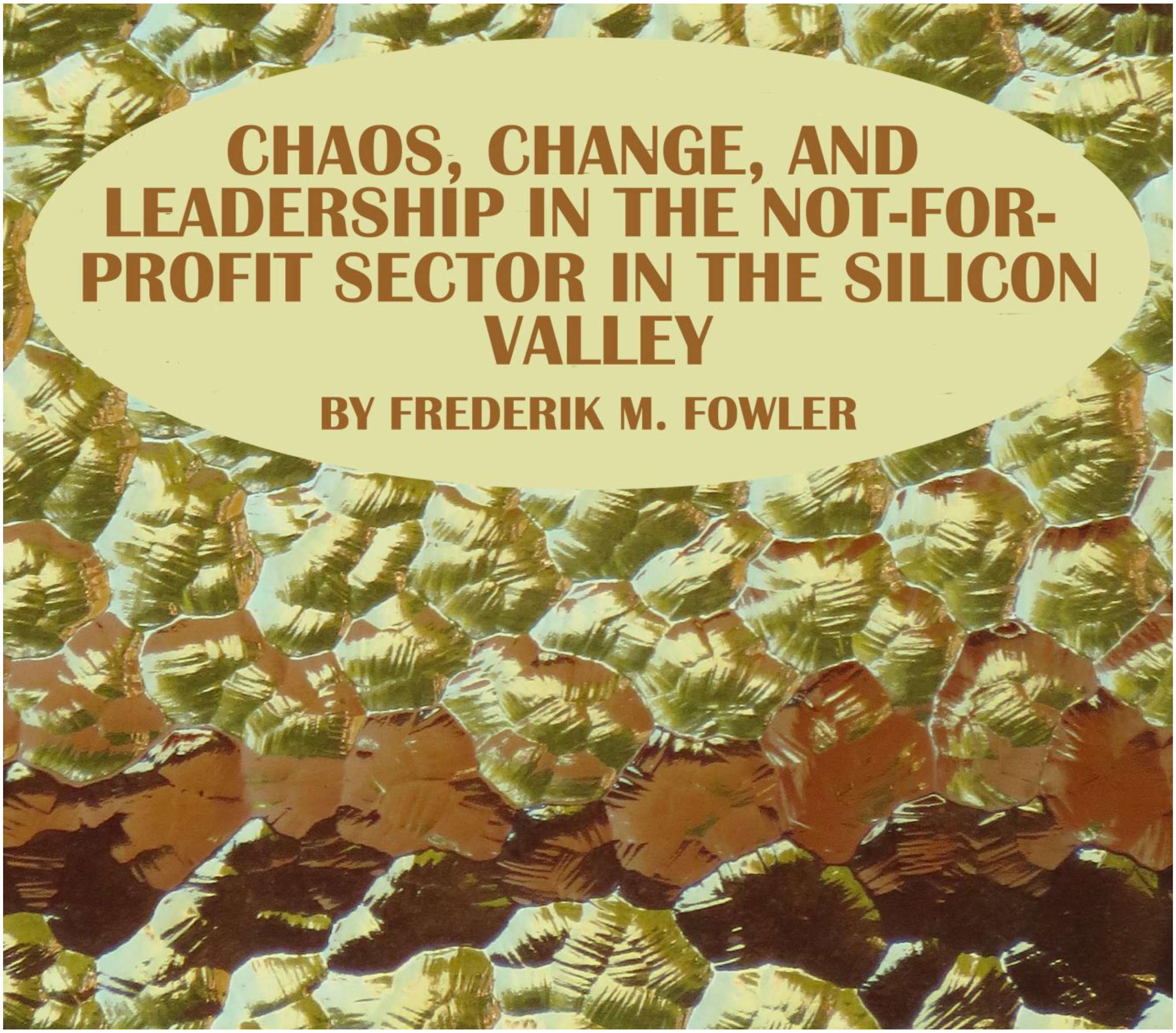
" I appreciate how well you captured the spirit of what we do and the struggles we have."
—Interviewee



