

CHAPTER ONE

FORCES FOR GOOD

What makes great nonprofits great?

It's a simple-sounding question, but like a riddle, one with a not-so-simple answer. Our attempt at answering this question is the book you're holding in your hands.

Forces for Good is about the six practices that high-impact nonprofits use to maximize social change. These practices can be applied by any organization seeking to make a difference in the world. Our findings are grounded in several years of research on twelve of the most successful nonprofits founded in recent U.S. history—groups that we selected and studied precisely because they have achieved significant levels of impact.

This book is not about America's most well-managed nonprofits. It's not about the best-marketed organizations with the most recognized brands. And it's not about the groups with the highest revenues or the lowest overhead ratios—those misleading metrics too often used as a proxy for real accomplishment in the social sector.

We chose to study these dozen organizations because they have created real social change. They have come up with innovative solutions to pressing social problems, and they have spread these ideas nationally or internationally. They have produced significant and sustained results, and created large-scale systemic change in just a few decades. In the business world, these organizations would be akin to companies like Google or eBay, which catapulted onto the Fortune 500 list of biggest companies in a matter of years.

One group we studied has housed a million poor people; another has sharply reduced acid rain and created new models for

addressing climate change; and one has helped hundreds of thousands of young people volunteer through national service programs. Collectively, they have influenced important legislation on issues ranging from immigration to welfare reform, pressured corporations to adopt sustainable business practices, and mobilized citizens to act on such issues as hunger, education reform, and the environment.

Founded and led by social entrepreneurs—whether they call themselves that or not—these nonprofits have truly become forces for good.

THE TWELVE HIGH-IMPACT NONPROFITS

Teach For America is one of these high-impact groups. Launched by Princeton Senior Wendy Kopp in 1989 on a shoestring budget in a borrowed office, it now has forty-four hundred corps members and more than twelve thousand alumni. Many of the country's best and brightest college grads now spend two years teaching in America's toughest public schools, in exchange for a modest salary. In the last decade, Teach For America has more than quintupled in size, growing its budget from \$10 million to \$70 million by 2007 and its number of teachers from five hundred to forty-four hundred. And it aims to double again in the next few years.¹

But rapid growth is only part of the story. More important, Teach For America has succeeded in doing what was once considered impossible: it has changed how we think about teacher credentialing, made teaching in public schools “cool,” and created a vanguard for education reform among America's future leaders. It is now the recruiter of choice on Ivy League campuses, out-competing elite firms like Goldman Sachs and McKinsey & Company.² And graduates who went through the program in the 1990s are now launching charter schools, running for elected office, managing education foundations, and working as school principals. Teach For America's audacious goal is to one day have a U.S. president who is an alumnus of the program.

Habitat for Humanity is another extraordinary nonprofit. Founder Millard Fuller was a successful businessman who gave away his fortune and launched Habitat in 1976 with the outrageous goal of “eliminating poverty housing and homelessness from the

face of the earth.” Today, thousands of Habitat volunteers around the world build houses with low-income families, who take part in the construction and pay for their homes with no-interest loans. More than twenty-one hundred affiliated organizations now operate in nearly one hundred countries, and Habitat ranks among the *Chronicle of Philanthropy*’s top twenty-five nonprofits in revenues, with a combined budget approaching the \$1 billion mark.³

But even more impressive than these statistics is Habitat’s ever-expanding community of evangelists for housing reform. Fuller never set out to build an organization—instead, he wanted to start a *movement* that put poverty and housing “on the hearts and minds” of millions of volunteers. In just the past few years, the group has begun to turn its hammers into votes, seeking to influence the larger economic and political systems that create poverty and homelessness in the first place.

Then there’s Environmental Defense. Founded in the late 1960s, this groundbreaking nonprofit was the brainchild of scientists who wanted to ban the pesticide DDT, which was killing endangered birds of prey. Although Environmental Defense has achieved enormous legal victories on behalf of the environment, today it is best known for introducing market-based strategies that help change corporate behavior. Environmental Defense’s cap-and-trade program was a key component of the Clean Air Act; the pollution credit-trading system has helped reduce sulfur dioxide emissions that cause acid rain, and now serves as an important model in the fight to reverse climate change.

