

**2018 ESC-US National Conference**  
**October 19-20, 2018**  
**Covestro Center, Pittsburgh**



**Attending: Peggy Outon, Susan Loucks, Robert Fisher, Linda Anderson, Kerry Kozuki, Yvonne Van Haitsma, Lee Michelson, Ulea Lago, Michael Towers, David Factor, Julie Crocker, Paul Moore, Darlyne Koretos**

Darlyne welcomed the participants and asked each to self-introduce. Peggy Outon gave background on Covestro/Bayer and how they came together with ESC. Darlyne announced that the Board had met earlier and agreed on a slate of officers. She reviewed the benefits of membership in ESC-US. One of the more popular benefits is the Affiliate Conference Calls. Topic suggestions would be much appreciated.

David Factor asked for approval of the **Board slate**. There was no objection. We have also proposed several changes to the **Bylaws**, most notably the question of service areas. Separation of territories has been proposed to assure that we are not competing with ourselves. There are also changes to the terms of Board service proposed. Lee asked if we could create a US map showing territories and place it on the Affiliates page of the ESC-US website. Kerry indicated that the description Nancy had supplied might not cover their area of coverage. He also said that they work all over the country in non-ESC areas such as Sales Force. He would like to see an understanding that when they go into an ESC territory, that they would discuss such engagements with the local ESC. Ulea addressed the change in term limits, expressing concern that we need to set a good example. Yvonne pointed out that we are more of a trade association and that might be reason to handle terms in this way. Susan expressed concern that extending term limits may mask issues of declining affiliates. Ulea offered to withdraw her objection if we would commit to addressing the viability of ESC-US. Paul spoke to the need for extension and retention. Yvonne questioned whether there are other entities in some of those cities, doing similar work, and suggested that we should look at what our objectives are and what options exist to achieve them. She feels we fit under the umbrella of the Alliance for Nonprofit Management. Cleveland does similar things but not as an ESC. Yvonne feels this should be called the Affiliates Conference. Susan offered that some of the meeting segments might be better used on this topic. (Yvonne noted that Peggy was a founding member of the Alliance for Nonprofits.) Susan asked about the changes to Conflict of Interest, and David explained that they had been strengthened.

Julie moved, and Darlyne seconded, approval of the Bylaws changes.

David Factor introduced Marissa Belau of his team, who worked on the **affiliate survey**. She and David walked us through the power point, focusing on certain slides.

Key observations:

Overall, ESC's provided nearly \$8 million in services, nearly 2000 projects, and 93% positive ratings.

There were more projects than in 2016 but revenue went down; Chicago did not respond in 2016 and Seattle reported a large number of information and referrals.

Grant revenue by area is now and provides info that may be worth exploring on a call.

Kerry said 501 gets significant funding from government sources to work with city-funded organizations.

Slide 20 breaks out the types of projects being done by each affiliate. Each seems to have a dominant type of project; perhaps this could lead to affiliates offering their specialties to each other.

Slides 23 and 24 show a shift in who provides certain services.

On slides 28 and 29, Ulea asked what we do with what we learn. Lee asked about 3<sup>rd</sup> party evaluators. In his previous role as a grantor, he was more inclined to fund those using 3<sup>rd</sup> party evaluators. Evaluation might be a topic for a conference call.

On slide 31, we saw a larger corps but with a higher percentage unassignable, this year. Building camaraderie among consultants might be another call topic.

Slide 32 beaks out profiles of our consultants. Only 41% are retired, down from 52%.

Lee asked about targeting recruits vs. those who come to us. David said that will be explored Saturday. There are some extreme swings on slide 32 from 2016 to 2017. This may argue for adding some validity-checking volunteers in the future.

Slide 41 shows how affiliates use their ESC-US benefits. Those who use them are quite pleased. Marissa asked that we work on answers to the questions on slide 43.

Kerry suggested information which assesses how well we are fulfilling our mission and meeting community needs.

Susan said that the variance in service models makes getting good data difficult.

David wondered about a doodle poll about which pages were useful. This led to conversation about what information is most useful.

Julie would like to know who has people who speak Mandarin, rather than the percentage of bilingual speakers in each affiliate.

Lee felt we might need to provide more information about what answers we are looking for.

Ulea is interested in services each is providing and how they are helping the clients.

Linda would like to see us looking more at big picture items and indicators of future directions.

Lee suggested a one-page form with 10 questions that would characterize the affiliate.

#### **Points of Pride / Challenges – We also collected more detailed handouts.**

Central Oklahoma – cash, staffing decisions

Boston – challenges starting from zero each year with new business, quality control, recruiting

Los Angeles- strategic plan and extended study – David’s bandwidth a challenge, board role

New York- surplus, new President, new Board – Lee says Michael has made the difference

Pittsburgh- year of change – ESC very integrated, add value across the board

Seattle – major growth in HR projects, govt funded, Give Big crowd-funding – challenges staff stretched, Diversity/Equity/Inclusion, remote staff hard to fill

Durham – board leadership boot camp BC/BS, workshop series, Salesforce, strategic planning in 3 versions – challenges, diversity, less consultant applications, upcoming change in ED- David offered help to her and interim

#### **Friday sessions**

Outside the box thinking for existing services. Problem statement: Health of many affiliates is going down. Differentiation in service models leads to less engagement of some affiliates; i.e., less common ground.