Frederik M. Fowler, an expert in leadership development, is the former Mayor of Sunnyvale, California. Sunnyvale is located in the heart of California's Silicon Valley. Silicon Valley is a nickname for the South Bay portion of the San Francisco Bay area in Northern California. Many of the world's largest technology corporations and thousands of small technological startups are located there. Fowler has more than thirty years of public and private sector leadership experience and is a Principal of The Kosha Group. He can be reached at fmfainc@gmail.com *.*

Abstract

In this paper the results of a survey by the author of Silicon Valley based “social safety net” organizations are presented. A social safety net aids those who need assistance in one form or another. There is a distinct difference between social safety nets provided by governments and those provided by the organizations surveyed by the author. The purpose of the survey was to identify these organizations' most pressing issues and most promising opportunities. Its goal was to investigate how such organizations and their missions are being affected by the economic recovery that is gathering momentum in Silicon Valley. Is this economic “tide” lifting all of the safety net “boats”, or are new challenges causing even more strain on these agencies?

Even where conditions are significantly different from those in Silicon Valley, those involved with providing social safety nets elsewhere can learn some lessons from the observations of those interviewed for this survey. Relationships with funders, for example, provide similar challenges everywhere.

The survey was accomplished by conducting interviews with CEO—level executives from a number of these organizations. While each agency's story is unique, a definite pattern of common concerns became apparent. The first part of the pattern is that these agencies are facing funding challenges that are both very complicated and very severe. The second aspect of the pattern is that many organizations feel they must completely remake themselves in order to continue to serve their missions. The third component of the pattern is that leadership and leadership development have become the highest priorities on many agencies’ agendas.

Introduction

Silicon Valley is the home of many high-tech companies such as Apple Computer, Google, Facebook, Yahoo, and Twitter. The Spring of 2014 has seen a resurgence of these companies after the “Great Recession” that started in 2008. There is currently a hiring boom that is bidding up salaries for the high-tech workers these companies need. The highways and parking lots of Silicon Valley are clogged with commuters and apartment rents have risen 40 percent in the past three years. New office buildings are sprouting on lots that had sometimes been vacant for half a decade or longer. The private sector here is clearly on another one of its “rocket rides”, and a new generation of “high tech millionaires” is being created.

Is this prosperity trickling down into the other, less affluent parts of the community? Is the tattered and challenged “social safety net” seeing some relief after weathering the most severe economic downturn since the Great Depression?

Unfortunately, the answer clearly is “No”.

This article is the result of interviews conducted with the CEOs or Executive Directors of 26 Silicon Valley based not for profit organizations. Each participant was asked only two questions. Each question was then asked in two different ways. The first question asked was “What is the nastiest, gnarliest, most awful problem on your desk today?” This question was then re-phrased as “If you were Harry Potter and could wave a magic wand, what would 'fixing this problem' look like?”. The second question was “What is the most important problem on your desk today?” which was also then re-phrased as “If you could magically fix the problem, what would 'fixed' look like?”

These two simple questions spawned a flood of information. The CEOs and E.D.s had so much to say that this article could easily turn into a book length manuscript if all of their fascinating stories were to be told.

The overall picture that emerged from these interviews is of a community of agencies facing tremendous challenges. Many of these challenges are existential in nature. Several of the CEOs of agencies that are nationally famous confided that they are facing “to be or not to be” choices. Others say that the “business model” of their organization has to be completely re-thought if the agency is to survive. Still others say that the biggest threat to the sector is the “graying” of its leadership, and that if nothing is done there may be no social safety net at all in a few years.

Nasty, Gnarly Problems

Not surprisingly, “funding” was most often identified as the most difficult challenge faced by the agencies. What is surprising, however, is that the overall amount of funding that is available is not necessarily the concern. Every CEO and every E.D. wished for more funding, but just about every one of them went on to describe the challenges they have in working with the funders they already have. When the proverbial “magic wand” was put in their hands, most of the people who were interviewed wished for a different funding *structure* that would bring stability to their organizations.

Funding Volatility

One of the biggest concerns is that funding for not-for-profits and community based organizations has become much less predictable and much more volatile than It has been in times past.