Under the leadership of president Fred Krupp, Environmental Defense has also forged innovative partnerships with such companies as McDonald’s, Federal Express, and Wal-Mart, despite initial cries from other groups that it was selling out. In the early 1990s, the organization helped McDonald’s eliminate more than 150,000 tons of packaging waste, and it is helping FedEx convert its mid-size truck fleet to hybrid vehicles.⁴ Most recently, the nonprofit announced a partnership with Wal-Mart to help the company become more environmentally sustainable.

With a staff of nearly three hundred, a membership base of five hundred thousand, and an annual budget of nearly \$70 million, Environmental Defense has had an extraordinary growth trajectory, nearly doubling in size in the last five years. Although its original

founders knew little about nonprofit management, the organization has become a model of social innovation that other groups now copy. By daring to “find the ways that work,” Environmental Defense has influenced not only other green groups but also government policy and business practices.

Three nonprofits, three extraordinary stories. This book tells the stories of twelve great organizations, which we studied over three years to understand the secrets to their success. We provide a quick snapshot of who they are and what they do—along with the impact they’ve achieved—in Exhibit 1.1. Longer organizational profiles are available in Appendix E, and their stories are woven throughout the book. Later in this chapter, we explain how we selected these organizations and the method behind our research.

SHATTERING THE MYTHS OF NONPROFIT MANAGEMENT

When we delved into our research at each organization, we donned our MBA hats, examining traditional silos of nonprofit management—leadership, governance, strategy, programs, development, marketing. In the spirit of best-selling business books, we thought we would find that great nonprofits had time-tested habits that conferred a competitive advantage—things like brilliant marketing, perfect operations, or rigorously developed strategic plans. We imagined that there was a “secret sauce” involved in building the organization, and that if you could just get the recipe right and then scale up—presto!—you’d have more impact.

But what we found surprised us—and flew in the face of the perceived wisdom in the field. Achieving large-scale social change is *not* just about building an organization and then scaling it up site by site. Many of these groups are not perfectly managed. Nor are they all well marketed. And at least half don’t score well on conventional ratings, because they care more about having impact than having low-overhead budgets. They do what it takes to get results.

As we got further into our research, we saw that many beliefs about what makes great nonprofits great were falling by the wayside. In fact, the vast majority of social sector management books focus on things that don’t always lead to greater impact. We found little evidence to support common myths of nonprofit excellence.

EXHIBIT I.1. ORGANIZATION PROFILES.

<i>Organization, Founded, Location</i>	<i>Revenues, FY 2005</i>	<i>What It Does</i>	<i>Examples of Impact</i>
America's Second Harvest 1979, Chicago, Ill.	\$543 M (includes value of in- kind donations)	Distributes donated food and grocery products to grassroots nonprofits; ad- vocates for hunger policy	More than two hundred food banks in network distribute two billion pounds of food to more than fifty thousand local nonprofits, feeding twenty-five million hungry Americans each year
Center on Budget and Policy Priorities 1981, Washington, D.C.	\$13 M	Performs research and analysis on state and federal budget and fiscal policy; advocates on behalf of low-income individuals	Protected billions of dollars in federal bene- fits and allocations to programs for the poor; works with about thirty state affiliates and six thousand local nonprofits; established state and international budget projects
City Year 1988, Boston, Mass.	\$42 M	Builds democracy through citizen service, leadership, and social entrepreneur- ship; advocates for national service policy	Youth corps now in seventeen U.S. cities and in South Africa, with eight thousand alumni; influenced adoption of AmeriCorps, enabling seventy thousand volunteers to serve annually; helped build fields of youth service and social entrepreneurship
Environmental Defense 1967, New York, N.Y.	\$69 M	Creates innovative solu- tions to environmental problems through research, advocacy, and creative use of market tools and partnerships	Influenced critical environmental policies, including Clean Air Act and Kyoto Protocol; engages five hundred thousand active members; helps such companies as McDonald's, FedEx, and Wal-Mart become more sustainable

EXHIBIT I.1. ORGANIZATION PROFILES (*continued*).

