



## STRATEGIC PLAN

2011 – 2013

June 19, 2010

### MAKE IT MATTER

Over the last eight years, the Taproot Foundation proved that **pro bono service is a viable and reliable** tool for strengthening nonprofit organizations. We created the Service Grant program and opened offices in seven cities to demonstrate how pro bono service can be delivered in scale and across marketing, HR, technology and strategy.

Next, we take on the challenge of **making pro bono resources more widely available** and demonstrating their ability to not only strengthen nonprofits but also to more systemically address issues in our communities and society at large. We envision that one day the size of the market for pro bono services will rival that of corporate foundation grant making – close to \$5 billion per year.

To achieve this strategic objective, **we will lead nationally by acting locally**. Over the next three years, we will focus our resources on our core cities to transform our offices from pro bono providers to true civic leaders. It will be the charge of each city where we operate to lead the development and scaling of a local pro bono marketplace that provides tens of millions of dollars in pro bono service each year AND clearly demonstrates the impact of pro bono service on local social issues. We will begin to measure organizational success not just in number of Service Grants delivered but also in terms of the total pro bono activity in our cities and its impact on issues that matter.

To succeed in driving the scale and impact of pro bono locally, Taproot will also employ a stringent focus within our programmatic efforts. Given our early success, there are countless opportunities right now. Rather than spread ourselves too thin, we must be strategic and invest our resources and efforts on the select few opportunities that can best equip our cities to achieve their goals.

Across our cities we will focus our programs on three efforts:

- ▶ The **Service Grant program**, which will be refined and improved to better meet the current needs of nonprofits and better engage the PBCs in our cities;
- ▶ The **consulting program** will fuel the growth of the overall pro bono marketplace by helping to create and scale partner pro bono programs; and
- ▶ We will leverage our Service Grant program and consulting programs to partner with other civic leaders to create **dynamic campaigns** designed to demonstrate the ability of pro bono service to make a social impact beyond strengthening nonprofits.

One of Taproot's core values is **pragmatic optimism**. It will be the key theme of the coming years as we continue to set audacious goals while proactively putting in place the management and infrastructure needed to achieve them.

**Aaron Hurst**  
President & Founder



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### MISSION & VALUES

The original mission of the Taproot Foundation was: *“Strengthen nonprofits by engaging business professionals in service.”* In March 2010, Taproot re-articulated our mission to better reflect the true intent and work of the organization:

*“To lead, mobilize and engage professionals in pro bono service that drives social change.”*

Our organizational culture is grounded in our core values:

- ▶ **Pragmatic Optimism.** We believe it takes audacity to try to change the world and effective management to follow through.
- ▶ **Impact-Oriented.** We believe effective pro bono service puts the needs of the client first.
- ▶ **Playful Professionalism.** We believe when people integrate their personality and values into their work, they have the greatest impact and are most fulfilled.
- ▶ **Progress.** We believe people, organizations and societies must constantly move forward to survive.

### TAPROOT HISTORY

Taproot was founded in 2001 by social entrepreneur Aaron Hurst to engage America’s millions of business professionals in pro bono service to drive social change and national renewal. We launched in San Francisco, working exclusively with marketing and design professionals. Nine years later, Taproot is widely recognized as the leading national practitioner and advocate for pro bono service. Our core programs are:

- ▶ **Service Grant Program (2002).** Recruits and manages teams of professionals across six major US cities to complete marketing, strategy management, technology, HR and IT projects for nonprofits. In 2010, Taproot celebrated the completion of its 1,000th pro bono project.
- ▶ **Pro Bono Action Tank (2008).** A Taproot-led coalition of pro bono leaders who develop the tools and research to advance pro bono service globally. This program conceived of – and lobbied the President to launch – the Billion + Change campaign and has successfully made pro bono service a core part of the national volunteer and corporate engagement dialogue.
- ▶ **Consulting Program (2008).** Fee-for-service consulting program that provides corporations with strategic counsel and program design services to develop and advance their pro bono programs. Clients include Capital One, Gap Inc., Deloitte and Pfizer.

Taproot has grown from an all-volunteer organization based solely in San Francisco in 2001 to a \$4 million annual budget with a professional staff of over 40 and offices in San Francisco, Los Angeles, Chicago, New York and Washington, DC.