Funds for these agencies come from three distinct types of funders. The first group of funders are government entities such as the federal, state, county and municipal governments. The second group of funders are charitable foundations, such as the Bill and Melinda Gates foundation or the Packard foundation. The third group of funders are individuals (wealthy or not), who give individual donations. All of these groups were severely buffeted by the recent economic downturn. Now that things are getting better, these funders are re-thinking the way they supply funds to the social safety net. The result is severe instability in the funding streams.

Marie Bernard is the Executive Director of Sunnyvale Community Services, a provider of emergency aid to families in crisis. She told a story about the kind of funding volatility she has to deal with. Two years ago her organization received an unexpected grant of $150,000 from a foundation associated with a local high-tech company. Last year she applied for the grant again, but she was awarded only $50,000 because the foundation had decided no longer to make any awards greater than that amount. This year she applied for and received the $50,000 grant again, but was then told not to re-apply for two years. The foundation had adopted a new policy that no agency would be funded for more than three years out of every five. “Those kinds of ups and downs make it very difficult to budget for any ongoing programs." she said.

Margo Leathers Sidener is the President and CEO of Breathe California of the Bay Area, an organization that has been fighting lung disease for over a century, through several name changes. She says that one of her agency's challenges is competing for funding against more "fashionable" causes. "One of our causes is asthma. It is not a new issue, but it is an important one. Many funders like to fund the current 'cause of the day'. A few years ago it was diabetes. Now it is obesity. These new causes are important, but I wish foundations and donors wouldn't forget about the old ones."

Toni Burke is the Vice President and Executive Director of City Year San Jose/Silicon Valley. City year is part of AmeriCorps and deploys corps members to serve in elementary, middle and high schools. Toni says her program is proving to be very effective in helping raise academic performance in those schools. "We're reaching 3,600 kids and we are making a significant measurable difference. Our problem is how to scale up? There are more than 8,000 kids we could help. Where can we find the money to do it?"

Gene Sinclair is the acting CEO of Hope Services, a provider of assistance to individuals with developmental disabilities. He has served seven years on the board and has seen the agency buffeted by volatility in state funding.

The late 1990's saw the freezing of state reimbursement rates that effectively reduced the percentage of Hope's service costs covered by the State of California from near 90 percent then to approximately 65 percent today. Hope's reimbursement issues were further compounded by a retroactive cut in state funding rates a few years ago. While the retroactive rate cuts were rescinded the following year, and while the state's revenues are now growing again, Hope Services is not counting on any of the lost funding to be restored.

Dayana Salazar is the Executive Director of CommUniverCity, which is an organization that, according to its web site, "provides a way for students from San José State University to gain real life experience working in communities and helping to solve real life neighborhood issues." Dayana describes CommUniverCity as a three way partnership between the University, the City of San Jose, California and the local community. As such, it has no permanent funding source. "Each year we wait anxiously for the City budget to be passed and for the University budget to be adopted. We are a line item in each one, but we are never funded for more than one year at a time. We've been around for almost nine years now, but this is April and I literally have no idea what my budget will be like after July 1st ."

Janice Jensen is the President and CEO of Habitat for Humanity East Bay/Silicon Valley, and she has perhaps the most daunting story to tell. She says that Habitat's entire business model was "blown to smithereens" in California two years ago.

While best known for its "sweat equity" home ownership programs, Habitat's main mission is to develop medium and large scale affordable housing projects. Up until 2012, it worked in partnership with most of California's 400 Redevelopment agencies. Those public agencies were able to fund the acquisition of land that Habitat (and other affordable housing developers) would then use to build apartments, condominiums and houses.

The world changed for Habitat in California when the state government chose to dissolve all 400 California redevelopment agencies in single stroke. As of February 1st, 2012, all public redevelopment agencies in the state ceased to exist, When they disappeared, so did Habitat's only practical way of acquiring land.

“In Silicon Valley, even the most misshapen, inconvenient, and poorly located land is going for between $1.7 million and $3 million per acre. We don't know how we're going to raise the money we need to keep going.” Ms. Jensen said.

She added “2012 saw the smallest amount of affordable housing built in California in living memory. We need an entirely new business model if we are going to try to continue our mission.”

