

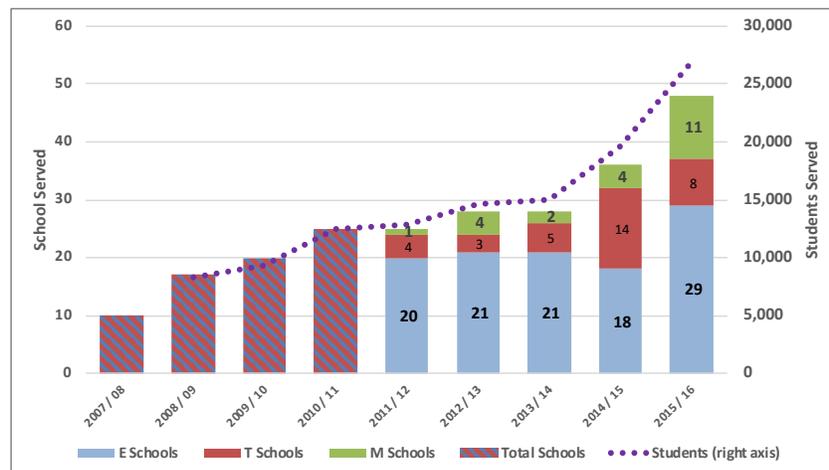
WARNER A. FITE

Education Through Music (B): Seeking Operational Excellence at a Scaling Nonprofit

With work underway on the financial elements of scaling ETM, Kathy Damkohler began to think more and more about its organization and staffing. She was convinced that ETM’s team was committed and engaged, and she knew too that accelerated growth from 2013 to 2016 had created strains. Kathy wondered how close those strains had come to “breaking” ETM and how she could foster an organization that consistently was able to perform at a high level.

Historically, ETM had added from one to three new schools annually from its inception in 1989 until the spring of 2014, by which time it had come to serve approximately 15,000 students at 27 schools. In the following 15 months, ETM added 20 net schools, almost doubling the number of schools and students served. By the beginning of the 2015 – 2016 school year, ETM served 27,000 students in 48 schools. This rapid growth placed a great deal of pressure on ETM’s people and processes and on their ability to manage an increasingly complicated and dispersed organization. Kathy felt that all parts of the organization were stretched close to the breaking point.

ETM Program Reach, 2007 - 2016



NYU | Wagner Adjunct Assistant Professor and Public Equity Group Principal Warner Fite prepared this case study as the basis for class discussion and field building. It was reviewed by a representative of Education Through Music prior to distribution. This case is not intended to illustrate either effective or ineffective handling of a management or leadership situation and is licensed under the Creative Commons Attribution – Share Alike 4.0 International License (CC BY-SA 4.0). The terms of this license may be found at <https://creativecommons.org/licenses/by-sa/4.0/>

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ETM's senior staff, those at the director level and higher, had largely been with ETM for the greatest portions of their careers. Kathy had been with ETM throughout its 25-year history, having previously served as a school principal. She was the public face of the organization and was pulled in many directions. Kathy was responsible for overseeing ETM's operations and developing relationships with prospective school partners. She was also responsible for ETM's relationships with major donors and foundations as well as the supervision of the organization at large. While the burdens of growth fell across ETM's staff, Kathy's personal efforts were required both to scale the program opportunities and to secure the funding necessary for to sustain the organization. The demands on Kathy from both inside and outside ETM had exploded over the past three years.

Rainah Berlowitz (Director of Operations, responsible for financial operations, budgeting, HR, ETM's relationship with its Los Angeles affiliate, and planning) and Katherine Canning (Director of Development) had each joined ETM shortly after college and had served 19 and 18 years respectively. Peter Pauliks, Director of Programs, had been with ETM for eight years and Timothy Lemberger, Director of Communications, was the newcomer having joined ETM three years previously.

