



Center on
FAITH IN COMMUNITIES

**Scaling Up FBOs:
Intermediaries improve efficiency and range of community healers**

Amy L. Sherman

Philanthropy, July/August 2002

Among the most successful corporate ads is the one that proclaimed, "At BASF, we don't make the stereo you listen to. We make the stereo you listen to sound better. We don't make the washing machine you use. We make the washing machine you use clean better." This formula was repeated about other products, until the end of the commercial. Then the punch line: "At BASF, we don't make a lot of the products you buy. We make a lot of the products you buy better."

The tag line fits Houston's Center for Renewal (CFR), a faith-based "intermediary" organization directed by former journalist and Reagan White House staffer Barbara Elliott, perfectly. CFR, like other effective intermediaries, enhances the performance and reach of grassroots community healers, helping them do what they do better. For those interested in the growth of faith-based social services in distressed communities across the nation, intermediaries are a strategic and highly remunerative philanthropic investment. These organizations are building capacity, enhancing impact, catalyzing new initiatives, connecting problem-solvers, and brokering successful public-private partnerships. Because of their assistance, many faith-based organizations (FBOs) are serving more people, more effectively.

Some observers, though, are skeptical. After all, isn't an intermediary organization just a middleman or another layer of bureaucracy? Many donors will prefer to support a frontline agency fighting poverty, unemployment, drugs, or a host of other social ills. However, intermediary organizations with genuine grassroots connections are a major asset for philanthropies seeking to invest in community development and empowerment efforts. Intermediaries can sniff out the FBOs that are actually solving problems, identifying candidates for grants that offer a high probability of successful return on investment. Moreover, they can work as re-granting entities, getting money in manageable amounts to frontline groups while assuming responsibility for accounting and monitoring functions. And through their capacity-building efforts, intermediaries can multiply the bang donors get for the buck.

Hudson Institute's "Faith in Communities" initiative, which I direct, has been investigating the role of 22 faith-based intermediaries for the past year. Their contributions are enormous. (See p. 24) They are increasing the scale of FBO efforts, improving program quality, and catalyzing new initiatives. The Center for Renewal, for example, has assisted frontline groups that have provided services to over 300,000

Texans. That extensive reach has been attained in part because of CFR's enhancement of these groups' capacity.

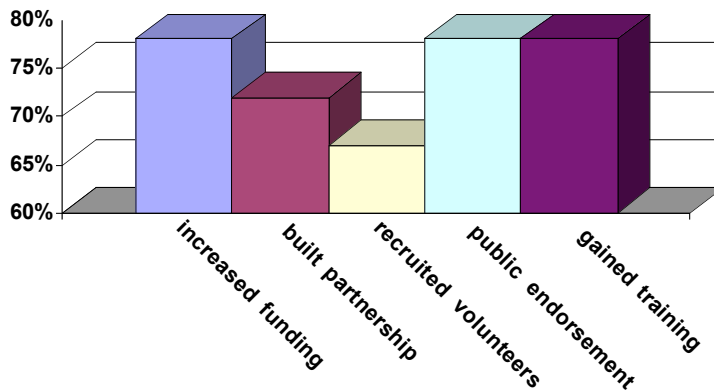
The Achievements of Intermediaries

The intermediaries examined in our study have strengthened grassroots ministries in numerous ways. Seventy-eight percent assisted small groups in obtaining funding they otherwise would not have received. A slightly smaller percentage helped grassroots groups recruit additional volunteers and connect ministries to new, beneficial partnerships. Most intermediaries provided training, technical assistance, and tools that the frontline ministries they serve would not have otherwise obtained on their own.

One of the study's most significant findings concerned the intensity with which intermediary organizations serve their constituents. Remarkably, over 50 percent reported they typically worked with constituent ministries for two or more years at a time. Seventy-two percent get together with grassroots leaders at least monthly (almost half have weekly interactions). This level of engagement permits intermediary leaders to build deep and genuine friendships with the grassroots practitioners and to know their FBO's particular weaknesses and challenges.

Impact of Intermediary Services

Benefits to Constituents Arising from Intermediary Organizations' Assistance



Source: Hudson Institute Strategic Intermediaries Survey, 2002

The close working relationship between intermediaries and their FBOs takes many forms. Some intermediaries literally walk visionaries starting new ministries through the process of defining mission, creating a healthy board of directors, establishing strong financial and record-keeping systems, and designing a workable "launch" plan. Sometimes this process is formalized by intermediaries who actually "incubate" new faith-based nonprofits, providing seed funding, office space, and administrative help (such as overseeing payroll). For example, the Pittsburgh Leadership Foundation has invested \$30 million to birth many now-freestanding nonprofits, including the East Liberty Family Health Care Center, which serves 15,000 low-income patients annually.