Restricted Funding

As bad as the challenges of funding volatility are, they are no worse than the challenges caused by the restrictions that are now commonly being placed on the uses of donated funds.

Cathy Boettcher is the President of Estrella Family Services, a small provider of early learning and early childhood development services in Silicon Valley. She said that her organization is mostly funded by grants, and those grants are becoming more and more specific about how the money may be used.

Complying with grant restrictions is one thing, but demonstrating compliance is another. Each restricted grant comes with reporting requirements that must document the use of the funds and measure progress towards meeting the grant's goals. Generating these reports can become a significant administrative chore.

Compounding this problem is the fact that most grants severely limit the portion of granted funds that may be used for administrative purposes. In Estrella's case, most grants limit administrative expenses to no more than 15 percent of the total. In other cases, limits of 10 percent, 5 percent or even 3 percent are not uncommon.

Ms Boettcher says “ We have multiple grants and multiple funders, and each one imposes its own reporting requirements. We serve about 300 children, and we literally have to report on each child's status and progress each day. We have to do so in multiple formats for multiple funders. We just can't do it for the amount of administrative money the grants allow. I'm burning out my admin staff.”

Gregory R. Kepferle, CEO of Catholic Charities of Santa Clara County, agrees. “Catholic Charities is an administrative umbrella over what are essentially 40 small not-for-profit agencies. We use this structure to try to get economies of scale in compliance reporting and general administrative tasks. We have to be careful because all i's must be dotted and all t's must be crossed. We have seen situations where a funder has held up a $100,000 payment because of a $50 discrepancy in the reporting.”

“We have learned to think twice before accepting just any grant” he added.

Many other CEOs and Executive Directors lamented the fact that the increase in restricted funding is going hand in hand with a decrease in unrestricted funding. Many of them commented that funders want to fund the direct costs of specific programs but want someone else to pay for the overhead. Many agencies are receiving substantial grants but are scrambling to find ways to pay for office rent, utilities, insurance and the salaries of administrators.

Kathleen Krenek, Executive Director of Next Door Solutions to Domestic Violence captured the general sentiment by saying “I wish foundations would look at an agency's portfolio and invest in the whole agency, not just its programs. I wish the public sector, the private sector and the not-for-profits could work together to prioritize important community issues and create long term funding mechanisms to address them.”

Burn Out

The Silicon Valley economy is clearly growing, but it is growing unevenly. This results in prosperity for some but further stresses for others. The need for service from the social safety net has not abated and is increasing in several sectors. At the same time, funds and resources are flat if not decreasing.

With low pay scales and long hours, it is clear that the people who work for social service agencies are not motivated by personal gain. More often than not they are motivated by a desire to serve those in need and to make a difference. This can lead to a set of organizational challenges that may be unique to the not-for-profit sector.

Jen Padgett, CEO of the Community Technology Alliance described it this way: “Sometimes a culture can develop where people ask 'if you are not working here until midnight, how truly dedicated are you?'. “ In other words, she says that people try to stretch themselves to fill the unfillable need and use peer pressure to get others to do the same. This can only last so long. Eventually people burn out.”

Another Executive Director who does not wish to be named, agrees. His agency is funded by the State of California, and there have been no raises for any of his employees for eight years. Many of them work multiple jobs and are living under the poverty line. The director says it is not uncommon for him to find that some employees are living in their cars.

“I have to do the best I can to take care of my people, but it is very difficult. It is almost as if the agency has two sets of clients: the people we serve and the staff we serve them with.”

Jenny Niklaus, CEO of Home First makes a good point: “We are our own worst enemies. We cut and cut until we deliver services on a shoe string, and all we are doing is hiding the true cost of helping our clients from the funders. We should be telling our funders the truth about what it really costs to do what we do.”

Competition

It may sound strange to hear that some social safety net organizations are in a competitive environment, but many of them report that they are now having to compete for resources against former “partners”.

In many cases, the new competitor is local government. One CEO (who wishes not to be named) says that a nearby city used to fund the after school programs her agency provided. Not long ago, the agency lost all of the municipality's funding. The city's Parks and Recreation department then started emphasizing and expanding its own after school programs.

