someone else (to satisfy the interests of a board, an investor, or partner), and that which one uses for one's own purposes of running the organization. So in this regard, the nonprofits fill out their 990s (regulatory), provide what their funders want to see to appease them, and then figure out how to run their organization. I've come to depend on this latter source as the one that will best inform.

The trick in this field is that outcomes, and the measurement of outcomes, need to be inherently used in the management of the organization and the transparent accountability of that organization to its board. And when you can achieve that, then all the other stakeholders should be satisfied by that internal accountability. Getting an organization to that stage is a remarkable cultural and information systems step.

At VPP, we look at outcomes first, output second, organizational achievement third. First, outcomes for the people served—how are you changing the lives of children and how does that sustain itself, which as

Vin so well noted is very difficult. Second are outputs. Outputs are counts. Serving 600 kids in 20 schools is not an outcome but is an output and an important measure of activity. Third are organizational changes. So therefore, if you can establish a theory of change in the achievement of an outcome, then you know what the benefit is to the child. All of a sudden the outputs become very important because if you know you're achieving the outcome, then your outputs are a measure of how many children benefit. So growing from 500 mentors to 1,000 mentors when you know your program is subscribing to an effective theory of change means you've got positive change and, hopefully, long-term impact in the communities served. And if we can't get the theory of change down, it's really irrelevant.

Organizational change is getting an organization to sustain itself—taking those steps necessary to build a strong, lasting institution. You want to not only achieve outcomes for the children you serve, to do so for more and more children, but you also want to know that you're building and growing an organization that will continue to do so for years to come. And this means that you have to continually strengthen and improve your organization. You've got to look at key indicators—the strength of the management team, strength of the board, strength of financing and funding, strength of product and service, and

strength of management process—to ensure the organization itself is sustainable.

Moderator: Switching gears for a second. Can you start looking at some broader implications for more traditional funders?

Morino: Yeah. I think the investment analysis and in-depth due diligence pay off big time when one is considering making grants to a certain size and type of nonprofit. For some traditional funders there's going to be a greater assuredness that their money is going to a good cause. Changing the bar for how we select and fund organizations is another implication. For instance, we suspect there's a subtle change occurring here in the region on what planning is and the bar is being raised on planning—what it is, how it should be approached, etc. We're seeing it not just in the organizations we're working with but in other organizations they speak with.

Moderator: Do you see other investors looking for that strategic planning?

Morino: I think it's going to change the expectation when somebody sits down to talk about what a plan is. Over time, I think others will be less enthusiastic about doing their planning in an afternoon or at one two-day retreat. We'll see greater board involvement, more fact-based research to inform the planning

process, and executive directors demanding greater support to do more expanded planning.

As more organizations come out of the planning process talking about its benefits, we'll see a different picture of planning get portrayed. And I think there will be gradual changes in other funders because they're going to see the benefit of bringing in high-power talent to the table.

Moderator: Vin, Darin, I realize you are just in the implementation phase right now. What would you say are the key lessons that other funders should learn from this?

Pan: For our more traditional foundations, one lesson is that their impact might be greater in some cases if they focus their resources either in one issue area or on fewer organizations within an issue area. This can allow them to give equal attention, not just to search and selection, but also to assistance and leverage. So accepting applications and proposals and making good funding decisions is terrific. But the flip side is, after these groups are found, what more can be done to help them succeed? Advocacy is clearly one part of the answer.

We as nonprofit leaders have got to be clear about the visions for our organizations, about getting our boards involved

On the Board of Directors

“There is a tremendous importance in finding several highly experienced, thoughtful, rational minds on a board, and that makes all the difference in the world for the way you work together and build a strong relationship.”
—Morino

“One of the things that you want to get to is whether the executive director is open to working with a good board.... It starts by helping the executive director visualize the type of board needed, then make changes to the board if necessary to ensure the board is fully engaged. An engaged board will hold the executive director accountable. And, the board should likewise be held accountable to the executive director and the organization.”
—Morino

“Many nonprofits are unlikely to have a full complement of staff able to do all that must be done or provide everything that is needed. So you depend on the board members not just to be strategic and to provide accountability but also to roll up their sleeves at certain times and be involved in the design and implementation of specialized areas.”
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“When somebody takes a board seat, the first responsibility is to the organization as a fiduciary member of that board, not to VPP. That's what a board seat is about.... If there is mission alignment between the two organizations, if there is good leadership and agreement on the overall plan and milestones to be achieved, there is no real tension.”
—Morino

in creating those visions, developing realistic plans for achieving them, and then rallying resources to make it happen. Maybe that's what funders can start to look for from their grantees: a clarity of vision that is reasonable to attain and a leadership capable of developing such clarity.

Moderator: Along with the clarity that came from that planning process, has the culture of the organization changed?

Pan: Slowly. There is a greater understanding of the organization's overall goals, so it begins to bring people closer together. Ideally, everyone knows how their work fits in to the larger goals and how the person sitting next to them or working in another school is helping to achieve those same goals. There have also been some culture changes around accountability and performance. I think when we were a smaller organization, we didn't worry about those things very much because we could see everything going on and had terrific faith in the people around us.

We still have that faith, but because there are more people doing different things, we need to make sure efforts aren't redundant, that shared work is better coordinated, and that performers are rewarded.

McKeever: I think people reacted to the changes differently. Yes, there was friction. There was tension. Some people have left. Some have been asked to leave. Others have welcomed it. They felt that under the new set of performance measures and targets, they would be recognized and rewarded for all the contributions they felt they were making. So it has changed.

