

## Robinson Philanthropy<sup>1</sup>

**Legend:** Interviewer speaking points, **questions.** Potential candidate answers. Other interviewer notes.

### 1. Opening case facts

Your clients are James and Kaya Robinson, a couple in their 40s. The Robinsons are tech entrepreneurs whose company went public several years ago. For the last few years, they have been giving away \$7-\$10M/year to causes in the San Francisco Bay Area, where they live. They have based their giving mainly on the recommendations of their peers and have given to a wide variety of organizations.

Six months ago, the Robinsons started working with a Bridgespan team to make their grant making more strategic. They believe they can help grantees achieve more impact by making larger individual grants on a smaller set of issue areas that align with their values. While they are focused on the Bay Area, they are open to supporting national organizations, as long as they have some Bay Area presence.

The Robinsons engaged Bridgespan to help set spending targets, choose issue areas, source and evaluate potential grants, and set up processes for managing their portfolio. So far, Bridgespan has helped the Robinsons make several decisions:

Their budget for the entire portfolio will be \$30M/year

They will invest across three main issue areas: job training, science/engineering education, and early childhood education

They are now ready to develop a high-quality pipeline of potential grantees within these issue areas, and you have just joined the case team.

**First, do you have any questions about this context?**

### Part I: Potential grantees

#### 2. Factors for evaluating potential grantees

Your work with the team will focus on the early childhood education portfolio. The team has received many recommendations for organizations to fund, and we need to narrow to several top candidates. Recall, the Robinsons want to be able to make large, multi-year grants without many strings attached.

**What factors do you think would make an organization a good candidate for a multi-year, multi-million dollar grant?**

*Candidate should be able to brainstorm:*

**Impact potential:** *Is there an unmet need? What is the evidence of impact? Is there a logical theory of change? Will impact occur in a reasonable timeframe?*

**Leadership:** *Does leadership have a track record of growth? Does the leadership team have the right expertise? Are board members chosen to complement the leadership team?*

**Financials:** *Does the organization have enough reserves to weather a storm? Do they break even on an annual basis?*

---

<sup>1</sup> Based on several high net worth individual projects, not just one individual

**Growth ability:** Does the organization have a realistic plan for growth, and will the investment support that plan? Is there a plan for sustainability beyond the growth period?  
**Fit with the Robinson's values/other organizations in the portfolio**

### 3. Refine sourcing to increase leaders of color pipeline

After we shared a 1st round of potential grantee opportunities with the Robinsons, Kaya's main reaction was that the current pipeline does not include any leaders of color. She is worried that our approach might be unintentionally excluding organizations and leaders of color, and she wants to make sure we're doing everything we can to increase the diversity of the portfolio.

#### What suggestions would you make?

Good answer mentions 2 factors, stronger answer pushes for more, across both sourcing and screening:

##### Sourcing:

- We could conduct expert interviews—ensuring that the list of experts represents diverse perspectives and people of color
- Speak with community organizations that are doing grassroots organizing to source recommendations that may not have arisen out of existing process
- Speak with leaders of color outside the Bay Area who might be able to recommend peers in their network who are doing great work in the area, or even outside the area
- Talk to the Bridgespan team about implicit biases to ensure that the team itself is not a barrier Consider funding pipeline/venture funds that support leaders of color

##### Screening:

- Include a criterion that organizations explicitly address racial inequities and proactively recruit/develop staff of color
- Examine criteria for those that might be disproportionately screening out leaders of color (e.g., emphasizing only orgs with funding from other major foundations, who may not have historically funded leaders of color)
- Examine whether impact criteria can be redefined to focus on levers that address specific challenges of people of color in accessing early childhood education

## Part II: Scaling plan for Words Count

### 4. Quantitative – Investment needed

After about a month of diligence, we have found a promising potential grantee called Words Count, a local organization that serves public pre-K classrooms.

Words Count works within each classroom to provide technology that helps teachers track the number of words each child is exposed to. These tools have been shown to increase the number of words each child hears so that they are exposed to a wider vocabulary early in life.