Another example has to do with early childhood education. For many years the State of California has funded early childhood education through not-for-profit agencies such as Estrella Family Services. Recently, a bill was introduced in the California State Legislature to shift part of that responsibility (and the funding that goes with it) to the public school system. Estrella and agencies like Estrella have been receiving state funding of about $34 per student per day. The public school system will receive new funding of about $60 per student per day to provide the same kinds of services the not-for-profits provide. All of the kids who attend the new public school programs will be lost to the not-for-profits as clients.

Even though not-for-profit pay scales are low, there is still competition for talented staff. This is especially true where the staff have specialized skills or licenses.

Paul S. Taylor, President and CEO of Momentum for Mental Health, worries about the future ability of his organization to recruit and retain mental health professionals. “If you have the licenses and the training to work in mental health, those skills are transferable. No one knows how the health care system will change over the next few years while It digests the Affordable Care Act and some other initiatives that are playing out in Sacramento. I am already competing against hospitals for my medical talent. I can't compete against Blue Cross.”

Monique Kane is the Executive Director of the Community Health Awareness Council, a provider of mental health counseling for 33 schools in several school districts. Her agency has long benefited from a special state licensing requirement. The regulation states that anyone wishing to become a licensed counselor must first serve 3,000 hours as an intern for a qualified mental health agency. The Community Health Awareness Council offers such internships and uses the interns as school counselors under the supervision of a licensed mental health professional.

Monique says “We are a highly respected agency, so we get lots of interns who wish to have our name on their resumes. We train them for a year or so, and then they go elsewhere. Why? Because we can't afford to pay them anything at all. All we can do at present is offer unpaid internships.”

“Some agencies are starting to offer $1,000 stipends” Monique added. “There is even an agency that is paying interns $10 per hour. If I had the magic wand you talked about, I would wish for $1 million I could use to pay our interns.”

“Paradigms Must Change”

To people within the not-for-profit community, there appears to be a fundamental change taking place. The old paradigms for how a community based organization should work seem to be losing their relevance. Nowhere is this change more apparent than in the transformation of the United Way of Silicon Valley.

The original purpose of the United Way was to consolidate fund raising activities for local charities. Before the original United Way concept was formulated, there would be a parade of CBO representatives calling on local businesses for donations each year. The “United” part of the United Way name refers to the fact that once the concept was in place, all of the local organizations were represented by just one fund raising agency. All the organizations were funded through just one giving campaign, and that campaign provided them with the unrestricted funds they needed the most. The administrators of the local United Way agency provided valuable “vetting” services to make sure that only legitimate and effective organizations were eligible to be funded.

About a fifteen years ago that model began to break down in Silicon Valley. Every United Way campaign allows a donor to give money to the agency itself, or to give money to a specific organization of the donor's choice. Since more and more workers in Silicon Valley come from some other part of the world, more and more donations were coming in earmarked for agencies located far away from Silicon Valley. More and more donations were also coming in earmarked for specific “cause” agencies such as animal Rescue and animal shelter agencies. Fewer and fewer dollars were coming in for the United Way to spread around to the organizations it was actually representing.

In 2005 the United Way of Silicon Valley board made a very significant decision. Faced with declining local donations and ever growing needs, the agency decided to change its funding model. They had been operating under what they called their “peanut butter” approach – giving a little money to every agency even though the amount given was not very large, and spreading their funds widely but thinly like peanut butter on bread. They decided instead to operate under what they call their 'deep impact” approach – giving significant money to a select few agencies who are aligned with the specific priorities of the United Way board. They wished to move away from the idea of “making a contribution” and toward the idea of “making a difference”.

For those agencies that are being funded, the benefits of the approach are very real. The minimum grant the United Way of Silicon Valley will give is $50,000 per year, and the minimum time commitment for a grant is three years. Each grant recipient receives a significant revenue stream that will last a long time, and can be used mostly without restriction. It is very welcome help indeed.

For those agencies that are not being funded, though, the effect is also very real. Fifteen years ago the United Way of Silicon Valley supported about 180 local agencies. In the latest 3 year funding cycle, United Way Silicon Valley is aiding only 19 local agencies. The rest have to fend for themselves.