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### **CURRENT SITUATION**

To inform the strategic planning process, we interviewed 150 external stakeholders, including nonprofit clients, foundations, corporations, professional services firms and professional schools to solicit their views on issues that would shape the future of the organization. The interviews were conducted by staff and outside consultants and combined with secondary research to inform the insights that drive our strategic plan.

### **MARKET SITUATION**

#### **Pro Bono Can Be a Fundamental Philanthropic Vehicle**

There are over 8 million professionals in the United States with the transferable skills needed in social change work. If 10% of these professionals donated a week per year to pro bono service it would create a \$4.8 billion market of pro bono service.

To put this into perspective, that is more than the total combined giving of all community foundations (\$4.3 billion in 2007) and more than all corporate foundation giving (\$4.4 billion in 2007). \$4.8 billion per year in pro bono services would represent a transformational shift in philanthropy and community investment throughout the nation.

#### **Pro Bono Service is Crossing the Chasm**

Until recently, formal pro bono programs were only found at a small number of professional services firms, companies and professional schools with visionary and innovative leaders. They had the insight to match an emerging trend with a strategic opportunity.

In just the last 12 months, pro bono programs have been emerging in the mainstream business community that recognizes pro bono service as a way to address their community engagement, brand management and employee engagement needs. This early majority represents the largest potential segment of the formal pro bono marketplace but will be largely led by pragmatists rather than just early adopters and visionaries.

These pragmatists are less willing to take risks and will seek partners based on their reputation, track record with their peers and ability to provide enterprise-quality services and relationship management. They are also less motivated by the concept or field of pro bono service and more by its potential to drive their corporate goals and/or philanthropic agenda.

#### **The Pro Bono Market Is Geographically Concentrated**

New York City, Washington, D.C., Chicago, San Francisco Bay Area and Los Angeles collectively represent 47% of nonprofit organizations (with budgets over \$250,000), 29% of philanthropic giving and 33% of Fortune 500 headquarters. They are also home to many of the leading professional schools and professional services firms.

Creating strong pro bono markets in these cities can generate the critical mass to tip the field and accelerate the adoption and maturation of pro bono service nationally. Adoption in these metro areas will also naturally spur the extension of pro bono to other regions as the corporations and firms in these cities grow their pro bono programs to serve their other offices and lead by example nationally. Each city serves as a hub for expansion as their programs mature.

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### **Philanthropy Is Becoming More Impact Oriented**

Over the last fifteen years, the philanthropic conversation has shifted from being focused on supporting nonprofits to helping scale and strengthen nonprofit organizations. This has aligned well with the rise of pro bono service, a means for philanthropy to invest in the success of their grantees.

We are now seeing the early emergence of a new trend: catalytic philanthropy. It moves beyond individual nonprofit organizational effectiveness and focuses the conversation on how to make an impact on social issues. It recognizes the role nonprofits can and should play in creating social change, but realizes that to move the needle may require other tactics and partners, including business.

The result is the emergence of a new opportunity for pro bono service to be leveraged as part of broader campaigns to impact issues. Pro bono marketing can help drive public perception and policy. Pro bono research can help inform the strategies of entire fields of nonprofits. Pro bono technology can bring broad access to services and stakeholders. The possibilities are broad.

## ORGANIZATIONAL SITUATION

### **Taproot as Leader**

Taproot is widely regarded as the leader of the pro bono service movement. This reputation has been garnered through our pioneering Service Grant program as well as thought leadership and partnerships across the nonprofit, university, government and corporate sectors.

Since our inception, we have worked closely with 1,000+ nonprofits, 3,000+ business professionals, 25+ companies and 120+ foundations. This network has helped establish our brand and vision but has still largely been under utilized.

### **Service Grant Program Needs to Evolve**

Our Service Grant program continues to be the marquee pro bono program in the nation. Its design is rooted in a commitment to quality. To maintain this position in a maturing market and to continue proving that pro bono service can be executed at professional standards consistently, it needs significant and ongoing investment.

The Service Grant technology and business processes platform was designed to manage a large volume of projects across multiple geographic areas to optimize for consistent quality and timeliness. It was not optimized for continuous improvement or to be able to easily generate new service offerings. This is preventing us from being able to adequately adapt the offering to address feedback from stakeholders.