<i>Organization, Founded, Location</i>	<i>Revenues, FY 2005</i>	<i>What It Does</i>	<i>Examples of Impact</i>
Exploratorium 1969, San Francisco, Calif.	\$44 M	Museum of science, art, and human perception designed as a model for new forms of education	Five hundred thousand visitors annually; reaches twenty million people through exhibits at 124 partner museums and Web site; has influenced global movement for interactive science centers and museums
Habitat for Humanity International 1976, Americus, Ga.	\$ 1 B (includes global affiliates)	Seeks to eliminate poverty housing and homelessness by building houses, raising awareness, and advocating for change	Through twenty-one hundred global affiliates in one hundred countries, has built 275,000 homes, housing one million people; engages millions of volunteers in the United States and abroad
The Heritage Foundation 1973, Washington, D.C.	\$40 M	Formulates and promotes conservative policy based on principles of free enterprise, freedom, traditional values, limited government, and a strong defense	Formulated policy agenda for Reagan administration; helped lead conservative revolution in Congress in 1990s; works with twenty-five hundred state affiliates; engages 275,000 individual members
National Council of La Raza 1968, Washington, D.C.	\$29 M	Hispanic civil rights and advocacy organization; works to improve opportunities for all Latinos	Helped build field of more than three hundred local grassroots affiliates; program innovation in education, health, civil rights for Hispanics; influenced critical legislation on immigration

Self-Help 1980, Durham, N.C.	\$75 M	Works on economic development through lending, asset development, and research and advocacy	Provided more than \$4.5 billion in loans to fifty thousand small businesses and low-income individuals through corporate partnerships; led national anti-predatory lending campaign and legislative reform in twenty-two states
Share Our Strength 1984, Washington, D.C.	\$24 M	Inspires and engages individuals and businesses to share their strengths to end childhood hunger	Raised \$200 million in twenty years for hunger relief groups through Taste of the Nation events in sixty cities; engages one million volunteers through Great America Bake Sale; known for innovative cross-sector partnerships
Teach For America 1990, New York, N.Y.	\$41 M	National teaching corps of recent college graduates who spend two years in needy schools and become leaders for education reform	Twelve thousand corps members engaged since inception have reached 2.5 million students and created a vanguard for education reform; has influenced teacher training and credentialing systems
YouthBuild USA 1988, Boston, Mass.	\$18 M	Low-income youth ages sixteen to twenty-four learn job and leadership skills by building affordable community housing while earning a GED	Engaged more than sixty thousand youth to produce fifteen thousand units of housing since inception; works with 226 affiliates; influenced national legislation to create \$645 million in federal funding

Myth 1: Perfect management. Some of the organizations we studied are not particularly well managed in the traditional sense of the term. Although some treat their systems, processes, and strategic plans as high priorities, others are more chaotic, and regard “plan” as a four-letter word. Some management is necessary (as you’ll see in Chapter Eight), but it is not *sufficient* to explain how these organizations achieve such high levels of impact.

Myth 2: Brand-name awareness. Although a handful of groups we studied are household names, we were surprised to learn that a few hardly focus on marketing at all. For some of them, traditional mass marketing is a critical part of their impact strategy; for others, it’s unimportant.

Myth 3: A breakthrough new idea. Although some groups came up with radical innovations, others took old ideas and tweaked them until they achieved success. As we will explore later, their success often depends more on how they implement a new idea or innovate as they execute than it does on the idea or model itself.

Myth 4: Textbook mission statements. All these nonprofits are guided by compelling missions, visions, and shared values. In fact, it is their obsession with impact that creates internal alignment, despite the lack of perfect management. But only a few of these groups spend time fine-tuning their mission statement on paper—most of them are too busy living it.

Myth 5: High ratings on conventional metrics. When we looked at traditional measures of nonprofit efficiency, such as ratings on Charity Navigator, many of these groups didn’t score so well. A few garnered only one or two stars out of a total of five. These ratings Web sites can tell you which groups have the lowest overhead ratios, but they can’t tell you which have had the most impact.