Filling The Gap

Either directly or indirectly, this basic paradigm shift at the United Way of Silicon Valley is driving other paradigm shifts at almost every other agency surveyed for this article. The old United Way model gave agencies a reliable source of unrestricted funds for paying overhead and other discretionary costs. With the new United Way paradigm in place and with the increasing volatility and complexity of governmental and grant funding, most agencies are now struggling to find new reliable sources of unrestricted funds. Many of them are changing their business models to do so.

Social Enterprise

Larry Drury is the Executive Director of GoKids Inc., which, like Estrella Family Services, is a provider of early childhood development services. Drury has decided to take on one of the most significant challenges in the early childhood development “space” and try to make a kind of business out of it. His hope is that he can earn unrestricted revenue by tackling this problem and selling the solution to other early childhood development agencies.

The challenge that Drury is tackling is the one that bedevils Cathy Boettcher at Estrella Family Services – paperwork. Drury recruited a Certified Public Accountant to be his Chief Financial Officer. A CPA is “overkill” for an agency the size of GoKids Inc., but not if that CPA can serve multiple clients. Drury reasons that, if he can take on fiscal reporting tasks for enough clients, he can achieve the kinds of economies of scale that would let him do so within the administrative cost caps of most grants. He could go to other agencies and offer to do their paperwork for less than the cost of doing it themselves. The client agencies would save money and GoKids Inc. would earn the unrestricted revenue it needs.

Hope Services used a similar tactic to seek financial independence in the new funding and economic environment. Gene Sinclair tells the story of how the Hope Services board reacted to the blow when it fell.

“Our clients are people with developmental disabilities, and they are among the most vulnerable people in society” he says. “Our board has a member who is a client and who serves as a client representative. Every time she speaks, the board quiets down and listens carefully. When the impact of the great recession became apparent she quietly told the board that 'everyone is scared to death'. These people had no one to depend on but us.”

“The board then made a moral commitment that I am very proud of,” Gene said. “We vowed 'We will NOT cut our services'. We didn't know how we would do it, but we committed ourselves to find a way.”

They DID find a way. Hope's mission is to provide vocational training and job placement for their clients. They want to give their clients the opportunity to do a real job and earn a real paycheck. What they ended up doing was restructuring as much as possible of their vocational program to generate cash for the organization as well as employment for its clients. Hope services now provides data-entry, document-handling, light manufacturing, janitorial, mass-mailing, and similar valuable fulfillment services to many large Silicon Valley companies. Those services are now a $15 million per year enterprise, helping offset the loss of California state funds.

These two agencies are creating what are known as “social enterprises”, which are revenue generating activities designed to subsidize the community benefit work the organizations do. The idea of a social enterprise is not a new one – in fact it is as old as the Salvation Army Thrift Store. What is novel is the kind of services that are being provided and the customers who are being found for these services.

Agencies that engage in social enterprise work often find they have to confront significant “organizational culture” issues. Offering services to anyone in need is very different from offering services in order to make a profit.

Lynda Steele is the Executive Director of Abilities United, an agency providing support services for children and adults with disabilities. She says that some years ago the agency started to blend fee based services in with its free services in order to earn unrestricted funds. Abilities United found it needed two sets of staff to support these different activities. It was not reasonable to expect someone who is used to a “not-for-profit culture” to manage for-profit business activities, and it was also unreasonable to expect someone used to a “business culture” to be able to handle the public benefit side of the organization.

Colleen Hudgen is the Executive Director of Live Oak Adult Day Services, a provider of an activity-based program for older adults. She said her organization has suffered from cutbacks by the United Way, the U.S. Veterans Administration, and other traditional funders. She says the agency is weighing whether to move from a needs based service to a paid service with a “scholarship” or “sliding scale” mechanism to make provision for needy clients. “It may seem like a small change, but if we go that way it will involve a complete makeover of the identity of Live Oak” she said. “Are we a care giving organization where all clients are important, or will we become an organization with 'first class' and 'economy class' clients? That question goes to the heart of who we are.”

Rethinking “Charity”

Another approach to the problem of fund raising is to re-frame the relationship between community based organizations and the people who give donations to them.