Other intermediaries build bridges between sectors. The Jesse Tree in Galveston, Texas, gathered information and eligibility criteria on over 1,000 social service agencies (faith-based, secular, and governmental) into a single website that drives "WebCare," a comprehensive, web-based screening/application process. It provides the poor with one-stop shopping, connecting them to every resource available while protecting against fraud and duplication of effort.

Intermediaries are also a hot topic in Washington, D.C. In June, the Department of Health and Human Services (HHS) announced a new, \$30 million Compassion Capital Fund, giving shape to one of President Bush's goals for his faith-based initiative. Nearly \$25 million will be earmarked for "intermediary organizations to provide technical assistance and make sub-awards" to grassroots faith- and community-based organizations.

Private philanthropies remain skeptical, despite all the successes, because while FBOs are strong in street impact, they are usually weak in internal administration. But these are precisely the issues that intermediaries, such as Houston's Center for Renewal address effectively. CFR's efforts have shown that well-run intermediaries not only strengthen FBOs internally, but also are an excellent investment in their own right.

Going to Scale

Several of the ministries I visited in Houston were launched from the simple dreams of their founders. Prince and Sheila Couisnard, for example, moved into the city's distressed Third Ward because they were concerned for at-risk children. "Our approach to outreach and intervention is really pretty simple," Prince Couisnard says. "We spend as much time as possible with these youngsters." The couple believes their chief work is just living their lives before the youth-lives centered on faith, commitment to marriage, work, love of neighbor, and adherence to traditional moral standards. The Couisnards did not begin with a five-year strategic plan or any systems for tracking their involvement in kids' lives. They just placed themselves in the heart of the inner city and loved those whom God brought across their paths.

Over time, the Couisnards transformed their experiences in befriending disadvantaged kids to a vision for a program that could structure their engagement with youth into a more intentional pattern of daily and weekly involvement. In 1995, the Couisnards created Inner City Youth (ICY) as a nonprofit organization to systematize their informal work. This in turn allowed them to reach more youths and families. To achieve growth, however, ICY needed more volunteers, more facilities, stronger organization, more staff, and more money. It stood positioned for either advancement built on a strong administrative infrastructure or for collapse under the weight of increasing demands.

Center for Renewal's extensive involvement with ICY was the critical factor that helped the ministry grow successfully. CFR's Elliott knew that the pedestrian tasks of raising money and accounting for it; mobilizing, training, and supervising volunteers; keeping records on where kids live, how often they participate in programs, and how they're

faring in school; and securing facilities, vehicles, and insurance may be less rewarding than the actual moments of tutoring the child or coaching the team. But these tasks must be done; shortcomings in "institutional readiness" can expose a ministry to costly liabilities (for instance, a lawsuit arising against a volunteer accused of sexual abuse who was not properly screened and supervised), disqualify it from receiving foundation support, or hinder it from growing.

CFR has worked more extensively with ICY than with any other frontline ministry. Elliott has recruited new board members and also led board retreats to sketch out the organization's future plans and goals. She recruited professionals to offer low-cost bookkeeping and accounting services. ICY staff have participated in CFR training seminars on such issues as fundraising and financial management, special events, and voluntarism. CFR published and widely distributed a profile of ICY and secured coverage of the ministry in *World* magazine, a Christian newsweekly reaching 130,000 readers nationwide. CFR also created a brochure about the ministry and posted information about ICY on its website, www.centerforrenewal.org. Elliott has been instrumental in opening the doors of suburban congregations to hear presentations about ICY by founder Prince Couisnard. This has led to occasional service projects by churches and to approximately \$90,000 in annual support from the churches' missions' budgets. ICY has obtained another \$200,000 in donations with CFR's assistance in navigating the philanthropic community.

CFR's aid has also qualitatively improved ICY's work with youth. Elliott helped the ministry establish a client-tracking database so it could monitor the youth it serves. ICY now has each family complete a formal enrollment form for the child and is getting copies of all participants' birth certificates. Its database is kept up to date by the program administrator -- a woman identified, recruited, and interviewed by Elliott on behalf of the ministry. Eventually, ICY hopes its database will also capture information regarding the students' continuing involvement (or departure) from the ministry, as well as information on their school performance and post-graduation activities.

What began as a few friendships between a special couple and some troubled kids has, largely due to CFR's investment and assistance, become a \$400,000-a-year program transforming the lives of hundreds of teens. Over 600 boys and girls have participated in ICY basketball teams in the past four years, another 550 have played on softball teams organized by ICY. Their involvement connects them to mentor-coaches who demonstrate healthy life choices. And it keeps these kids -- many of them bereft of loving parental supervision -- off the streets. Kids can also attend ICY's daily after-school enrichment program. Recently, the ministry added a special tutoring program for students with significant learning disabilities. Gwen Canady of ICY speaks proudly of the boys involved in the new initiative. None could read when they started, and now they can read, memorize, and quote lengthy Bible passages. At the heart of ICY's transformational work is its intensive discipleship program, which runs full-time during the summer and weekly through the school year. The students practically live with ICY staff 24/7 during the hot summers, and the Couisnards see the greatest gains in student behavior and character then.