Myth 6: Large budgets. We discovered that size doesn’t matter much when it comes to making an impact. Some of these nonprofits have achieved great impact with large budgets; others have achieved great impact with relatively small budgets. And all of them have different fundraising strategies.

As we dismissed the conventional wisdom about what makes great nonprofits great, we began to realize that there was a flawed assumption underlying our initial research question. When we

began this project, we assumed there was something inherent to these *organizations* that made them great. Instead, we learned that becoming a great nonprofit is not about building a great organization and then expanding it to reach more people. In fact, growing too quickly without adequate investment can cause an organization to falter or implode. Although growing an organization can be one strategy for increasing impact, it is not the only way these groups achieve success.

THE SIX PRACTICES OF HIGH-IMPACT NONPROFITS

What we learned about these nonprofits astonished us, and intrigued others with long experience in the field. We believe that the framework we've discovered offers a new lens for understanding the social sector and what it takes to create extraordinary levels of social change. Any organization seeking to increase its social impact can emulate the six practices that we describe in detail below.

The secret to success lies in how great organizations mobilize every sector of society—government, business, nonprofits, and the public—to be a force for good. In other words, *greatness has more to do with how nonprofits work outside the boundaries of their organizations than how they manage their own internal operations*. Textbook strategies like relentless fundraising, well-connected boards, and effective management are necessary, of course, but they are hardly sufficient. The high-impact nonprofits we studied are satisfied with building a “good enough” organization and then spending their time and energy focused externally on catalyzing large-scale systemic change. Great organizations work *with and through others* to create more impact than they could ever achieve alone.

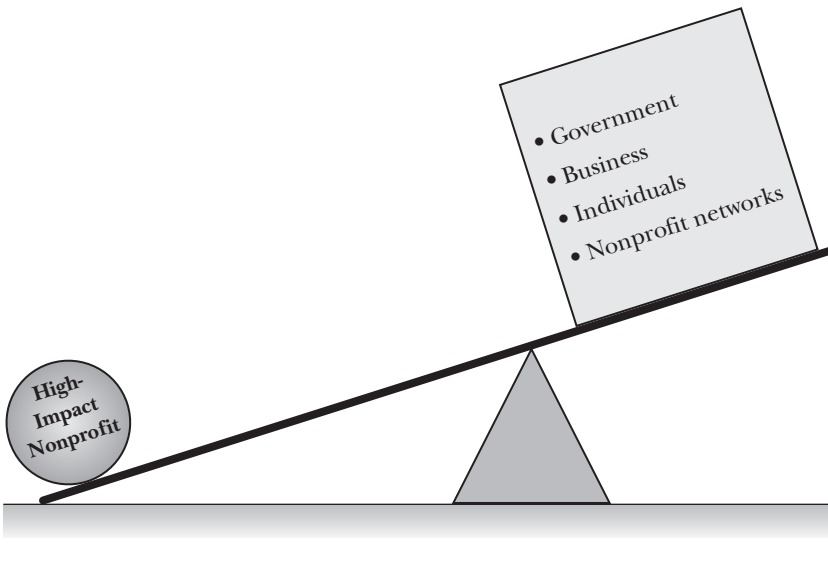
“Give me a lever long enough, and I alone can move the world,” is the common paraphrase of Archimedes. These twelve groups use the power of leverage to create tremendous change. In physics, leverage is defined as the mechanical advantage gained from using a lever. In the social sciences, it translates into the ability to influence people, events, and decisions. In business, it means using a proportionately small initial investment to gain a high return. Whatever the definition, we think the concept of leverage

captures exactly what great nonprofits do. Like a man lifting a boulder three times his weight with a lever and fulcrum, they have far more impact than their mere size or structure would suggest (see Figure 1.1). *They influence and transform others in order to do more with less.*

The organizations in this book seed social movements and help build entire fields. They shape government policy, and change the way companies do business. They engage and mobilize millions of individuals and, in so doing, help change public attitudes and behaviors. They nurture larger networks of nonprofits and collaborate rather than compete with their peers. They spend as much time managing external relationships and influencing other groups as they do worrying about building their own organizations. These high-impact nonprofits are not focused only on themselves but also on the relentless pursuit of results.

