2016

Friends of the Children: Strategies for Scaling Impact

Jacen Greene
Portland State University, jacen@pdx.edu

Nicki Yechin Lee
Portland State University

Eric Nelsen
Portland State University

oikos Case Writing Competition 2016

Social Entrepreneurship Track

2nd Prize

Friends of the Children: Strategies for Scaling Impact

Free Online Copy

Jacen Greene, Nicki Yechin Lee, Eric Nelsen
(Portland State University)

This case is accompanied by a teaching note, available to faculty only. Please send your request to freecase@oikosinternational.org. The authors are thankful for any feedback and suggestions to further develop this case to jacen@pdx.edu.

oikos free case collection

http://www.oikos-international.org/cases

Join oikos today!

oikos is an international student-driven organization for sustainability in economics and management. Founded in 1987 in Switzerland, we today empower leaders to drive change towards sustainability worldwide.

Our programs embed environmental and social perspectives in faculties for economics and management. They comprise conferences, seminars, speeches, simulation games and other initiatives to transform teaching and research. They promote the integration of sustainability in curricula. And they provide platforms for learning, creating and sharing solutions.

The heart of our organization are our student members that turn ideas into action in currently more than 45 oikos chapters around the world. They are supported by a global community of oikos alumni, advisors, faculty, and partners, as well as an international team based in Switzerland.

Go to www.oikos-international.org to learn more about our projects.

If you are a student...

Go to www.oikos-international.org → "Find a chapter" to find an existing chapter at your university.

Go to www.oikos-international.org/about/people/members/start-a-chapter/ to start a new chapter at your university.

Go to www.oikos-international.org/about/join-our-team/ if you would like to apply for a position in our international team in Switzerland.

If you are a faculty member...

Contact faculty@oikos-international.org to find out how to participate in oikos projects.

Friends of the Children: Strategies for Scaling Impact

Abstract

Friends of the Children, a nonprofit organization in Portland, Oregon, was founded in 1993 by retired entrepreneur Duncan Campbell to serve youth at the highest risk of teen parenting, incarceration, or dropping out of school. Each youth client was matched with a paid mentor from first grade through the end of high school. The costs of this intervention were high, but the outcomes were extremely impressive in each of the three risk areas. The total benefits to society of Friends of the Children's intervention was estimated at $7 for every $1 spent on the program.

In the United States alone, 2.25 million children under the age of five lived in extreme poverty, one of the key markers of Friends of the Children's target clients. The organization had written an award-winning business plan to scale their impact nationwide, but needed $25 million to fully fund the new strategy. Key elements of the plan included launching new chapters, hiring more development staff, separating the roles of local chapters from that of the national organization, engaging with additional affiliate partners, and more effectively sharing their model and impact with other organizations, policymakers, and the public.

As Friends of the Children embarked on this ambitious funding campaign and scaling strategy, national President Terri Sorensen faced a series of challenges and potential tradeoffs unique to leading a rapidly-growing nonprofit with social enterprise characteristics. In this case, students are tasked with analyzing a scaling strategy and contrasting the effectiveness of alternative approaches, evaluating the suitability of different funding models (including social impact bonds) for the selected strategy, and performing a simple social return on investment analysis to measure impact.

Case

Introduction

Terri Sorensen, president of Friends of the Children's (FOTC) national organization, reviewed their new business plan for scaling the nonprofit's impact. The plan had recently won the prestigious Social Impact Exchange Business Plan Competition, and would now form the basis of a $25 million[1] ask to fund the scaling strategy—a massive increase from the original $3 million forecast need.[2] However, the scale of the problem they faced was equally daunting. FOTC identified the most at-risk children in poverty and paired them with a paid mentor for the entire 12 years of their schooling, greatly reducing the risk of teen pregnancy or incarceration, boosting graduation rates, and ultimately helping break generational cycles of poverty. They reached 1400 youth,[3] but in the United States alone, 2.25 million children under the age of 5 lived in extreme poverty.[4]

The model, first launched in Portland, Oregon, had proven successful in social return on investment calculations and preliminary results from a longitudinal, randomized control trial. Now, FOTC hoped to take those results to potential funders as proof the model should be scaled nationally. However, to successfully grow from a few initial chapters and affiliates into a national organization, FOTC planned to radically rethink their funding model and organizational framework, incorporating even more of the business methods that Sorensen and FOTC's founder, retired entrepreneur Duncan Campbell, were known for. Although still a nonprofit, FOTC was focusing more and more on a social entrepreneurship approach of earned revenue and, potentially, funding from investors in addition to grants from foundations and donors.

