

## Mission Throttle Advisory Services

### Reflections on the First Decade of Mission Throttle

*I first launched Mission Throttle in 2009 to pursue our vision of “a world where capitalistic solutions and philanthropic values converge to accelerate community impact.” I was inspired by the legacy my mother and father left on our community through both the business and impact sectors. I saw the opportunity to blend the best of both worlds, bringing capitalism’s efficient systems, innovative culture, and flexible financing tools to enhance the impact sector’s financial sustainability and accelerate philanthropic innovation. Over the past ten years I’ve been fortunate to support the sector’s national thought leaders, make investments in innovative local social enterprises, collaborate with some of the most impactful agencies, and partner with Mission Throttle’s talented, dedicated advisory practice team. As we have collectively taken time for thoughtful contemplation, I intend to transparently share some of our candid reflections on the past decade and sincere aspirations for the decades to come.*

#### **Accelerating Philanthropic Innovation: Supporting, Investing and Advising to Close “The Philanthropic Gap”<sup>1</sup>**

Before starting Mission Throttle, I realized our world was facing increasingly complex and intertwined economic, social, and environmental issues. While significant philanthropic and government funding was dedicated to these challenges<sup>2</sup> annually, they were, and still are, insufficient to meet the needs of our nation’s most pressing social issues from inter-generational poverty to environmental degradation to public health to equitable development. We came to define the incremental social capital required to fully fund these challenges as “The Philanthropic Gap.” For me, efficiently closing this gap would require culture change to adjust the way the sector thinks about capitalizing impact, growing the social capital into the sector, and expanding capacity to best utilize that capital. It would require accelerating innovation in philanthropy. And this would require implementing multi-pronged strategies that, when deployed, narrowed The Philanthropic Gap to the point where Sources and Uses of philanthropic funds were in equilibrium. It encouraged finding new sources of capital, namely Impact Investments. Impact investments are investments made with the intention to generate positive, measurable social and environmental impact alongside a financial return<sup>3</sup>.



<sup>1</sup> “The Philanthropic Gap” is a term devised by Mission Throttle describing the mismatch between conventional sources of philanthropic capital and the uses of funds that we estimate exceeds \$3 Trillion annually. See website [link](#).

<sup>2</sup> Giving USA Foundation [statistics](#); \$410 Billion in accumulated charitable giving in the United States in 2017

<sup>3</sup> Global Impact Investing Network [definition](#)

Mission Throttle's three pillars of work evolved to do just that. Through the years, Mission Throttle has supported many of the sector's impact investing thought leaders, invested in innovative social enterprises making real impact in our community, and in 2013, launched the Advisory Practice. While originally envisioned as a practice that would expand the pipeline of eligible social investment opportunities by strengthening mission-driven organizations' readiness to take on investment capital, it soon became clear that the need extended well beyond this initial vision.

The Advisory Practice, led by Susan Gordon, teamed with a group of talented advisors, took on the challenging task of providing strategic consulting services to mission-driven organizations and the market forces necessary to propel sustainability and scale of earned (not contributed) revenue. Knowing the nascency of capacity expansion, we were agnostic to the impact sector served; from early childhood education to workforce development to food insecurity to social justice. The team brought a market-based approach to this work. Custom client strategies were created after a deep and robust analysis of each agency's unique assets and their potential to exploit the market demands that integrated best business practices and long-term sustainability. Through the years the advisory practice engaged with clients while offering a wide range of services from facilitating ideation to implementing full turnaround and restructurings. And while the advisory practice grew towards validated success, it also faced sustainability challenges itself. The most critical of these challenges was a discordant market that urgently needed capacity building support, but often had limited resources available to pay for it. Advisory was forced to charge discounted fees while paying market rate for our human resources, leading to a six-figure structural deficit annually. As a single investor, I was unable to continue funding this cumulative deficit. After six years and partnering with over 40 mission-driven organizations<sup>4</sup>, the difficult decision was made to shut-down and spin-off the advisory practice from Mission Throttle effective June 30, 2019. Currently Mission Throttle is focused on creating new concepts to realize our vision, reenergize our passion and accelerate the ecosystem around innovative social capital and Impact Investing.

As a team dedicated to community impact, we value reflection and transparently sharing lessons learned in the Advisory Practice with the field. These lessons are shared on behalf of the passionate partners that defined the evolution of our advisory practice informed by our collective experiences. As with all our work, these shared lessons will hopefully serve to avoid pitfalls and accelerate the capacity expansion ecosystem with a different structure at a future time.