After a long process of studying these organizations, of reflection and writing, of testing and retesting our thinking, we began to see patterns in the ways they work. In the end, six of these patterns crystallized into the form presented here—the *six practices*

FIGURE 1.1. LEVERAGE INCREASES IMPACT.



that high-impact nonprofits use to achieve extraordinary impact. Although they didn't all use every single practice, at least ten of the twelve groups applied each one, or else we didn't consider it significant enough to constitute a "pattern."

The first four practices are more external; they represent how these groups dramatically expand their impact outside the borders of their own organizations. Each of these practices influences an external stakeholder group with which the nonprofit works so as to do more with less. In observing this external focus, we also realized that working *outside* the organization entails special practices *inside* that help these nonprofits relate more effectively to their environment. This led us to discern two additional internal practices that enable high-impact nonprofits to operate successfully in the outside world and bridge boundaries.

More specifically, we learned that great social sector organizations do these six things:

1. **Advocate *and* serve.** High-impact organizations don't just focus on doing one thing well. They may start out providing great programs, but eventually they realize that they cannot achieve systemic change through service delivery alone. So they add policy advocacy to access government resources or to change legislation, thus expanding their impact. Other nonprofits start out doing advocacy and later add grassroots programs to supercharge their strategy. Ultimately, all of them bridge the divide between service and advocacy, and become good at doing both. And the more they advocate *and* serve, the greater the levels of impact they achieve.
2. **Make markets work.** Tapping into the power of self-interest and the laws of economics is far more effective than appealing to pure altruism. No longer content to rely on traditional notions of charity or to see the private sector as the enemy, great nonprofits find ways to work with markets and help business "do well while doing good." They influence business practices, build corporate partnerships, and develop earned-income ventures—all ways of leveraging market forces to achieve social change on a grander scale.
3. **Inspire evangelists.** Great nonprofits see volunteers as much more than a source of free labor or membership dues. They

create meaningful ways to engage individuals in emotional experiences that help them connect to the group's mission and core values. They see volunteers, donors, and advisers not only for what they can contribute to the organization in terms of time, money, and guidance but also for what they can do as evangelists for their cause. They build and sustain strong communities to help them achieve their larger goals.

4. **Nurture nonprofit networks.** Although most groups pay lip service to collaboration, many of them really see other nonprofits as competition for scarce resources. But high-impact organizations help the competition succeed, building networks of nonprofit allies and devoting remarkable time and energy to advancing their larger field. They freely share wealth, expertise, talent, and power with their peers, not because they are saints, but because it's in their self-interest to do so.
5. **Master the art of adaptation.** All the organizations in this book are exceptionally adaptive, modifying their tactics as needed to increase their success. They have responded to changing circumstances with one innovation after another. Along the way, they've made mistakes, and have even produced some flops. But unlike many nonprofits, they have also mastered the ability to listen, learn, and modify their approach based on external cues—allowing them to sustain their impact and stay relevant.
6. **Share leadership.** We witnessed much charisma among the leaders in this book, but that doesn't mean they have oversize egos. These CEOs are exceptionally strategic and gifted entrepreneurs, but they also know they must share power in order to be a stronger force for good. They distribute leadership throughout their organization and their nonprofit network—empowering others to lead. And they cultivate a strong second-in-command, build enduring executive teams with long tenure, and develop highly engaged boards in order to have more impact.