Kurt Ohlfs is the Executive Director of the Pacific Autism Center for Education, a provider of programs for individuals with autism and its related developmental disabilities. Kurt says “We have to stop thinking about donations as 'charity'. No one wants to give money now only to be asked to give again next year and again the year after that. People want their money to make a difference, not just fill a gap.”

“We have to start realizing that donors are making investments in us, not just giving us 'charity'. We need to structure our programs along the lines of delivering returns on those investments. We need to approach donors the way that private sector people approach venture capitalists. We need to 'pitch' them on what their money will do, and what the social 'return on the investment' will be.”

Jenny Niklaus of Home First agrees. “We have to start thinking about ourselves as businesses, and we need to start making business cases for what we do. There are about 7,000 homeless people in Silicon Valley, and it costs about $16,000 per year on average to get them housed. When I talk to the business people at large Valley corporations about this, they immediately start to do arithmetic in their heads. They begin to realize that 'homelessness' isn't necessarily a hopeless problem to solve.”

Shamima Hasan, CEO of the MayView Community Health Center, agrees. “We need to work more in-depth with funders for them to understand where their money goes. We need to show them how it benefits those who need it the most. My experience is that if we do this, they do understand.”

“We have to stop thinking like charities and start thinking like partners. We should negotiate with funders as equals. The foundations have goals they want to achieve with their money. We give them the ability to achieve those goals. If they impose requirements that make it impossible to do the programs, we need to tell them so.”

“There was one foundation that wanted us to do colon cancer screenings,” she added. “They wanted to supply the test kits but didn't want any of their money to go towards salaries. I told them that would not work at all. If we gave out the kits but didn't track who returned them and didn't follow up with phone calls to those who had not sent them back, what good would the kits do? The foundation board changed its mind and agreed to include money for salaries in the award.”

Jeanne Bell is the CEO of CompassPoint, a not-for-profit whose mission is to support other not-for-profits with management training, strategic planning and other consulting services. She works closely with major foundations, and she says there is a major shift taking place in the funding community. “Funders are changing the question they are asking from 'is it needed?' to 'is it working?'. They want to 'move the needle' for the social issues they are investing in. Battered women's shelters need to be funded, but donors want to end domestic violence in the first place. The not-for-profit community has to change its own mind set away from 'band-aid' solutions and towards attacking the root causes of the problems.”

Who Will Lead The Way?

CompassPoint is a not-for-profit organization whose mission is to support other not-for-profit organizations. This gives CEO Jeanne Bell a unique viewpoint on the challenges faced by that community of agencies.

When asked,“what is the most important problem facing not-for-profits?”, she said: “What keeps me up at night is the fact that the archetypical executive director is now about 62 years old and has been on the job for 20 to 30 years.These people have been through a lot, it is true. The question is, are they up for leading the way through yet another period of change? The world is transforming and re-forming for not-for-profits. Do they have enough left to lead their organizations through yet another major realignment?”

Bell's concerns appear to be corroborated by the research done for this article. Of the 26 Executive Directors and CEOs interviewed, two had already announced their retirements, and one agency was being run by an interim “caretaker”.

Hope Services is one of the agencies that is currently without a permanent CEO. The story of its leadership issues is far from unique.

Hope Services had a charismatic and effective leader who managed the agency for many years. As he neared retirement age, he began to “groom” the Chief Operations Officer of the agency as his successor. They worked on projects together for a period of six months, and then came time for the formal handover. The old leader headed off into retirement and the new one took over.

Unfortunately, the new CEO himself is retiring after only about three years.

Gene Sinclair is currently the chairman of the board at Hope Services, and he is serving as interim CEO. Sinclair says that “finding a new CEO with the right kinds of experience will be challenging”. Happily, Hope is already in touch with some promising candidates.

Hope Services used to be a social service organization, but for reasons described earlier, it has now developed a fair-sized revenue-generating business unit. The new CEO will have to wear two hats: that of the leader of a public benefit agency and also that of the manager of a $15 million service business. The right candidate will have to see Hope’s unique structure and the current funding and economic environment as a challenge and an opportunity.