The long-term success of FOTC relied on Sorensen's ability to navigate this difficult transformation, secure new funding sources, and successfully implement their model in new areas and with new partners. It wasn't merely a question of scaling their impact; two of their early chapters had been forced to close when they ran out of money during the recession. Sorensen was proud of her background as an accountant and manager in the private sector, and of the business acumen she brought to the role, but there were associated risks. Could she successfully incorporate more of a social entrepreneurship approach into FOTC's model in a way that ensured financial sustainability without compromising the nonprofit's mission and values?

History

When Duncan Campbell, founder of Friends of the Children, was three years old, he woke up in the middle of the night to discover that his parents were gone. With the help of a police officer, he eventually found them at a local bar. His childhood was marked with such episodes of neglect by his alcoholic parents, including a father who spent time in prison. Against all odds, Campbell graduated from high school, then college, working three jobs to put himself through. He earned a CPA, then a law degree, and later started one of the first timber investment funds in the nation. After he sold it in 1990, Campbell turned from business innovation to social innovation: he wanted to find a way to help children who grew up in households like his to escape generational cycles of poverty.[5]

When Campbell surveyed the various resources available to Oregon's at-risk children, he saw a gap in long-term support from existing charities, which focused predominately on meeting day-to-day needs. In his own research and in discussions with a child psychologist,[6] it became clear that long-term, personalized engagement with at-risk children was necessary to help them escape poverty. To realize his vision of changing the trajectory of children's futures, a new type of organization was needed, and Campbell would have to build it from scratch. He believed that by applying his business experience and acumen to the nonprofit world, he could realize the same success, but this time as a "social entrepreneur."

In 1993, Campbell donated $1.5 million to found nonprofit Friends of the Children (FOTC) in Portland, Oregon with three paid mentors (called "Friends") and 24 children.[7] Each Friend received a salary and specialized training to provide a long-term, stable, and supportive relationship with several children. When a child reached high school, they would transition to a new Friend, enabling the Friends to specialize in different age groups and giving children a model for a positive transition in adult support, rather than one catalyzed by poverty, addiction, or incarceration. The model was closely based on Campbell's own research and the advice he had received from child psychologists and educators.

The program's unique perspective—that an organization can counter societal impacts and influences by providing a permanent role model throughout a child's life—showed promising results, and interest grew. By 2014, Friends of the Children had expanded domestically to locations including Seattle, New York, Boston, and Klamath Falls, added an affiliate partner in Tampa Bay, and launched internationally with a presence in Cornwall, UK.[8] At that time, over 148 Friends worked with an estimated 1,400 youth.[9]

Model

Our vision is that one day all children will have a long-term, consistent relationship with a caring adult who believes in them. We want to change the way the world views and treats our most vulnerable children. –Friends of the Children Vision Statement[10]

FOTC's mission was to build a more caring, loving, and safer world for children.[11] It targeted the highest-risk children living in the highest-risk conditions. These children weathered a storm of unrelenting risk factors that ranged from the generational (such as incarcerated parents and family poverty), to the environmental (including neglect or abuse), to those in the community (failing schools, high crime, or violence) (**Exhibit 1**). Taken together, these risk factors greatly increased a child's odds of dropping out of school, becoming a teen parent, or becoming incarcerated.

FOTC sought to intervene early in a child's life—by age 6—before negative behaviors were deeply imprinted and to guide that child to successful high school graduation. Children with the highest risk factors were identified with the help of teachers and school staff using National Institutes for Health guidelines, and then paired with a Friend as they entered elementary school. Friends spent 16 hours a month with each child, providing positive interactions and supporting progress towards specific developmental goals personalized by age and individual circumstance (**Exhibit 2**).[12] Mentored children remained in the program for a total of 12 years, even if they changed schools or moved within the service area.[13]

Friends underwent a rigorous selection process including four rounds of interviews, a supervised trial outing with a child, first aid certification, a background check, and drug testing. As FOTC President Terri Sorensen put it, "We are slow to hire and quick to fire."[14] Once hired, Friends made a three-year commitment, although the average tenure was seven years. Friends received 12 hours of training in their first year and participated in monthly meetings with supervisors to review the progress of youth clients. Each friend was assigned no more than eight children in grades K through 5, or 14 adolescents in grades 6 through 12.[15]