There is a willingness to collaborate that seems to be increasing. How constrained should we be by geography? Do we have time for collaboration, given all the other work we have to do. Collaboration works best when it is two-way. Our conversations could shift from telling to talking in terms of what we are doing and how we can benefit each other in that area.

(To be continued in small groups over lunch.)

**Leveraging Corporate Connections: ESC Pittsburgh’s SkillShare program** – Yvonne VanHaitsma and Ange Loiseau, Corporate Social Responsibility, Covestro – Covestro spun out of Bayer Materials 3 years ago. Boardwork is their board matching program. Yvonne shared their corporate brochure. They

have trained over 800 people and worked with 180 nonprofits. On the corporate side they do a full day program, survey that finds what matters to them, matches and follows up. Ange said it was very apparent that employees wanted to get more involved in things that matter. RMU has been a major partner for a long time. Bayer/Covestro wanted the matches to be successful and RMU does that. She sees SkillShare leading into Boardwork. Funding model is fee for service by the company. It has been a foundation-funded model. It costs RMU \$2000-2500 per nonprofit they work with. They charge the company \$250 or \$500. How to engage the 90% of citizens who do not work in nonprofits is key. They work with Huntington, FedEx, PNC, Alcoa, mixed cohorts, as well as Covestro.

**SkillShare** addresses bringing human resources (human capital) into the nonprofits. According to Covestro, millennials ask in the hiring process what community opportunities they will have. i3 is a Covestro program to engage in the community. For SkillShare and other projects, they give 16 hours of PTO for the project. One example is their help for 412 food rescues. (Enrollees get a ding asking if they can come rescue food near their location and take it to a specific location.) One project led to a \$90,000 annual savings in light bulbs for a museum.

The group is interested in lifting some topics introduced here for one-off conference calls, perhaps to develop ESC-US strategies to improve.

Kerry Kozuki presented on 501's **Five Elements Self-assessment**. This product is available for other affiliates to use with their clients, at no charge. It is an assessment that is also aspirational. It is normally recommended to be taken by staff and should not be taken optimistically but realistically. They encourage an organization to discuss each question and agree on the rating they give themselves. This instrument will eventually allow organizations to benchmark against all nonprofits and against their peers. It is intended to eventually lead toward an accreditation product relative to be a high-performing nonprofit. 501 creates a report depicting the levels, including a bar graph. 501 can give us our clients' results. Clients can retake this year after year if they are working on improvements. It takes about 40 minutes for an individual to complete the evaluation, or probably 90 minutes for a group to complete it. For each of the 58 standards, they provide boiler-plate recommendations for improvement. David is going to introduce this to his consultants and offer it to clients.

**Pathways** is a product which they use to bring about change following an assessment. Their consultants guide clients through the process of the assessment and follow up. Project launch, assessment and debrief, identifying priorities using their matrix, provide recommendations. They charge \$1200 and they have funders who believe in it, will pay for it, and encourage using it. It requires 25—30 hours of consultant time. They have a weighting system to help in prioritization and can share the spreadsheet that they use. It has led to other projects for them.

**Exploring Social Ventures** – Bill McAndrews, Paul Anselmo, Julie Crockford, Michael Towers – Bill: A social enterprise is an organization to foster a social benefit in a financially sustainable way, under a traditional nonprofit model. Newman's Own is an example, generating income to support the mission. Paul is CEO of New Century Careers, a social enterprise. They are a 20-year old nonprofit, started by a group of manufacturers who couldn't find the skilled talent they needed. It targeted underemployed or unemployed people, with various baggage. Fees are charged per placement after a 30-day period of employment. They train machinists, but they also provide direct training at market rate, youth training, etc. Goodwill, through a feasibility study found ways to increase the usage of the trucks for ancillary purposes, hiring them out. Eventually they moved to purchasing the truck space they needed for Goodwill operations, from "themselves." This led Paul to wonder what assets his organization had that

could be leveraged. They have expertise in placing people, they have expensive machinery and equipment used in their training, and a good facility. They targeted adaptability of engineers' ideas to manufacturing and also saw opportunity in doing low-end projects for manufacturers. He raised money to fund the social venture for two years so as not to jeopardize their primary mission. Bill sees our opportunity to look at a client with outside eyes and suggest social venture pursuits. They will need project management skills, etc that they do not have internally, and this could be an opportunity for ESC.

Several ESC members have social ventures within their operation, including LA, Boston, Seattle, and New York. How can we help clients make the shift to the mindset of social ventures, and with processes? David feels that we are all operating social ventures, selling services to nonprofits. How to help clients keep from venturing into something far outside their experience area? Ask questions: Where is the revenue going to come from? How much margin do you expect to have?