The program is economically break-even and has diversified revenue. Funding comes from a combination of project sponsorship, product development grants and program sponsorship. Project sponsorship alone covers \$6,000 per project of the \$7,700 fully loaded cost. The other sources cover the remaining costs.

### **Consulting Program Supporting Double Bottom Line**

Launched in 2008, our consulting practice is helping to establish and grow pro bono programs across the country and is also proving to be a strong and growing earned income stream. Because we can leverage our experience from the Service Grant program and growing knowledge from both studying

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and partnering with other programs, we are the go-to resource for companies to build and scale their programs.

As our consulting capabilities grow and relationships with corporate clients deepen, we are also increasingly able to co-develop ambitious thought leadership projects and create impact campaigns with our corporate partners.

### **Underinvestment in Cities**

Our organizational structure with local offices is a key strength. It diversifies risk, creates opportunities for national funding, enables national quality controls and allows for economic and operational efficiency in back-end and R&D functions.

As a response to the recession, however, we moved away from having leadership in each of our cities. This has hurt our ability to build relationships, expand our role beyond the Service Grant program and build a strong community of support and evangelists. We need to ensure that every office has a strong leader focused on local stakeholders and who can adapt our efforts to the local community needs more effectively.

### **Emerging Catalytic Voice**

Taproot's investment in Reimagining Service, a national coalition working to expand the nation's capacity to leverage volunteer labor – as well as smaller projects in some of our cities – has laid the foundation for us to advocate for the use of pro bono resources in catalytic philanthropy.

### **Unclear Path with Corporation for National and Community Service (CNCS)**

In 2009, we had 18 AmeriCorps VISTAs that represented roughly a third of our team. This specific support from CNCS is transitioning out by the middle of 2011. There are other options for partnering with CNCS to be able to build our capacity, but they are not certain or fully known given the Corporation's leadership transition and its increasing focus on implementing the Service America Act. A swing in either direction would have a significant impact on our plans moving forward.

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### **TAPROOT STRATEGY: 2011-2013**

Taproot is pursuing three immediate goals to achieve our longer term objective of developing a multi-billion dollar pro bono marketplace for social change.

#### **GOAL ONE: GO DEEP IN OUR FIVE CITIES**

##### **Objective One: Establish strong board, management and staff leadership in each city.**

- ▶ Ensure the governing board has membership based in each city that can support local city plans to build a pro bono marketplace, drive catalytic pro bono campaigns and attract human and financial resources.
- ▶ Install and support a senior and dynamic leader as the head of each office who will engage local stakeholders and bring pro bono resources and partnerships to the civic community.
- ▶ Scale our programs in each city to be able to have a staff that is large enough to develop a strong local culture and continuity.

##### **Objective Two: Evolve the Service Grant program.**

- ▶ Increase the scale of Service Grant delivery in each city to at least 100 per year.
- ▶ Increase impact on clients each year as measured by the survey they complete nine months after the completion of their project.
- ▶ Redesign and build the program platform to enable greater flexibility and innovation.
- ▶ Evolve the product management approach to support innovation and flexibility.
- ▶ Develop a next generation revenue model for the program to ensure long-term sustainability and decrease the cost per project by at least \$1,500.

##### **Objective Three: Create a critical mass of corporate programs.**

- ▶ Consult at least a third of local Fortune 500 companies to develop and scale their pro bono programs (approx 50 companies).
- ▶ Engage our Pro Bono Consultants in promoting and advocating for pro bono efforts at local companies as well as business, IT and design schools.
- ▶ Engage leading professional services firms in local catalytic campaigns.
- ▶ Begin convening local pro bono leaders to set a local pro bono agenda.

##### **Objective Four: Establish the power of pro bono to advance catalytic efforts.**

- ▶ Demonstrate the capability of pro bono service to make a broader impact in each city.
- ▶ Partner with local philanthropic organizations to co-lead efforts and make a systemic impact.

#### **GOAL TWO: ADVANCE AND LEAD THE MOVEMENT NATIONALLY**

##### **Objective One: Showcase the impact of pro bono on the national stage.**

- ▶ Capture and distribute pro bono stories about impact and innovation occurring in our cities and by our partners.
- ▶ Leverage local and national partners to speak at national forums.

