



Better decisions, faster.

Does Boston have too many nonprofits?

By Room40Group | July 6, 2016 | Growth strategy, Revenue Strategy

Yesterday's Boston Globe [ran a front-page article](#) on an important and provocative question: "Does Boston have too many nonprofits?" It sparked a lot of conversation in our office, as I imagine it has in yours.

The article starts by telling a story about [OneGoal](#)— a Chicago-based organization helping under-served high school students enroll in and complete college— and their recent decision to expand to Boston. The article then describes the decision by some local funders, schools and partners to work with them, and others not to. In the course of telling this particular story the article walks close to, and touches on, a number of questions that will be familiar to folks who have put their shoulder to this kind of wheel: Is the often fragmented and entrepreneurial state of the nonprofit sector a strength or a weakness? How should funders interested in greater impact best focus and direct their efforts? Are there better ways we should all be working together to tackle the deep and challenging inequalities in American education?

A first observation about all this: I love that the Boston Globe is asking these kinds of questions! At the Room40 Group we spend lots of time wrestling with this sort of stuff as we help our nonprofit clients grow, change and improve. It often feels like nonprofits only get promoted to the front page of the newspaper because of some real or perceived scandal. This week the Globe used above-the-fold, front-page real

estate to ask a complicated question about how we can all have more impact. Perhaps I'm a glass-half-full guy but this feels like progress, of a sort.

A second observation: The Globe article acknowledges that lots of nonprofits in Boston are already working on making college accessible, and graduation a reality, for individuals that have the deck stacked against them. In response to the statistic that forty similarly-minded organizations are currently partnering with Boston Public Schools one local foundation executive comments: "The market [is] pretty saturated." But both the article and this statement confuse the means with the ends. Nonprofits trying to move the needle on college attainment work in two "markets": one for charitable funding; the other of students receiving services. Are either of these "markets" saturated? In other words, are there no students left in Boston who could use the services of OneGoal or its peers? And if we believe an unmet need is there: how much potential money is needed and could be raised to address it? In this particular article the Globe neither asks nor answers either question.

It's a pity, because these two questions are central to the matter of where and how nonprofits try and increase their impact. The interviews quoted in this Globe article raise the specter of redundancy and ask if we should do more to avoid it. But if the nonprofits the Globe cites are collectively reaching less than 100% of the students who need their services isn't the need under-met, rather than over-met? Indeed, redundancy may have benefits. Some of the organizations cited in the Globe article focus their resources on access, or getting kids into college. Others focus on retention, or keeping them there through graduation. Are kids in need better served only getting one or the other?

If the Globe wishes to argue for focusing and consolidating resources on nonprofits that are having the most impact, it should make that case. But this article doesn't argue for bringing effective and proven programs to all kids in need; it only asks whether we should reduce the number of organizations doing the work.

At the Room40 Group we routinely help nonprofits quantify and compare across geographies the size of the unmet need they wish to address. We have also built a proprietary database of all the private philanthropy in the United States so we can size the potential charitable support for different causes in different places. Nonprofits can have significantly more impact if they make good decisions about where to grow and how to pay for it. Making these decisions with confidence requires asking the right questions, and then answering them with the right analysis.

Because we're consultants, we sometimes like to show things in 2x2 matrices. It's a stereotype, I know; please don't hold it against us. The one illustrating this post we've used to help clients think about how the amount of 'potential funding' and 'unmet need' influences where they grow.

Decisions about where nonprofits grow should be informed by where there is unmet need and potential funding



When considering OneGoal— and the other Boston nonprofits highlighted by this Globe article— the Globe and local funders could ask: How big is the unmet need(s) they are individually and collectively trying to address? What will it take and how much potential funding is required to address it? The answer to these questions would suggest how much more needs to be done, and how we might think about achieving it. The question the Globe asks—in effect: How many organizations do we need to do everything well?— is best answered in this context.

That's our view. What's yours?

Full transparency: The leadership of the Room40 Group knows many of the individuals and organizations referenced by this article, either personally, professionally, or both. Several are current or former clients. George Chu, my co-founder and partner, is a former Board member of Bottom Line.

– Ben Mahnke