The matter of unrelated business income was discussed and is something which requires careful attention. Lee mentioned cause-related marketing as having some similarities. Parting comments: Bill said to be sure that we have people who know more than we do about an area we are thinking about getting into. Paul said to put careful thought into the scale of what we take on.

**Virtual Volunteer Consulting** – Ulea Lago, Sam Balbier (Forbes Funds) – any consultant interaction that is not face to face. It does not have to be long-distance. It can be a different approach to those nearby. A consultant laid up after surgery is still coaching. Better serve clients within your region, expand services to clients outside your region, engage a wider range of consultants, diversity offerings, go green. Catchafire and Taproot are best-known. Catchafire is a for-profit public-benefit corporation with high accountability, with \$5 million annual revenue and 140 consultants, 100+ types of projects. Taproot is a nonprofit with some ESC-style offerings in certain cities where they have a presence. Taproot Plus is deliverable anywhere. Both have a tightly defined scope, tend toward more technical deliverables, tends to attract early to mid-career volunteers. Catchafire is being contracted by foundations to offer services to their grantees. Sam is bringing it to PBG, a first for Catchafire. Catchafire has not been able to do high-touch projects such as board development, fiscal issues, etc. Sam's organization, Forbes Fund, is associated with the Community Foundation. Most Catchafire users are \$1 million or less. Sam is having discussions with Covestro about how they and Catchafire can be complementary. Sam feels there is more demand than supply due to the density of nonprofits here. Ulea has found that they can't compete with Catchafire on pricing. Our niche is finding matches for what we do well that can complement what they do. We should work to differentiate ourselves as being collaborative, using senior professionals, with back-office support. Sam knows that Catchafire is not a panacea. Ulea provided a chart to help decide on video conferencing software.

**Pricing** – Mike Deimler, Ulea Lago, Paul Moore – Mike is a director with Boston Consulting Group. He shared insights on how to make pricing decisions, based on how this issue is approached on the for-profit consulting side.

**Protecting our intellectual property rights** – Michael Dukes, Cohen and Grigsby – Gave each attendee a copy of his slide deck in printed form. He explained options and costs related to copyright and trademark law..

**Fund Development – National Funders** – Peggy Outon – Founded Alliance for Nonprofit Management - Who might we ask? Bank of America? Peggy is unaware of anyone nationally funding capacity building.

She asked if we have a repository of success stories. Should we be talking about how we impact human lives rather than impact nonprofits? “Nonprofits build strong communities. We build strong nonprofits.” Peggy shared thoughts on collaboration and competition among entities serving the nonprofit sector.

**Saturday session** - Susan posted charts where the group recorded thoughts on “things we want to take home – for our org”, “for ESC affiliates”, “miscellaneous”, and “for ESC-US.” We broke into two groups to discuss “for ESC-US” and “for our affiliates.”

From “for our affiliates”, potential calls could include consultant training, engaging non-retiree volunteers, and pricing. We should each do thumbnails of all our programs. We have the potential to offer CEO coaching to each other and take on another ESC as a project. We could collect job descriptions for consultants from each affiliate and have them reviewed. Ulea suggested we could do a virtual consulting project using consultants from several ESC’s, which she would be willing to coordinate, on some of these topics.

From the ESC-US group, we need to articulate our value proposition.

**Diversity in our consultant and client base** – Julie, David, and Meghan Maloney from LA – Julie described the emphasis on diversity in Boston and said that the (national) dial has not moved on nonprofit boards and very little on nonprofit staffs. She has formed a task force based on David’s having done so, but it has not really gotten rolling. They do have a diverse task force.

Meghan described their path. They focused on diversity, equity, and inclusion. They had lost business due to their inability to field an ethnically compatible team. They also have a challenge with geographic representation among consultants. They identified categories in which they needed representation but attempted to recruit people in those categories who brought requisite skills to ESCSC. They met monthly for six months and reviewed goals and expectations each time. When they have social events they encourage consultants to invite guests. In the past year, 94% of new consultants represented categories they seek to include. David will share a document they created. Intentionality is the key. Getting people through training, doing a couple of projects, sticking around for a couple of years is a success. Other groups are unlikely to send you prospects, but if you find someone within such a group, you may have a better outcome. An internal champion is key to making progress in this area. Start from where you are, don’t try to get all the way there in one step.

So, what are our next steps?

Send out a questionnaire. (Bob) Analyze it. (Board)

Look at the member lounge, create a better platform, Kerry can share Confluence.

1. Articulate our value proposition/our reason for being. Board to start, open to conference attendees. Probably need to address mission strategy also.
2. Analyze competitive/collaborative landscape. Kerry to create and propose.
3. Change name to annual meeting, not conference. (done)
4. Consider Confluence to replace member lounge, to create easy way to access info. Kerry to provide demo, explore pricing.

What affiliates take away is what matters most. How can we support that?

Susan led a head-heart-hand exercise and many great comments came forward.