Kathy was confident in their expertise and commitment, and with the impact that ETM was having. And she wondered about whether they were all collectively managing the organization in the best way possible. Was the internal culture strong? How might it be improved? Was ETM's leadership team giving the staff the tools it needed to succeed? Was the organization doing all that it could to help the children in partner school succeed? Were there gaps in the ETM's staff, and did they have all the right people in all the right places?

Symptoms of Organizational Strain

Kathy and her Board, with support from Public Equity Group (PEG), a boutique consulting firm serving foundations and nonprofits, undertook an assessment of ETM's organization, infrastructure, and staffing.

The assessment confirmed the staff's passion for ETM's work. One staff member shared that, "I have never been around anything where so many people all have the same objective and are working so hard to the same purpose." Staff members also shared that, "What you'll hear time again from people in ETM is that, 'I love the mission of ETM . . . it's the most important thing I can do,'" and "We can improve equity and level the playing field for children." ETM staff members consistently cited commitment to the organization's mission as their driving motivation. Staff also cited their appreciation and respect for Kathy, and her single-minded commitment to ETM's mission and children, as important to their having joined the organization.

The assessment also identified specific strains. During PEG's staff interview process, individuals identified as ongoing challenges factors such as overwork, tensions across departments, incomplete communication coupled with a lack of timely check-ins with supervisors, and uncertainty over roles and responsibilities. In many cases, staff members were not sure that they were actually making a difference for children and most of them thought their jobs were more difficult than they had expected.

As with teams at many mission-driven organizations that have scaled rapidly, ETM staff often found themselves reacting to events rather than planning for them. Almost doubling ETM's footprint over two years did not provide the opportunity to invest in the systems, processes and structures to support the operational requirements of growth. Staff had developed informal, intricate and inventive – yet often cumbersome - workarounds to get information and do their jobs. Staff often felt overworked, stressed, and burned out. They often felt the need to "reinvent the wheel," with little opportunity to

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benefit from previous experience in managing recurring (and new) challenges. Everyday tasks seemed more time consuming than they might, exacerbating the pressure on the organization.

The need for staff workarounds was exacerbated by communication that was often “siloed” across the organization. While Kathy and her four director-level reports met monthly, as did the staff as a whole, structured and intentional communication across and within departments was intermittent. Because staff members often did not feel empowered, decision making was often pushed up in the organization. Kathy found herself at the center of nearly every significant decision in a process that she described as “very-top down, very individualized.” Nobody other than Kathy was responsible for the health of the ETM organization as a whole, yet her fundraising, DOE relationship, Board management, and public relations roles limited Kathy’s moment-to-moment availability elsewhere in the organization.

The Program Department felt these strains most acutely. In the 2015 – 2016 school year, ETM ran programs in 48 schools in all five NYC boroughs, employing 43 teachers (plus DOE teachers in “T” and “M” schools¹) supported by as many seven mentors² as well as by six supervisory and administrative staff. Pete Pauliks realized that the organization had changed, and grown past his ability to solely govern, when he “couldn’t longer remember the name and schools of all of our teachers anymore.”

As with the organization at large, the Program Department lacked a set of well-defined procedures. For example, every fall ETM coordinated instrument rentals for hundreds of.³ Each mentor was responsible for organizing the process in the schools that he or she worked with, managing dozens of families through the process. Although ETM managed this process every year, and although several staff members were working on this at the same time, there were no uniform procedures, timetables, or project management tools. While ETM at large had suffered increase staff turnover over the past two years, turnover was most acute in the program department and most acute in the program department among mentors. Of the eight mentors employed during 2015 – 2016, only four were still with ETM at the end of year. This attrition occurred both as a result of resignations and termination, and the mentor cohort felt under great pressure to accommodate the expectations of Program Department leadership – expectations that they did not always understand.