Spotlighting the Obscure but Effective

CFR's work with ICY is the kind of bringing-it-to-scale story policymakers enamored of faith-based charities are looking for. But beyond tripling or quadrupling the numbers frontline groups can serve, intermediaries like CFR also perform the valuable service of identifying community problem-solvers that policymakers and philanthropists may not know, and mobilizing support for them.

Consider CFR's work with Joe Hernandez of Restoration Outreach. Hernandez, a former drug addict, had been laboring unnoticed for 15 years, reclaiming the lives of addicted men, before meeting Barbara Elliott. He began on a simple principle that continues to be the heart of the ministry today: Bring the men into his home, and love them with firmness, discipline, and the Word of God. Restoration Outreach now owns two homes in the inner city, one for men going through the yearlong rehabilitation/discipleship program Hernandez designed, and the other for program graduates transitioning back into the work world. Hernandez has also founded a church that reaches out to the families of the addicts and trains them for home and community leadership roles.

"Shoe-string" could not be a more apt adjective to describe the organization's budget. For years, it met its expenses through candy and bracelet sales, car washes, and an occasional chicken barbeque. Amazingly, from that skimpy resource base, the ministry has provided residential care for over 500 men. Approximately 40 percent of them have stuck with the near-military discipline and highly structured routine of Bible study, prayer, chores, physical exercise, and work and graduated from the program. Success rates for many government programs, by contrast, often hover under 15 percent.

In 2001, CFR adopted Restoration Outreach as a partner, providing intensive training and free consulting to Hernandez. The CFR workshops were the first formal training opportunities he had ever experienced as a nonprofit leader. He learned about fundraising, program self-assessment, and organizational management. Though Hernandez admits the preparatory work in designing a grant proposal under CFR's tutelage "nearly broke his head," the experience was invaluable in helping him to articulate what his ministry does. A CFR staff member worked closely with Hernandez in writing Restoration Outreach's first-ever grant proposal -- a \$5,000 request for general operating expenses. It was funded. The grant-writing work proved its worth repeatedly: Using these skills, the ministry wrote its first brochure and sent it with a fundraising letter to churches and individuals. The outreach took in \$14,000 -- the most it had ever gained in one effort. For Hernandez, the increased resources translate into more time for him and his staff to devote to hands-on rebuilding of addicts' lives.

Finding the Money

With its modest annual budget of \$150,000, CFR sees a striking return on investment-measured just by dollars garnered for frontline ministries. In 1999, the intermediary helped four local faith-based nonprofits secure \$142,000 in new funding, and four

congregations to obtain \$5,000 each in seed funding to help them launch new tutoring programs for at-risk kids. That's a total of \$162,000, or a 108 percent rate of return. CFR has done even better in recent years; in 2001, it assisted ministries in obtaining nearly \$1 million in new grants—well over a 600 percent rate of return. It impresses donors like the wealthy businessman from Chicago I interviewed, who contributes \$10,000 annually to CFR: "I think they are very cost-effective in the way they're helping people to solve social problems."

CFR has used traditional strategies to connect grassroots organizations with donors: educating nonprofits about potential grants, introducing ministry leaders to donors, training FBO staff in good grant-writing, and even lending its own staff to assist clients. Elliott's initial survey of grassroots leaders in 1997 showed fund-raising was their top problem; so CFR has three times offered an intensive Fundraising Institute and sponsored a variety of shorter workshops on grant-writing. One hundred sixty-five ministries have participated in CFR workshops so far. For Teddy Levron of Inner Cities for Jesus, the Fundraising Institute was "more valuable than just about anything else I've done in the last eight years."

Donors' Praise

Donors likewise praise the intermediary's work. The McNair Foundation, a family foundation, is supporting CFR through a three-year grant. Program officer Joanie Haley explained that CFR was attractive to the McNairs because it aided small faith-based groups who could deliver services that have character and value associated with them, but needed business help to be more effective. Other donors have also seen the unique role that CFR plays in a city where secular intermediaries already provide some capacity-building aid. Michele Sabino, formerly a grant officer with the Houston Endowment (which has given \$100,000 to CFR), says her endowment quickly recognized CFR's value. Existing venues for nonprofit organizational development didn't usually favor charities that were small, emerging, or faith-based. CFR was reaching each of these types.