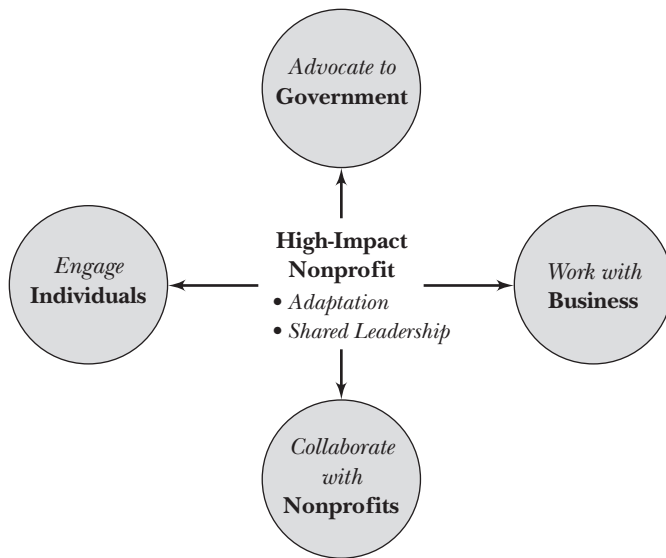
These organizations employ all, or a majority, of these six practices. But they didn't all start out doing so; some initially incorporated only a few practices and added others over time. Some focus more on certain levers than others and apply them to different degrees. The key point is that they all use more of these practices, not fewer. Rather than becoming mired in bureaucracy or doing what

they've always done, they continuously move in new directions and then build the capacities they need to be effective. They have found "levers long enough" to exponentially increase their impact by working with and through others. Figure 1.2 illustrates these six critical practices and how they fit together.

When a nonprofit applies all these forces simultaneously, it creates momentum that fuels further success. "It's like pushing a snowball down a hill," says one Habitat for Humanity volunteer. "At first you have to work at it, and it takes a lot of energy. But once it gets going, momentum builds and it starts rolling on its own."

Once we identified the six practices and studied them closely, we began to see that each of them can interact with the others in mutually reinforcing ways. Like a complex organism with interdependent components, the whole is greater than the sum of its parts. For example, building a network of nonprofits and inspiring evangelists give organizations even more force to influence government policy or business practices. Through shared leadership, these organizations empower others to act on their behalf. Through adaptation,

FIGURE 1.2. ORGANIZING FRAMEWORK.



they remain relevant in an ever-changing environment. In Chapter Nine, we will revisit how these practices can reinforce each other, once we've examined how each of them independently creates greater impact.

MAXIMIZING SOCIAL CHANGE

As we reached the final stage of our research, we asked ourselves, Why do these nonprofits harness multiple forces for good, when it would be easier to focus on growing and perfecting their own organizations? The explanation lies in their unwavering commitment to creating real impact. These organizations, and the extraordinary individuals who lead them, want to solve many of the biggest problems plaguing our world: hunger, poverty, failing education, climate change. They aspire to change the world.

Just as they are driven to achieve *broad* social change, they have an unstoppable desire to create *lasting* impact as well. They don't want simply to apply social Band-Aids, but rather to attack and eliminate the root causes of social ills. It's not enough for Teach For America to raise the test scores of students in its classrooms; it seeks to transform the entire educational system. It's not enough for Habitat to build houses; it aspires to eliminate poverty housing and homelessness from the face of the earth. It's not enough for City Year to build a few successful youth corps; it wants every young person to spend a year serving his or her community through national service.

It is this relentless pursuit of results in the face of almost insurmountable odds that characterizes social entrepreneurship—as opposed to nonprofit management. As Bill Drayton, the founder of Ashoka, says: “Social entrepreneurs are not content to merely give a man a fish, or even teach him how to fish; these entrepreneurs won't stop until they have revolutionized the entire fishing industry.”⁵ At its core, social entrepreneurship is an externally focused act. *It's all about results, not processes.* And that's why it sometimes looks so messy and chaotic from the outside.

Whether these leaders agree with the label or not, their underlying mind-set typifies the outlook of social entrepreneurs: they create social value; they relentlessly pursue new opportunities; they act boldly without being constrained by current resources; they in-

novate and adapt; and they are obsessed with results.⁶ As Self-Help founder Martin Eakes says, “I need to have impact more than I need to be right.” If that means checking their egos at the door, or even putting their individual or organizational needs second, these social entrepreneurs will do whatever it takes.

“We are extremely pragmatic,” says Gwen Ruta, program director of alliances at Environmental Defense. “We’re all about results. It doesn’t matter whom we work with if we can get credible results. And we’ll use whatever tool it takes to make progress: we will sue people, we will partner with business, we will lobby on the Hill or educate the public. Every one of these tools is in our tool kit, and we deploy the one most likely to get us to our goal.”