In addition to the tools, Words Count has several different levels of technical assistance it offers to Classrooms, depending on need: light, medium, and intense.

The organization has built a strong evidence base for the effectiveness of their approach, with positive reading outcomes that persist through 3rd grade.

Words Count currently serves 1,200 public pre-K classrooms in the Bay Area. Their goal is to reach all of the Bay Area's public pre-K classrooms in the next 5 years. The organization is seeking funding for all or part of this growth.

The Bridgespan team needs to help determine the total cost of this growth.

**At the highest level, what are the key data or figures you would need in order to determine the total cost of growing to serve all of the public pre-K classrooms in the Bay Area over the next 5 years?** (looking for the 2 sentence version here)

*Growth required / market size – total number of pre-K classrooms in the Bay Area*

Costs – for example:

- Classroom costs of ongoing operations (variable)
- Overhead costs of central administration (fixed)
- One-time “start-up costs” for each classroom

### [Part 1 of quantitative section: growth required / market size]

Based on the available data, we’re going to do a deeper-dive on market size and costs.

First, let’s determine **how much growth is required to reach all public pre-K classrooms in the Bay Area**. For our purposes, let’s think about the answer in terms of the incremental number of classrooms that Words Count would need to serve.

Here’s the data that the team was able to pull together:

- Public pre-K supports 3- and 4-year-olds, and eligibility is determined based on family income level.
  - 9% of 3-year-olds and 35% of 4-year-olds in the Bay Area are in public pre-K
  - The total population of the Bay Area is 7M, and we can assume that they are evenly distributed by age from 0 to 70
- Each public pre-K classroom has on average 12 students

If asked, offer that Words Count is the only organization offering this approach in the Bay Area; i.e., no competitors

Calculations for growth required / market size:

Number of public pre-K students

- Assume equal # of people at each age 0-70:  $7M/70 = 100K$  children at each age in Bay Area
- $9\% * 100K = 9K$  3-year-olds in public pre-K
- $35\% * 100K = 35K$  4-year-olds in public pre-K
- $9K + 35K = 44K$  children in public pre-K

Number of classrooms

- $44K \text{ children} / 12 \text{ per classroom} = \sim 3,667$  public pre-K classrooms in the Bay Area
  - *Not a completely even division, encourage candidate to round*
- Words Count currently serves 1,200 classrooms (note: they already have  $\sim 1/3$  of the market), so need to expand to  **$\sim 2,467$  additional classrooms** ( $3,667 - 1,200$ )

### [Part 2 of quantitative section: costs]

Now we need to calculate how much it will cost for Words Count to achieve their growth goal.

We will make a few simplifying assumptions for this analysis; specifically...

- Let’s set aside the 5-year timeline for the moment;
- We can round the classroom growth figure to 2,500; and
- Let’s focus on calculating the total additional cost of serving these 2,500 classrooms (that is, above and beyond the costs of serving the 1,200 classrooms that Words Count already reaches today)

Classroom costs

- As noted previously, Words Count provides different levels of technical assistance to classrooms. The cost to serve a given classroom depends on what level of technical assistance they receive. The cost structure is:
  - \$500 / year for light services
  - \$1,000 / year for medium services
  - \$2,000 / year for intense services
- Using their current mix of classrooms as a guide, Words Count estimates that 50% of classrooms will receive light technical assistance, 30% will receive medium, & 20% will receive intense services.

Overhead costs

- Words Count’s current administrative expenses (to run their main office, etc.) amount to  $\sim \$4M$  / year

- They estimate annual overhead expenses will increase by \$500K for every add'l 500 classrooms they serve

**If Words Count were to successfully achieve their goal of reaching an additional 2,500 classrooms, what would be the incremental annual cost of this growth?**

Calculations for annual cost:

Classroom costs

- Light → 2,500 classrooms \* 50% \* \$500 / year = \$625K / year
- Medium → 2,500 classrooms \* 30% \* \$1,000 / year = \$750K / year
- Intense → 2,500 classrooms \* 20% \* \$2,000 / year = \$1M / year
- \$625K + \$750K + \$1M = \$2.375M / year in classroom costs