Moderator: When you compare your first meeting with VPP versus now, did you have a vision of what that relationship would be and how has it transpired?

Pan: I don't think I had a vision of the relationship with VPP. I think I had a vision of what Heads Up could be, and we wanted VPP to buy into that vision and help us achieve it. At a high level, the basic principles of where we're trying to go and what needs to be done to

get there have not changed. What has changed is that we're much better positioned to succeed. We still have a long way to go and a lot needs to fall into place, but our chances of success are clearly much better.

On Outcomes and Assessments

"I think the accountability comes not so much from an external assessment, which is the norm in the field, but rather is first established internally within the organization. We... do all we can to encourage Heads Up... first to gain sharp clarity in terms of the outcomes, hard and soft, it seeks to achieve in the children it serves. Once this is understood, then we encourage them to think through how well their current programs and services lead to achieving these outcomes. We urge them to define ways to measure or assess how well they achieve these outcomes and, ultimately, what impact they are having."
—Morino

"What they use as their measurement mechanism, what they use as their success criteria, will be acceptable to us as long as they are thoughtful and fact-based."
—Bollerer

"We are seeing more information-based decision making. We have only tiptoed into this area. Just to give one example, we talk a lot about coverage, this idea that we need to make sure we have sufficient tutors on

the right days and at the right sites for the number of students scheduled. So, now we have good systems with coverage charts to see where we can easily enroll more students and where we need more tutors. I think with the introduction of this information system, we'll be able to make more smart decisions about how we devote our resources."
—McKeever

"People want magic bullets. They want panaceas. They want a program to develop this magical formula that we give to kids so they succeed. But helping to raise and educate children doesn't have a medicinal type of solution. It isn't where you develop treatment and dosage so that we just have to find the right treatment and the right dosage... That's not how to do it, especially with children, because that's not how children grow. Instead, we need to demonstrate better that there are common threads in things that work for kids. It takes time, and it is expensive to get it right—or at least it looks expensive. In reality, the alternative is much more expensive."
—Pan

The Participants

Fred L. Bollerer is a former banker who is a partner at Venture Philanthropy Partners (VPP). Before his involvement with VPP, he was president and chief executive officer of Riggs Bank and chairman of the board and chief executive officer of First American Metro Corp. Earlier in his career, he was executive vice president of First City National Bancorporation in Houston.

He has been an advisor to VPP and to the Morino Institute, and he was president and chief executive officer of the institute's Potomac KnowledgeWay project, a nonprofit group that worked to build the telecommunications and Internet industries in the Washington, DC area. He received his BBA degree from Ohio University and his bachelor of foreign trade from the American Graduate School of International Management (Thunderbird) in Glendale, Arizona. Bollerer serves on the boards of INOVA Hospitals, The Federal City Council, the National Advisory Board of Child Trends, and Heads Up, as well as several for-profit boards.

Darin McKeever is the co-founder and executive director of Heads Up. McKeever received his BA in Social Studies from Harvard College, where he graduated Phi Beta Kappa. He has been a fellow with the Stride Rite Foundation and Echoing Green Foundation and is a graduate of Leadership Washington. McKeever is also a founding member of two local community groups, the Meridian Heights Community Association and South Columbia Heights Neighborhood Association.

Mario Morino is chairman and managing partner of Venture Philanthropy Partners (VPP), chairman of the Morino Institute, and a special partner with General Atlantic Partners, LLC.

Before retiring from private industry in 1992, Morino enjoyed a 30-year career in information technology, where he co-founded and helped build a corporation that became a market leader and one of the industry's then 10 largest firms in software and services. Since 1992 he has focused his efforts on philanthropic innovation to benefit children and families of working poor or poverty backgrounds.

In his philanthropic work, Morino has sought to leverage his experience as an entrepreneur, businessperson, and investor to support nonprofit leaders in ways that help them grow and scale their impact for the children and families they serve. In 2000, he co-founded VPP, a nonprofit philanthropic investment organization that provides growth capital and strategic assistance to build, strengthen, and scale community-based organizations serving children of low-income families in the National Capital Region. VPP was incubated by the Morino Institute, a nonprofit organization that Morino founded in 1994, and whose current focus is on advancing VPP's efforts.

Today, Morino's private sector work is exclusively as a special partner with General Atlantic Partners, one of the world's leading direct investment firms focused exclusively on information technology, process outsourcing, and communications. In that capacity, he serves as a member of the board of Ai Metrix, one of General Atlantic's portfolio companies.

In addition, he serves as a trustee of Case Western Reserve University (his alma mater) and The Community Foundation for the National Capital Region, and as an honorary trustee of The Brookings Institution. Morino is also a member of the Advisory Board of the Yale School of Management-The Goldman Sachs Foundation Partnership on Nonprofit Ventures and the Board of Governors of the Partnership for Public Service.

Vincent Pan is the co-founder and was the founding executive director of Heads Up. He currently serves as an advisor to Heads Up. Pan is a graduate of Harvard College and has been a fellow with the Stride Rite Foundation, the Echoing Green Foundation, and the Center for Social Innovation at Stanford University. Pan is also a past winner of the Do Something Brick Award. Pan's additional community involvement includes board and advisory board service for Advocates for Justice and Education, DC Agenda, DC Action for Children, and the Nonprofit Roundtable of Greater Washington.