This shared mind-set—an obsession with impact, a pragmatic idealism—is what ultimately drives these entrepreneurs to create greater social change. And it was their extraordinary impact that led us to select their organizations in the first place. We didn’t want to study “perfect” nonprofits; instead we looked for organizations that had achieved the greatest results. But before we could even begin to understand *how* they have done this, we first had to devise a methodology for selecting and studying them.

OUR METHODOLOGY

When we began our journey in 2004, our first challenge was to develop a working definition of what it means to be “high impact” in a sector that has no agreed-on metric of success. Defining and measuring impact in the business world is a lot simpler. When business writers set out to identify great corporations, they can measure bottom-line results or stock performance in relation to the S&P 500 index of leading companies. With nonprofits, it’s different. Although the goal is social impact, there is no universal definition of what that means, no clear metrics for measuring it, and great variation in mission and goals from organization to organization. (See Appendix A for more detail on metrics and our methodology.)

So when we set out to select these organizations, we defined impact relatively, because it is so contextual. We created a two-part definition. One part was a measurement of concrete outputs, such as the number of people served or products produced. We asked, *Did the organization achieve substantial and sustained results at the national*

or international level? The second part of our definition was more qualitative. We chose organizations that had impacted a larger system, such as government policies or common practices in their fields. We asked, *Did the organization have an impact on an entire system?*

One important distinction in our methodology was that we did not equate *scale of impact* with traditional definitions of nonprofit *growth*, which focus on an organization's presence in multiple communities or its total budget. A nonprofit can achieve large-scale social impact without expanding beyond a single site, a phenomenon we observed in several organizations in this book, such as the Heritage Foundation and the Exploratorium. Further, we didn't want to use budget size as an indicator of success, because that would be measuring an input (funding), not an output (results), as Jim Collins writes in *Good to Great and the Social Sectors*.⁷

At the same time, we chose not to focus on organizations that had achieved impact only in their immediate community. There are countless groups, such as hospitals, schools, and soup kitchens, that are making a difference locally or providing necessary services, but their goals are not the same as those seeking to achieve social impact more broadly. Similarly, we eliminated international organizations that had been founded outside the United States, as the social, political, and economic context in which they began was markedly different. This doesn't mean that local groups or international nongovernmental organizations can't apply our findings to their contexts—we believe that they too can learn a great deal from these high-impact nonprofits.

Because we were also interested in studying organizations that had achieved significant impact relatively quickly, we focused on nonprofits founded between 1965 and 1994. These organizations have grown from “zero to great” in a short time vis-à-vis their peers, and have faced similar social, economic, and political conditions. We excluded organizations younger than ten years old when our research began, as there was not enough proof that they would sustain their impact. Nor did we focus on age-old giants like the American Red Cross, which were founded in the last century and have grown over time.

Finally, we only considered nonprofits with 501(c)(3) status that exist primarily to serve the broader public interest. We excluded religious organizations, such as churches, and we excluded mem-

bership organizations that serve a single group, such as fraternities. Last, we eliminated grantmaking foundations, as they do not face the same capital constraints as most nonprofits, and we were interested in groups that struggle with similar growth challenges. Table 1.1 summarizes the criteria we used to determine which organizations to include and exclude.

Once we had defined the parameters of our research, we pursued a four-phase process, over three years of research, to select and study the organizations that fit our criteria. Please see Appendix A for more detail on these phases.

Phase 1: National peer survey. In the absence of universal metrics, we turned to other nonprofit leaders to help us select those organizations that have had the most impact. We borrowed from the playbook of *Built to Last*, in which Jim Collins and Jerry Porras

TABLE 1.1. CRITERIA FOR SELECTION.