### ***Reflections on The Past***

#### *1. Change is difficult; but sorely needed*

Philanthropy in many ways has change at its core, but financing that change requires a different culture, innovation and action. Philanthropy emanates from a strong belief that it is our obligation ("[Tzedakah](#)<sup>5</sup>") to help others realize their life goal's and create social justice. There are over 1.5 million mission-driven organizations in America<sup>6</sup> eagerly searching for social capital to realize their vision. Competing for donor dollars to fund strategies diverts attention away from service provision and dilutes the need for collaboration and scale. It is hard, but necessary work when relying on donative capital to survive. Funders align their missions with agencies to accelerate impact, while desperately searching for

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<sup>4</sup> Advisory Practice [archive](#)

<sup>5</sup> Tzedakah defined by [Wikipedia](#)

<sup>6</sup> [Grantspace](#) data

sustainability. For centuries, philanthropic impact has relied on grant capital, innovative financing is required to sustain and scale these worthy intermediaries.

Over the past decades we have seen a gradual change in funding philanthropic innovation. We have seen a blurring of the line between the for-profit and the for-impact sectors. The emergence of PRIs, MRIs, SRI, ESG, and impact investing has slowly introduced new tools for funders and investors to leverage. The acceptance of social entrepreneurship, the growth of B-corps and L3C's have supported growth of more sustainable ways for organizations to create lasting impact. But change is still hard.

We often say that the way you finance organizations is the way you operate them. When financing with donative capital, there is a shift of managerial behavior away from independence and self-determination. In our work, this meant developing strategies towards reliance on earned revenue streams and diversifying income to promote an agency's financial sustainability. It meant urging funders to focus resources to expand their grant partner's capacity. Some of our greatest successes have been with organizations—both agencies and funders—that were willing and ready to adjust to changes in the impact sector and test the opportunities those changes offered. Some of greatest challenges were those that were less willing to do so.

While change is hard, it is constant. Ultimately, philanthropy is being called upon to tackle increasing complex and evolving social needs. Embracing change and constantly adapting to it, is the only way to fulfill that role.

## 2. Grow Capacity Expansion

Thoughtful strategies that celebrate dedication and retain talent; embrace change and encourage innovation; and foster then leverage positive culture require an investment in capacity. These strategies require patient investment. This is perhaps one of the more paradoxical aspects of the impact sector: that the solutions to pressing societal problems need both urgency and patience.

As funders see the value of capacity expansion, they will be encouraged to go beyond solely program support to increase operational efficacy, efficiency and scale to sustain and advance impact for those in need.

## 3. Culture change is key!

While certainly not the first advisory practice to bring strategic consulting services to the impact sector, the advisory practice was one of the first to take an intentionally market-based approach. This focus on financial sustainability was both a differentiator and a challenge. It required adopting capitalistic values and a strong entrepreneurial spirit to envision the "possible". Sustainability required a predictable earned revenue stream that prioritized the organization's control over its future, rather than subordinate control to the unpredictable donor base. Although non-returnable capital has a strong allure to drive the mission-driven field, it often brings with it the demands of the source. This shifts organizational culture towards dependency and potentially diverts strategy away from asset strengths and core values. Financial independence through greater earned revenue brings with it aligned values, sustainability and scale.

Those clients we partnered with that valued an entrepreneurial spirit and thirsted for scale, drove an unconventional and disruptive path towards sustainable progress and culture change. This exchange of energy between our partners was palpable, inuring to mutual success of the engagement. When the board, staff and advisor are aligned in culture change there's nothing that can't be done.

#### 4. Capacity is a constant challenge

Perhaps most critical of all reflections is acknowledging that funding organizational capacity is a constant challenge. Funder focus on programmatic support often ignores the needs of the platform and the human capital required for sustainability. We must invest in people and sustainable processes that foster a strong culture, creating space for innovation that embraces and drives change. Celebrating our work through recognition, reflection, and creating long-term strategies that enhance financial sustainability—all require expanded capacity.

A consistent reflection from our advisory practice was that many of our partners had revenue streams and operating structures that were far more complex than typical for-profit companies (e.g. Head Start collaboratives with matching requirements, multi-year performance grants with overhead caps, etc.). This often stems from serving multiple customers—end recipient and funder(s)—and necessarily blending the available revenue streams to support the resources needed to deliver high-quality services. This also suggests a need for a) structural changes in funding sources and b) the administrative capacity in finance, accounting, marketing/development, human resources, operations, etc., necessary to manage complex revenue streams and operating structures (and likely both).

#### 5. Long-term strategy is at the heart of organizational sustainability

A key part of our service methodology when working with partners started by identifying key assets and core competencies of each mission-driven organization. Through interviews, observations, and stakeholder visioning sessions, we strived to identify key skill sets, relationships, facilities, reputation, funding, etc. the agency could leverage to fulfill their mission while meeting critical community needs. This intersection of organizational strengths, mission, and unmet community needs informed the evolution of our advisory practice strategies.

Central to the ultimate success of these strategies was a dedicated belief in and adherence to them. Many partners whom we worked with were nimble in responding to evolving funder priorities and community needs, but in doing so often strayed from their core mission for the sake of securing funding.