Mary Ellen Petersen is the Executive Director and CEO of Parents Helping Parents, a support organization for families with special needs children. She has notified the board of directors that she intends to retire, and she has given them approximately two year's notice. One reason for the long notice period is that she feels finding and training the right successor is crucial to the survival of the agency.

“Replacing a long serving and successful Executive Director is very difficult” she said. “What usually happens is that the immediate successor comes on board and then leaves after about two years. A second successor is then hired who leaves even more quickly. Finally the third or fourth Executive Director turns out to be the 'keeper' and lasts for another 15 to 20 years.”

The reason for this pattern is the fact that the original Executive Director created an organization aligned with his or her own core values. Subsequent Executive Directors had to preside over the organization “letting go” of the past leader and then accepting the new one. Often it takes the experience of one or two new leaders failing before the organization is ready to accept the change in leadership.

Sometimes the organization doesn't survive the leadership transition.

Paul Miller is Executive Director of Kidango, inc., a provider of early care, education, and health services for children from 0-12 years of age. Miller knows the consequences of such failed leadership transitions well.

“Over the years Kidango has grown by merging with six other not-for-profit organizations, one at a time. Each merger came about because the founding Executive Director of the other community based organization retired and their board of directors could not find a new leader.”

“The other board would often find and hire a replacement for the departed executive, but most often those replacements did not last. The board would then come to us and ask us to please take them over. They didn't want to abandon their clients. They thought that the best way to honor and serve their mission was to ask us to manage the effort for them.”

Miller continued, “I feel an obligation not to let those six other boards down. I'm doing what I can to honor all of the missions Kidango has assumed. At the same time, I'm now in my 60s. What will happen to Kidango when it is time for me to go? That is something I am worried about.”

Paul S. Taylor of Momentum for Mental Health feels the same way. “I'm past retirement age” he says. “I have a fantastic senior staff – we have fun together. At the same time, I hear them say 'When you are gone we are out of here'. I'm worried about that.”

Two more Executive Directors who wished not to be named echoed those same fears. One of them said “The trouble is that I am the organization. I don't want to have to manage it anymore. I've given up on my board. My goal is to take my staff and my programs and give them to another agency to run on a day to day basis. I could then consult with them to make sure things go well.”

The other Executive Director said, “my staff teases me about this being all my show. I've made the agency very successful and we've achieved great things. I'm afraid that I've taught everyone else just to follow me. What happens when I'm not around to follow anymore?”

Greg Kepferle, CEO of Catholic Charities of Santa Clara County, has decided to take this bull by the horns. When asked what the most important problem on his desk was, he simply said “leadership development”.

Kepferle's goal is to empower leadership at all levels within his organization. He says he wants Catholic Charities to be a place where people work in “mutually empowered and engaged teams”; where people “share a common vision; use a common language; and engage in common behaviors.” He wants to empower people to “use their gifts and find fulfillment knowing their gifts are being used in a meaningful way.”

While Kepferle was describing his ideas, he pointed out the numerous white boards in his office. Each was covered with notes and diagrams describing different aspects of the leadership development program he was starting to put together.

“It is fun, and it drives us nuts!” he says.

Conclusion: Challenges And Opportunities

The social safety net agencies of Silicon Valley are living through a period of great disruption and upheaval. These disruptions pose great challenges, but they also hold the seeds of opportunity.

Paul Miller of Kidango inc. puts it this way: “The cuts we endured were very painful, but more than anything else they served as a wake up call. We had to focus on our mission and get through it. We are now a much more efficient organization, we are more astute, and we are better at creating effectiveness.”

“The board, the staff and I are risk averse' he said. “The crisis forces us to take risks, to try new things.”

If nothing else, the past few years have proved that the not-for-profit social safety net in Silicon Valley is resilient. As new challenges sweep away old business models, new models rise to take their place. Leadership commitments, such as the Hope Services board promise that 'we will NOT cut services', lead to new ideas and new solutions to seemingly impossible problems.

Leadership and commitment are the keys. The old saying goes “where there is a will, there is a way”. If leaders have the will to lead, it appears there are very few challenges that cannot be overcome.

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