FOTC was organized around a network model, with a national organization, local chapters, and affiliate organizations. The national organization was in charge of research, marketing, and strategy, while chapters and affiliates focused on fundraising and program delivery. Chapters operated in Portland, Seattle, Harlem, Boston, and Klamath Falls; two others in San Francisco and Cincinnati had closed due to a lack funding during the recession. Local chapter boards were responsible for raising startup and operating funds, but were eligible for development loans, technical assistance, and marketing support from the national organization. In exchange, each chapter shared revenue with the national organization, which was also supported by a $10 million endowment, corporate and foundation grants, and individual donations. Affiliate organizations, including Trelya in the UK and Eckerd in the US, embedded the FOTC model into existing programs.[16]

Outcomes and Impact

FOTC used three different types of analysis to demonstrate the outcomes and impacts of their model: third-party evaluations; a longitudinal study; and a Social Return on Investment (SROI) calculation. Third-party evaluations conducted annually by NPC Research showed that 83% of FOTC youth clients obtained a high school diploma or GED, 93% avoided incarceration through age 18, and 98% avoided becoming a teen parent.[17] Among a comparison group, only 57% received a diploma or equivalent, 69% had avoided incarceration by age 18, and only 33% had not become a teen parent.[18]

FOTC client success rates were much higher than in comparable populations, but to definitively prove the effectiveness of the model, FOTC participated in a longitudinal, randomized control trial beginning in 2007. By comparing FOTC clients randomly selected from among eligible youth to similar youth who were not selected (since FOTC could not serve them all), the study was intended to prove or disprove impact over time. Early results showed that FOTC clients significantly outperformed similarly situated children, and began to more closely resemble those in the general population with respect to high school graduation, incarceration, and teen parenting rates.[19]

An SROI calculation performed by Harvard Business School Association of Oregon and Benefitics LLC compared individual and societal benefits against the cost of the program itself. Program outcomes in graduation, avoided incarceration, and avoided teen pregnancy were compared to those of demographically similar groups in the same area. The economic benefits of these outcomes, such as higher lifetime wages and tax contributions or lower government expenditures on criminal justice and welfare, were calculated over an individual's lifetime. These benefits amounted to roughly $840,000 for every child enrolled in an FOTC program, even after controlling for outcomes in comparable populations (**Exhibit 3**). This meant that every $1 invested in FOTC programs generated nearly $7 in return for their clients and society at large.[20]

Growth and Challenges

In 2014, FOTC embarked on an ambitious plan to scale the organization to serve, directly or indirectly, more than 7,500 children by 2017. They aimed to do this through three approaches: demonstrating the model's impact to secure funding for existing and new local chapters; embedding their model in affiliate organizations already poised to grow; and sharing what worked with policymakers, educational institutions, and other organizations interacting with at-risk youth (**Exhibit 4**). Most of the intended scale would come through the third approach, but all three required an increase in staff and other expenses, changes in the organization's operating structure, and the pursuit of new funding sources. They also introduced additional risks to the model. An initial target of $3 million was set, but then raised to $25 million when it became apparent that to avoid the risk of new chapters shutting down, FOTC's national organization had to be able to provide matching grants, loans to cover development costs, and additional financial support over a longer time period.[21]

In order to attract Friends who were well-qualified and willing to make a long-term commitment to the program and the children they served, FOTC provided a living wage and covered 100% of health benefits costs, which, along with administrative support functions, meant 86% of the organization's expenses went to staff. The remaining 14% covered operating costs for facilities, technology, third-party research, and variable costs such as travel and activities for youth served. In fiscal year 2015, FOTC expected to serve 2650 youth at a total organizational expense of $13.77 million, resulting in a yearly cost per child of $5196. This cost was forecast to be only $1960 by 2018, as a result of achieving economies of scale through more effective sharing of best practices and expanded engagement with affiliates. However, this was still high when compared with similar youth-oriented organizations.[22]

Other mentor or youth development organizations, such as Big Brothers and Big Sisters of America or Head Start, also identified children at an early age and offered 1:1 relationships, but they failed to provide the mentee with a long-term commitment. Court Appointed Special Advocates addressed the needs of foster children, but used volunteers as opposed to paid professionals (**Exhibit 5**).[23] Government agencies that served at-risk youth were often underfunded and overwhelmed. FOTC the filled the gap left by competing organizations and governments, but to attract funders for their comparatively more expensive model, they needed to conduct additional research on the effectiveness of their long-term approach. For example, funding for the longitudinal trial had recently run out, and FTOC would need to finance completion.[24] In addition, the results of this research needed to be communicated to policymakers, funders, and the general public through an expanded marketing strategy.