In fact, the definition of the mentors’ role in general seemed to change from time to time. There were no clear guidelines on how many teachers were assigned to each mentor nor was there a specific delineation of the time in-person time he or she was expected to spend with teachers or at the partner schools. ETM’s organization chart showed the teachers “reporting” to the mentors, but the supervision of the teachers – including such basic supervisory tasks as managing call outs (sick days)

¹ An “E” – or emerging – school has one or more music teachers who are on ETM’s payroll. Over time, ETM seeks to transition teachers to the DOE’s payroll (through supporting their professional development and their obtaining teaching certificates) in order to for music education to be completely integrated into the school for the long term. This benefits the teacher as well, who garner a higher salary and improved benefits. A “T” – or in transition – school has teachers in both the DOE’s employ and ETM’s, while an “M” – or mature – school has one or more teachers only in the DOE’s employ. Teachers on the DOE’s payroll at T and M schools receive the same extensive and ongoing professional development and mentoring as do those employed by ETM. At M schools, ETM is essentially providing professional development, assessment, and curriculum.

² ETM’s mentors provide feedback and support to the music teachers in the field.

³ Student instrument rentals, readily available to students in suburban school districts and private schools, were problematic for ETM’s less-advantaged, public school students. ETM arranged for a premier instrument rental company to serve its students, based on ETM’s acting as intermediary and guaranteeing payment under the family’s rental contracts. Over the life of this program, which continues to this day, fewer than five percent of families fall short on their payments (an unheard of low “default rate” for families of limited economic means, attesting to the value they place on ETM’s work with their children).

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and approving time cards – was managed much higher in the program department, including by the Director of Programs, who also frequently provide them with feedback and direction.

Teacher recruitment and retention were also recurring issues for ETM. Qualified music teachers – those with specific music education experience, either academically or through work experience – are in short supply in New York City. At any point in time, the DOE has unfilled openings for 100 or more music teachers for its own programs. ETM’s annual recruiting process began in earnest each June. Resumes were solicited online and screened by one of the assistant program directors, largely for a candidate’s music education background. ETM’s HR generalist maintained paper files (despite access to an online recruitment and onboarding application) and arranged for groups of candidates to attend *ad hoc* information sessions / group interviews. A portion of those candidates would later be invited back for final interviews. One program department staff member noted, “Sometimes we get qualified applicants, wonderful teachers, but by the time it’s the school year they get hired somewhere else.”

Every year, some number of ETM’s teachers (typically six to eight) resigned relatively early in the school year. In the majority of these cases, the teacher had difficulty in adjusting to working independently in city schools in high-need neighborhoods. Other teachers found ETM’s pay structure to be difficult, one teacher saying, “The school day is heavy [and] mentally stressful. When you compare that to what you get paid, it seems unfair and imbalanced. Even if I work as much as possible, every year I struggle to get through the summer.” ETM, as a private nonprofit organization, could not provide either the compensation or benefits of larger organizations such as the DOE. Teacher attrition meant that ETM staff was always in “recruiting mode,” and constantly pressed to be sure that all of its classrooms were always properly staffed.⁴

