

Growth Opportunities through Joining Forces

The Investment Partner

For over one hundred years, the Boys & Girls Clubs of Greater Washington (BGCGW) has been making a positive difference in the lives of youth of the National Capital Region, helping them build confidence, develop character, and acquire the skills needed to become productive, civic-minded, responsible adults. Today, the organization provides after-school academic enrichment and athletic activities for thousands of children annually throughout the National Capital Region.

BGCGW's clubs come in a variety of shapes and sizes: some are full-service, self-sustaining facilities, and some share space with high schools and elementary schools. But all offer the same basic recipe for giving kids the tools they need to become productive adults: a safe place to learn and grow; ongoing relationships with caring, adult professionals; life-enhancing programs; character development experiences; and hope and opportunity.

BGCGW is one of the largest affiliates of Boys & Girls Clubs of America with 21 sites over a 75-mile radius from

Fredericksburg, Virginia to Germantown, Maryland as well as a residential summer camp in Southern Maryland.

The Investment Opportunity

In 2003, BGCGW merged with the Metropolitan Police Boys & Girls Clubs (founded in 1934), expanding BGCGW to encompass 20 clubs, two outreach centers and a 168-acre camp. Venture Philanthropy Partners (VPP) was looking for organizations that were at an inflection point for change, and identified the merger between two of the oldest youth-serving organizations in the region as a strong opportunity for partnership. The merger of the BGCGW and the Metropolitan Police Boys and Girls Clubs created a catalyst and opportunity for change within the organization. The merger sparked an urgency to respond, presented an opportunity to re-assess and build on its established programs and organization, and stimulated a need for accountability for achievement within the management and board.

The overarching goal of the investment was to help the organization increase its capacity to manage

the new growth brought on by the merger and to improve the quality and offerings for the approximately 20,000 young people it was serving. VPP felt that affecting even a slight change in benefit and value for children for such a large organization could provide a significant "social rate of return" on its investment.

VPP made an initial investment of \$448,000 in a business planning process, and outcomes assessment work in the fall of 2004. During business planning and soon after, two major events occurred in the organization: the executive director retired and a structural deficit was uncovered. The board chair stepped up as acting CEO, which caused leadership shifts in the board.

In March of 2005 VPP provided "bridge funding" to the organization in the amount of up to \$450,000 to fund:

- A search for a new CEO and one year of salary and benefits;
- a consultant resource to support the new CEO;
- an interim COO; and
- funds to complete the strategic plan.

When a new CEO was secured and a new COO joined the organization, strategic planning reconvened in the fall of 2006. VPP entered into a multi-year investment agreement in December 2006 to provide up to \$3,350,000 aspirations-based additional, restricted funding, contingent upon the achievement of specific milestones, over a three-year period to build capacity.

Despite intensive deployment of capital, strategic assistance, and assistance from VPP's network, BGCGW continued to struggle throughout the investment with turnover in staff, including executive and board leadership and financial difficulties, which made it difficult to meet milestones consistently, particularly those around improving program quality and measurement. In 2009 VPP's board approved the decision to discontinue the investment.

BGCGW continues to work to strengthen all aspects of organizational infrastructure. Information and data provided through planning and other efforts during the VPP investment helped the organization challenge a number of assumptions and rethink how it can create greater value for the children and youth it serves. New leadership emerged after VPP's investment, and the organization

continues to make progress on its own towards strengthening organizational capacity, sharpening its focus, measuring its results, and providing critical services for children and youth in need throughout the region.

Accomplishments

The BGCGW is a stronger organization than it was in 2004. Its core infrastructure has been strengthened as a result of planning and began implementation of improvements to build and strengthen organizational capacity.

- **Planning and Focus:** BGCGW successfully completed an intensive business planning process while undergoing a fiscal crisis and CEO retirement. The plan resulted in a greatly expanded vision for the organization where the impact on the thousands of youth served would be deepened by increasing the quality and complexity of programs over the next five years. Business planning restarted in February 2006 with the leadership of the new CEO.
- **Human Capital—Board and Management:** Successfully recruited and began to integrate a new CEO. Board re-engaged and committed to governance and oversight role. Since then, a new CEO has been hired to lead BGCGW.
- **Capitalization/Revenue:** Obtained unsecured, low-interest, three-year line of credit for \$5 million. Received \$1,247,774 in total government earmarks for calendar year 2006.
- **Financial Oversight:** New experienced CFO and greater board awareness began to improve financial oversight, reporting, stability, and accountability for organization.
- **Outcomes Assessment:** Installed KidTrax system throughout clubs to better track the number of children attending the clubs. Began to integrate deeper outcomes data requirements into KidTrax system with additional support from Verizon. However, efforts to upgrade program content and delivery stalled because of delay in hiring and subsequent departure of key staff.
- **Growth and Impact:** A significant number of children continue to be served. BGCGW completed program delivery study that provided data to allow organization to maximize their reach to areas of greatest need. However, with strong community and civic resistance, implementation of resulting recommendations proceeded slower than expected.



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