##### **Objective Two: Spur extension of pro bono through corporate partners.**

- ▶ Encourage and support our corporate and other partners to expand their efforts beyond our five cities to bring pro bono to other geographies.
- ▶ Proactively build partnerships with Fortune 500 companies outside our cities.

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**Objective Three: Invest in taprootfoundation.org to serve the nation.**

- ▶ Enable experienced pro bono consultants to serve nationally as interactive mentors for others doing pro bono.
- ▶ Create and distribute tools to address barriers to pro bono program development.
- ▶ Showcase inspiring stories to motivate and model the movement at large.
- ▶ Register pro bono consultants nationally to be able to distribute future resources to the field and to mobilize them in campaigns and events.

GOAL THREE: STRENGTHEN TAPROOT TO ENABLE LONG TERM GOALS

**Objective One: Strengthen financial position.**

- ▶ Continue to contribute 5% of revenue annually to cash reserve fund to achieve over a \$1 million fund by the end of 2013.
- ▶ Grow consulting practice with the goal of increasing unrestricted funding.
- ▶ Increase the average philanthropic grant amount from \$30,000 to \$50,000 and engage those under \$15,000 for increasingly limited and strategic purposes.

**Objective Two: Increase investment in institutional relationships with partners.**

- ▶ Build relationships with a broad set of advocates within a partner organization.
- ▶ Consistently over deliver and exceed expectations.
- ▶ Increase transparency into both Taproot's strengths and challenges.
- ▶ Identify shared long-term wins.

**Objective Three: Shift staffing strategy to meet long term needs.**

- ▶ Grow talent internally when at all possible.
- ▶ Hire and develop staff to optimize for relationships, communications and strategic thinking.
- ▶ Foster an open and collaborative work environment.
- ▶ Invest in building people management capabilities of all managers.
- ▶ Double the current tenure by at least two years.

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### MILESTONES & PROJECTIONS

#### MILESTONES

| MILESTONE |                                                                                                                                            |
|-----------|--------------------------------------------------------------------------------------------------------------------------------------------|
| 2010      | Pro bono service is proven to be reliable and replicable <input checked="" type="checkbox"/>                                               |
| 2012      | Pro bono service is documented as a proven tool for making a direct impact on critical social and environmental issues                     |
| 2013      | Organized and robust field of pro bono service established in core cities: the Bay Area, Los Angeles, Chicago, New York and Washington, DC |
| 2016      | National organized and robust field of pro bono service is established with clear standards and transparency                               |
| 2020      | Multi-billion dollar national marketplace for pro bono service<br>Pro bono service is a common and core tool to address social issues      |

#### PROGRAM DELIVERY

|                    | 2010<br>(Amount) | 2011<br>(Amount, % Increase) | 2012<br>(Amount, % Increase) | 2013<br>(Amount, % Increase) |
|--------------------|------------------|------------------------------|------------------------------|------------------------------|
| SGs Awarded        | 340              | 394 16%                      | 480 22%                      | 575 20%                      |
| SG Value           | \$17 mm          | \$19.7 mm 16%                | \$24 mm 22%                  | \$28.7 mm 20%                |
| Consulting Clients | 12               | 13 8%                        | 17 31%                       | 24 41%                       |



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### FINANCIAL

|                        | 2010<br>(Forecasted*) | 2011<br>(Amount*, % Increase) | 2012<br>(Amount*, % Increase) | 2013<br>(Amount*, % Increase) |
|------------------------|-----------------------|-------------------------------|-------------------------------|-------------------------------|
| Grants/Contributions   | \$3,455               | \$4,199 22%                   | \$5,192 24%                   | \$6,223 20%                   |
| Earned Income          | \$525                 | \$780 49%                     | \$1,020 31%                   | \$1,440 41%                   |
| <b>Total Revenue**</b> | <b>\$3,980</b>        | <b>\$4,979 25%</b>            | <b>\$6,212 25%</b>            | <b>\$7,663 23%</b>            |
| <b>Total Expense</b>   | <b>\$3,783</b>        | <b>\$4,749 26%</b>            | <b>\$5,907 24%</b>            | <b>\$7,267 23%</b>            |
| Net Revenue            | \$197                 | \$230 17%                     | \$305 33%                     | \$396 30%                     |
| Percent Margin         | 5%                    | 5%                            | 5%                            | 5%                            |

\* Thousands

\*\* Cash only, not in kind