Potential Diagnoses and Next Steps

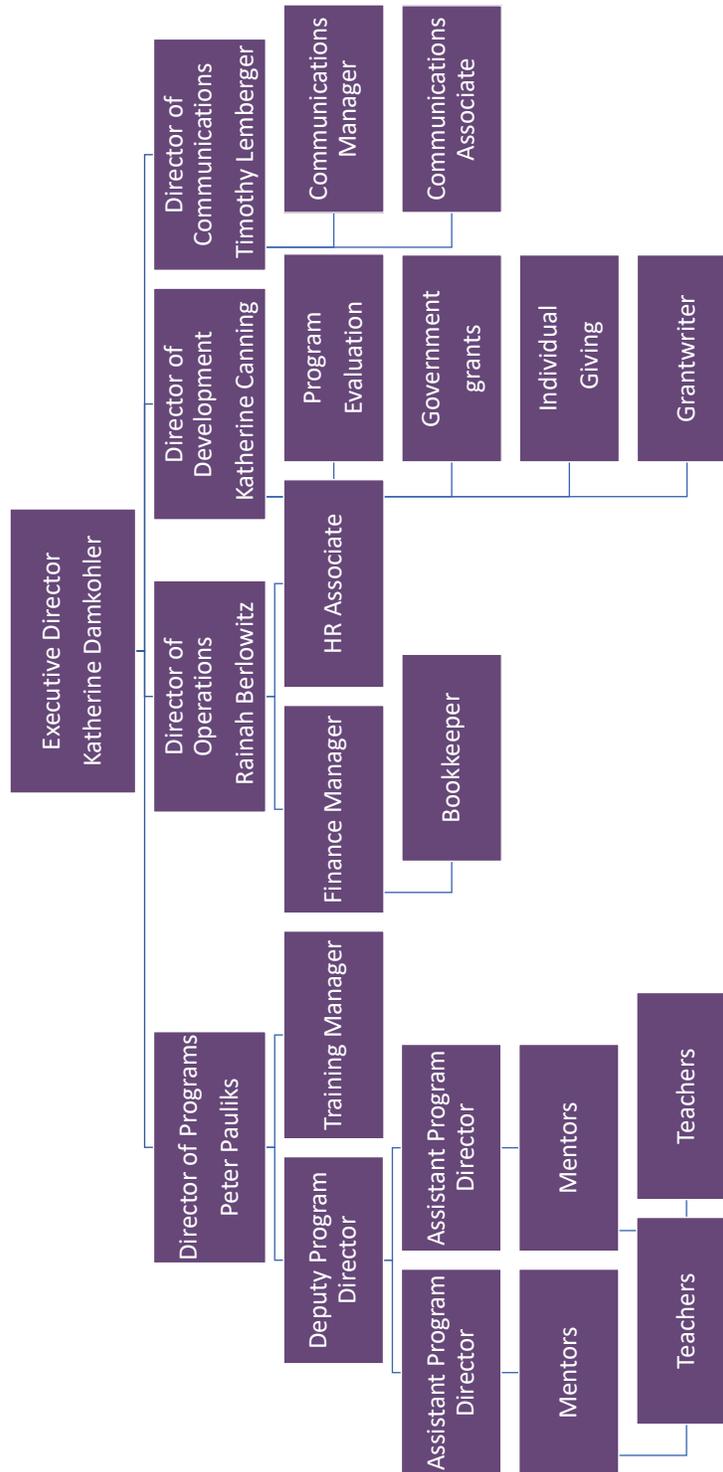
Kathy and the PEG team convened later in the summer of 2016 to think about findings and next steps. They attempted to finalize their diagnoses of the disparities between ETM’s mission success and operational challenges. Were the underlying causes technical in origin, susceptible to definition and problem solving, or adaptive, requiring a broader change management effort across ETM at large?⁵ What tools might be available to staff? How could ETM benefit from the knowledge that its staff had, and how could that knowledge best be captured across the organization? Did ETM indeed have gaps in its staffing or team capabilities? Was turnover endemic to ETM’s model, or might there be actions to mitigate it? What was the proper sequencing of any upcoming changes? What implications might there be for ETM’s growth plans?

⁴ Reacting to unforeseen teacher sick days was also a recurring challenge.

⁵ After Heifetz, Ronald (1994). *Leadership without Easy Answers*. Cambridge, MA: Harvard University Press.

EXHIBIT A

ETM Organizational Chart (Spring 2016)



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EXHIBIT B

Initiatives Under Consideration During the FY 2017 Budget Process (Summer 2016)

	<u>FY2017 Budget Amount</u>	<u>Annual Expense</u>
Staff salary increases	\$ 193,000	\$ 193,000
Increased operations staffing	100,000	100,000
Additional mentors (eight total)	242,000	242,000
Buffer teachers	60,000	60,000
Teacher tuition reimbursement	75,000	75,000
Premier student ensemble	77,000	77,000
Expand office space	150,000	328,000
Recruiter / staffing agency	55,000	55,000
Systems and databases	75,000	75,000