Often this sacrificed the key assets that differentiated their organizations and resulted in diverting from their compelling vision. We quickly developed an appreciation for the challenges facing these worthwhile organizations. Execution requires thoughtful planning, consistent leadership (ideally reinforced through succession planning), flexible, long-term funding, and time to constantly reflect on the intersection of agency strengths, mission, and evolving community needs to maintain a nimble yet focused approach. In the paraphrased words of a wise partner, this is the essence of being both a freighter that stays on course and a sailboat that responds to the changing wind.

As the Mission Throttle advisory practice team reflected on our work, this was an area that consistently surfaced as an opportunity for culture change. A proactive, cohesive strategy linking multi-year goals with daily implementation was critical for success. We recognize firsthand the challenges facing organizations working with bootstrapped operations. The power of unrestricted capacity support is essential to ensure sustainability and create the space for thoughtful change. I hope that an intellectually honest and frank evaluation will advance dynamic strategies to further support organizations that enhance financial sustainability while accelerating community impact.

#### 6. Prioritize Communication, Enhance Collaboration

At the root of many of the challenges faced by the Mission Throttle advisory services team in its work with partners was communication. Communication is central to understanding what is truly needed by those our partners serve. It is central in leveraging the insight, expertise, and resources their Board of Directors might bring to the agency. Communication is central in aligning funder and end recipient expectations. It is central to explaining the purpose of the analyses conducted and the strategy created by our advisory services team. More broadly, it is central to explaining why capacity expansion, impact investments, and philanthropic innovation are critically important in today's world. This communication requires honest feedback loops that draw in all stakeholders, most importantly the communities we serve.

It is our hope that all stakeholders in the impact sector embrace the need to for open communication. This can align resources, expectations, and incentives and open the door for collaboration. And most importantly it will accelerate impact we were drawn to this sector to create.

#### 7. Embrace evaluation and create needle moving impact

How will we know when we are creating the desired impact? Only when our cultural values include impact measurement. We were fortunate to team with third-party evaluators to define and gauge outcomes of our partnerships. Our most compelling value-add were the Impact Maps<sup>7</sup> created annually. Thanks to our dedicated leadership and staff we believe the need for and value-add of our advisory services created needle moving impact as expressed by client testimonials<sup>8</sup> and add on services. I am proud of the cultural change our advisory team drove into our sector.

#### 8. Proper capitalization is essential, even ours

In retrospect, Mission Throttle's advisory practice faced the same challenges as our clients. The advisory practice worked simultaneously with multiple customers; funders, agencies and end recipients. This three-dimensional puzzle required strong alignment, trust and transparent feedback. Striving to maintain an entrepreneurial, rigorous culture, embrace and drive change and develop a cohesive long-term strategy required strong relationships and collective discipline. Our clients were often, and understandably, stretched to devote the time and attention necessary to fully commit to the collaborative process. The funder was often resistant to funding a market-rate commensurate with the value we brought to our engagements. Surviving on a boot-strapped capitalization strategy can only lead to one outcome. These circumstances stretched our capacity and strained our own financial sustainability.

#### 9. Celebration Is A Necessary Part of Our Work

We are all drawn to work in the impact sector because we believe it is important and necessary to enable community improvement. As Mission Throttle's advisory practice team reflected on the memories, we were most proud of, most of the recollections that resonated were the celebratory events. For example, the Black History Month event at a historic Detroit social justice organization that was initiated and led by that agency's colleagues. Given a year to reflect on how important that one day was, it was clear that our work is critical, particularly in the face of systemic injustice and consistent

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<sup>7</sup> MT Advisory Impact Maps for [2017](#), [2018](#)

<sup>8</sup> Sample Client [Testimonials](#)

resource constraints. The time to relish the reason we came to this work is important for the long-term engagement and health of our strongest asset—our partners, both internally and externally.

Part and parcel of this celebration is recognition by our partners. Employee recognition through informal feedback loops, systematic performance review processes, and ideally both energized us. Client testimonials of the culture change created from our engagements offered valuable insights into our strengths and weaknesses. In reflection, celebrating both success and lessons learned informed our practice and advanced our service methodology. Celebrate change whenever it occurs.

Our reflections have identified many adjustments we would have made in our own strategy. The purpose of these earnest reflections is to return learning to the system. Ultimately, Mission Throttle is created to work at the nexus of capitalistic solutions and philanthropic values; until both sides of this equation embrace innovative capital and culture change, the acceleration of community impact will be illusive.

On behalf of the Advisory Practice, we are grateful to have had the opportunity to work alongside so many inspiring organizations and look forward to Mission Throttle accelerating community impact in the future.

***A special thanks to the Advisory Staff and experts who have contributed to Mission Throttle over the years:***

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