FOTC had pro bono relationships with leading advertising and communication firms including Wieden+Kennedy, Interbrand, and GMMB, which enabled them to develop high-quality campaigns.[25] According to Sarah Biederman, Strategic Business Analyst at FOTC, "We are focused on: making advances in website capabilities and brand, social media engagement, and email communications. We are also making investments in building relationships with media, key influencers, and thought-leaders."[26] FOTC's planned marketing efforts included hiring a Chief Expansion Officer to work with affiliates, becoming featured in more publications, and reaching policymakers through participation in national conferences (**Exhibit 6**).[27] This was key to their hope to share research on the effectiveness of their model with a wider audience. Ultimately, the goal was to shape the way other organizations interacted with at-risk youth.

Funding for new chapters, additional research, added development staff at the national level, and improved marketing was sought from several sources. FOTC already had a diversified revenue stream that included individual donations, corporate and foundation giving, government grants, and, at the national level, chapter revenue sharing, affiliate fees, and training revenue.[28] Endowment funds could be used to meet gaps, but were intended to bridge lean times and reduce the chance of chapter closures. The other types of funding each had their own risks: all of them would decline during recession; government and foundation grants often had restrictive requirements for how the money could be used; revenue sharing, affiliate fees, and training revenue all depended on successfully scaling the model. A new source of funding was needed to hit the vastly increased target of $25 million.

FOTC had begun to investigate Pay-For-Success (PFS) models, including Social Impact Bonds, in which a group of investors pay a nonprofit to deliver a specific intervention. If that intervention surpassed targeted outcomes, as agreed on upfront and measured by a third party, state or country governments repaid the investors with a profit. If the intervention failed, investors lost their money, although some models mixed investments from banks and foundations, with foundations assuming most of the risk. The PFS model, pioneered in Europe, had recently been piloted in New York State, Massachusetts, Utah, Illinois, and Ohio, with varying levels of success (**Exhibit 7**). To be considered for such an approach, an organization typically needed a proven approach, impacts that could be measured in monetary terms, a model that reduced the cost of service delivery for government, and a willing state legislature or government leaders.[29] Friends of the Children had recently been selected by Third Sector Capital Partners, a nonprofit advisory firm, as one of the first organizations in Oregon to receive a grant from the U.S. government's Social Innovation

Fund for exploring PFS models.[30] That research could help Friends of the Children determine whether PFS would be a feasible funding strategy.

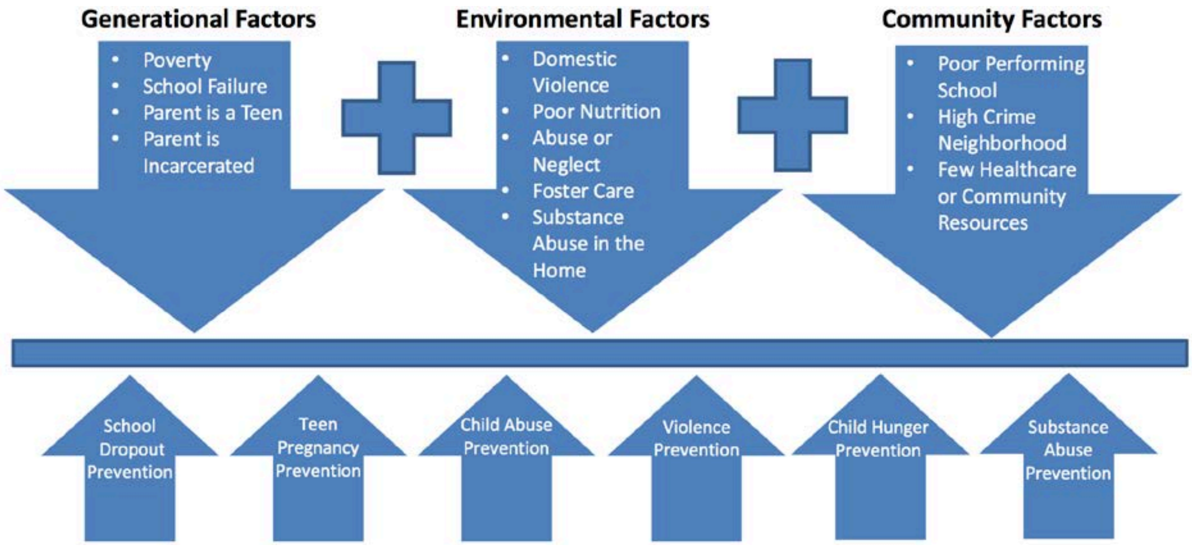
Conclusion

As Sorensen completed her review of the business plan, she reflected on the challenges of their new strategy. H0w could they raise the $25 million needed to scale their impact? What new funding sources or models would they need to pursue, and how might the organization have to change as a result? Could they achieve the same successful outcomes as they grew, especially if they brought in more affiliate partners rather than directly managing every new implementation? For that matter, was Friends of the Children even pursuing the right pathways to scaling their impact, or were there other options that might be cheaper or more effective?