	<i>Baseline Criteria</i>	<i>Excluded</i>
Type of organization	<ul style="list-style-type: none"> • 501(c)(3) nonprofit • Founded in the United States 	<ul style="list-style-type: none"> • Churches, membership organizations • Grantmaking foundations • Organizations founded abroad
Definition of impact	<ul style="list-style-type: none"> • Has achieved substantial, sustained results • Has created larger systemic change 	<ul style="list-style-type: none"> • Impact at both levels not substantiated or sustained
Scale	<ul style="list-style-type: none"> • National or international impact 	<ul style="list-style-type: none"> • Only local impact
Time frame	<ul style="list-style-type: none"> • Founded 1965–1994 	<ul style="list-style-type: none"> • Founded before 1965 or after 1994
Final sample	<ul style="list-style-type: none"> • Deliberately selected a diverse sample in terms of issue area, geographical location, size, and business model 	<ul style="list-style-type: none"> • Some organizations that met all other criteria were not included

surveyed Fortune 500 CEOs and Inc. 100 entrepreneurs to nominate the “most visionary” companies.⁸ Similarly, we surveyed nearly twenty-eight hundred executive directors of nonprofits, including the leaders of the largest nonprofits listed in the Chronicle of Philanthropy 400, making sure this sample was representative of the sector in terms of organizational size, geographical location, and diversity of issue areas. We asked these leaders to nominate up to five nonprofits that “have had the most significant impact at the national or international level in the last thirty-five years,” and to tell us why. We received more than five hundred responses and hundreds of nominations from our online survey.

Phase 2: Field-expert interviews. We then vetted the nominations with more than sixty experts from various fields of the social sector, such as education, the environment, and so on. (See Appendix B.) We selected experts on the basis of their deep knowledge of a particular area and because they represented a relatively objective point of view as journalists, academics, foundation staff, or thought-leaders. Our field experts participated in two rounds of interviews, during which they analyzed, discussed, and helped us rank the nominated organizations. They also suggested organizations that had substantial impact but that are less broadly known or didn’t come up on the peer survey.

Combining the peer survey results, the field-expert interviews, and additional data culled from public sources, we narrowed down the list to about thirty-five nonprofits that had demonstrated the most significant impact. From that group, we selected twelve organizations that represented a broad cross-section of the nonprofit world. We deliberately selected a diverse portfolio of nonprofits for further study, picking those with varying funding mixes, organizational structures, program offerings, issue areas, and geographical locations. We felt that the patterns of success that emerged across a diverse group would be more robust and more useful to the sector as a whole.

Phase 3: Case study research and analysis. We then studied these twelve organizations in depth for over a year in order to understand how they achieved great impact. For each nonprofit, we compiled all the available public information we could find (articles, books, case studies, information on Web sites); interviewed on average twelve senior managers, board members, and the

founder or CEO (see Appendix D for a list of all interviewees by organization); conducted site visits to the headquarters, and to affiliate sites when possible. We also asked for, and studied, volumes of internal information, such as annual reports, high-level financial statements going back to the founding year, compensation levels, and organizational charts. In the interviews, we asked a broad range of questions, touching on management, marketing, strategy, governance, leadership, operations and programs, and fundraising (see Appendix C for a list of sample interview questions). We also asked open-ended questions about how the nonprofits achieve impact. Next, we summarized the data from each organization, noting themes within each case.

Phase 4: Pattern identification and testing. Finally, we analyzed all the case study data to identify patterns, or practices, that cut *across* the organizations and that we believed had contributed to their phenomenal impact. As patterns emerged, we engaged in an iterative process, testing themes against the data, referring back to our conversations with field experts, and drawing on our knowledge of nonprofit management practices and literature. We also field tested our hypotheses through working sessions with practitioners and thought-leaders. We wanted to confirm that the patterns we saw differentiated these nonprofits from the average organization. We also looked for new insights and deliberately avoided focusing on the obvious, such as “diversify your funding.” This iterative process helped refine our thinking, and often led us to go back to collect more data or to test hypotheses. From these patterns, we eventually distilled the six practices that we present here.

In the next chapter, we introduce the first of these six practices and explore how high-impact nonprofits use the power of policy advocacy to dramatically increase social change. We invite you to dive in. We believe you’ll be as intrigued by these findings—and these extraordinary nonprofits—as we were.