Overhead

- 2,500 classrooms / 500 classrooms = 5 “bumps” in overhead
- 5 \* \$500K = \$2.5M / year in overhead costs

Annual cost to serve an additional 2,500 classrooms: \$2.375M + \$2.5M = **\$4.875M**

## 5. Sense-making of growth ambition

Thanks for preparing that analysis. **Do you think the growth target is reasonable given the current reach of Words Count? Does it seem attainable in five years?**

Candidate should recognize that this is roughly tripling Words Count’s current size in five years, which might be a lot. They should give some sense of whether or not they see that as attainable, and a strong answer will go straight to potential ways to pursue this growth responsibly / scale back expectations.

**(Optional probing question) If this seems ambitious, what tactics would you recommend to pursue responsible growth?**

Potential answers:

- Expand at an incremental rate over time
- Define quality criteria that program must follow in each new location
- Hire expansion team to provide technical assistance to sites and ensure fidelity
- Develop pathway(s) for long-term funding to sustain new sites up front and start building relationships with those sources early on

## 6. Investment recommendation

Moving from Words Count back to our client, the Robinsons. Ultimately, the team modeled an investment to reflect incremental growth over time – starting with an investment of \$1M in Year 1 to full investment in Year 5 – this ended up being an investment of \$15M over five years. Would you recommend that the Robinsons invest the full amount in Words Count (\$15M over 5 years)? If not, what amount would you recommend?

Candidate should be able to sense check the size of the investment relative to the Robinsons’ portfolio. E.g.:

If the investment is \$15M over 5 years, or ~\$3M a year, we can think about that within the overall funding commitment of \$30M/year (would represent ~10% of the portfolio).

There are several reasons not to invest the full amount:

- The assumption that all classrooms will be served right away might be unrealistic. Therefore, the cost to support growth for five years will probably be a bit less than \$21.4M (because some classrooms will begin to be served in years 2, 3, 4 etc.)
- The organization should be invested in their own growth, so should contribute something to future growth alongside the philanthropic investment

It may be a good idea to have 1-2 other major funders committed to Words Counts' growth

**(Optional, if time)** The Robinsons are concerned that their investment might leave Words Count unable to sustain the annual costs of serving roughly 3,700 classrooms without ongoing philanthropic support.

Given that concern, **what actions could Words Count take to sustain their new size without continued reliance on philanthropy?**

Investigate funding potential from non-philanthropic sources; e.g., public pre-K funding, incorporating cost into tuition increases, etc.

Train the schools so that they can provide the technical assistance themselves, once Words Count is operational for a few years and establishes value

Extra credit if the candidate recognizes that these activities might require more funding from the Robinsons in the short-term, to build capacity to do them

## 7. Synthesis and recommendation

The team is now preparing an investment recommendation for the Robinsons on Words Count, based on all of the work we've done to date.

**How would you summarize the recommendation? Please make sure to include the recommended investment amount and rationale for investment.**

Candidate's response should include:

Investment amount and rationale for the amount

- Callback to the criteria they originally discussed and some assessment of how Words Count does against some or all of those criteria

Recommendations for how Words Count can strengthen its sustainability

## 8. Client declines investment

**[Optional, time permitting]**

Though your team and everyone you've interviewed in the Bay Area thinks that Words Count is a very high impact investment, the Robinsons ultimately decide they do not want to invest because they are not convinced the organization has a long-term plan for sustaining their larger size. This is disappointing news for you and for your team.

**How would you incorporate this feedback into your future work for the Robinsons?**

Potential responses could include:

Strengthen the investment rationale for this and all future investments to gather even stronger data/anecdotes on potential for long-term funding to sustain future size

Look for other ways that the Robinsons can support high-capacity organizations outside of growth (e.g., building capacity, like a systems upgrade, that does not need an ongoing funding)

Ask questions about how the organization plans to maintain their new size earlier in the process to determine potential earlier on