Elliott likes to say that CFR's mission is connecting resources to needs. Sometimes she brings donors to the 'hood. She once persuaded the wife of one of Houston's wealthiest philanthropists to come on a personal tour of the Third Ward and see the children Inner City Youth works with. That Christmas Eve, the woman and her husband handed a check to Prince Cousinard to buy the land to build a new facility, and have since pledged \$500,000 toward the building.

Other times, Elliott brings the frontline staff to gatherings of wealthy individuals, affording healers a hearing they would not have otherwise. For Sylvia Bolling of Aldine YOUTH, a whole-family outreach to low-income residents in Aldine, Texas, this exposure is unprecedented. She tells of meeting David Weekley, the millionaire owner of David Weekley Homes. CFR invited Bolling to address a gathering at which Weekley was a headliner. Weekley caught up with Bolling in the parking garage afterwards, handed her his business card, and told her he "was very impressed" with the mission. He asked for some flyers about the ministry and said he would like to "get involved."

Laughing, Bolling exclaims, "I would have never met David Weekley, and if I'd picked up the phone to call him, I'm sure I would have never gotten to talk to him! But now, when we're ready, that door is open."

Beyond the traditional means of fundraising, Elliott has also successfully crafted an innovative and effective position from which she can assist frontline ministries: She serves, in effect, as a senior program officer for a local charitable foundation, the Equipping the Saints Fund of the Greater Houston Community. Launched by successful businessman Peter Forbes in 1999, this fund supplies resources (typically matching grants) to small but effective Christian grassroots ministries to build their organizational capacity. So far, the Fund has granted over \$300,000 to local FBOs. "Naturally," Peter Forbes says, "I want my money to be used wisely and effectively for the kingdom [of God]. My partnership with Barbara Elliott and the Center for Renewal enables me to do that." He adds, "CFR provided a valuable service that I did not have the time nor the ability to perform -- they were an ongoing interface with the social entrepreneurs. They screened and evaluated them for grant worthiness, and then followed up with them to ensure that money was being invested according to our wishes."

Elliott not only monitors the recipients for their success in securing the required matching funds, but helps these groups to succeed by identifying other potential donors. Once funded, the recipients benefit from CFR's role as a pro bono management consultant. "This partnership is extremely important," Forbes says. "Barbara has the expertise to evaluate and support ministries; I have the money. Together, we can be much more effective."

Telling the Story

CFR's assistance to frontline groups has gone well beyond money. Drawing on her journalism background, Elliott employs her communications skills to help FBOs in several ways. Often these organizations receive little or no publicity and lack the administrative capacity to market themselves. CFR has written colorful, snappy one-page profiles of several of the groups, which are then distributed in funding applications, at church conferences, and among volunteers. Elliott has also published articles highlighting Houston charities in religious magazines such as *World* and publications oriented to the donor community, such as *Philanthropy*, *Culture & Society*, and *The Gathering*. And she has made major presentations championing the work of these groups at national conferences of donors, including The Philanthropy Roundtable and the State of the World Forum, sponsored by the Templeton Foundation.

Above all, ministry leaders value their relationship with Elliott and her staff. Sylvia Bolling, for example, says other agencies can provide training and advice, but CFR gets to know you personally. Bolling says she would not feel comfortable calling a United Way workshop speaker after an event to ask questions. "But with CFR," she explains, "I've got that deeper relationship."

Every ministry director we interviewed lauded CFR's accessibility. As the Reverend Rufus Smith of the City of Refuge church explains, "CFR provides a valuable service in their 'leg-work-logistics,' so you don't have to be reinventing the wheel." A few years ago, Smith heard of a job readiness program called WINGS that he decided to offer at his church for unemployed moms. Elliott endorsed the program, but recommended Smith add a mentoring component. Now, Friendship Circles composed of volunteer mentors drawn from churches are matched with WINGS participants to cheerlead them through the course and offer support as they apply their new skills and secure jobs. Program coordinator Don Taylor believes the mentoring has been critical to the program's English-speaking graduates, of whom 72 percent have obtained and kept new jobs.

Multiplying Multipliers

"Multiplying" perhaps best describes CFR's achievements. Despite limited staff and budget, this intermediary has set in motion a series of changes that have increased the quantity and quality of grassroots, faith-based social services. By connecting them to new sources of money, volunteers, and ministry partners, CFR has enabled these groups to expand their reach, serve additional individuals, and launch new initiatives. By providing new tools, know-how, and advice, CFR has helped them improve the quality of their internal operations and, in some instances, their programs as well.

Moreover, several grassroots leaders, inspired by and educated in Elliott's model, have themselves become multipliers. Sylvia Bolling has pounded the pavement to invite a variety of grassroots leaders to CFR workshops. Joe Hernandez, who labored in obscurity for so many years, has identified six other Hispanic pastors to mentor and connect to the kinds of training and resources offered by CFR. "Barbara was an inspiration to me," he says. "It's encouraging to know there are people willing to give you a hand and help you do a better job."