The organization had already been forced to close two chapters during the recession, and Sorensen knew that if the funding strategy was only partially successful, they might face the same outcome in the future. Their model held the promise of transforming the lives of millions of children, but only with a significant commitment of time and resources. Could Sorensen continue Duncan Campbell's entrepreneurial approach to create a national organization able to deliver on that promise, and to secure the funding and support it needed to do so?

Exhibits

Exhibit 1: Factors Contributing to Youth Risks



Source: "Friends of the Children Business Plan 2015-2017." Friends of the Children. 2014. Internal document.

Exhibit 2: Role of Friends

	# Children and Time	Do	Don't
Role of the Friend	<u>Children in Grades K-5:</u> • Minimum of 14-16 direct or indirect hours spent with each child per month • Maximum of 8 children per Friend <u>Children in Grades 6-12:</u> • Minimum of 14-16 direct or indirect hours per month with 4 hours of 1:1 time • Maximum of 14 adolescents per Friend	• Encourage children to use their strengths, follow dreams and accept challenges • Support children without conditions • Help children build self-esteem, self-confidence, and cultural pride • Trust the children and provide a steadfast and enduring presence • Actively connect and listen	• Take on decision making responsibilities held by a parent/guardian • Become a crutch • Break confidentiality (except in cases of potential harm to child or others) • Break promises • Expect too much or too little • Condone negative behaviors • Be inconsistent • Force children to do anything • Talk down • Cause friction

Source: "Friends of the Children Business Plan 2015-2017." Friends of the Children. 2014. Internal document.

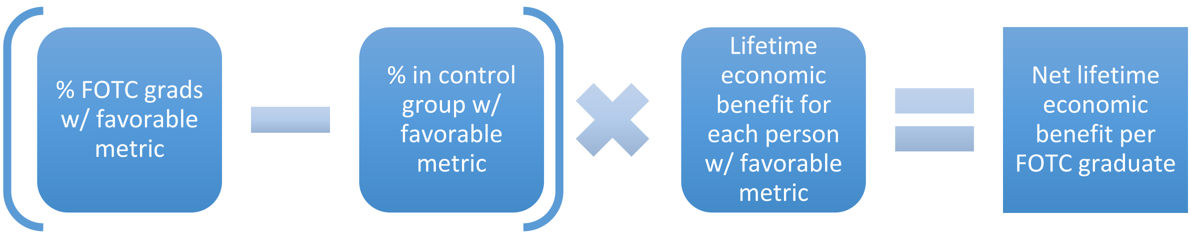
Exhibit 3: Social Return on Investment Analysis

Friends of the Children's Social Return on Investment (SROI) analysis—a method of monetizing the individual and social benefits to society of a specific intervention—was conducted by Benefitics, LLC and the Harvard Business School Association of Oregon. The analysis focused on FOTC's three target areas of reduced youth incarceration, reduced teen pregnancy rates, and improved high school graduation rates. Each offered clear financial benefits to individuals and society as a whole, and specifically to government programs, but the SROI analysis focused on the benefits that had the most robust economic data available:

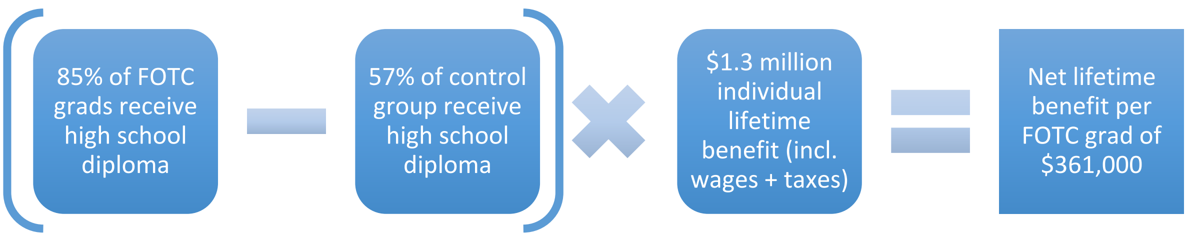
- Reduced youth incarceration (under 18 years old) resulted in lower criminal justice system costs, lower victim costs, and less lost wages / tax revenue due to incarceration
- Reduced teen pregnancy rates (under 18 years old) resulted in lower child welfare costs, less lost wages / tax revenue, and lower public healthcare costs
- Improved high school graduation rates resulted in higher wages, higher income tax revenues, and lower demand for public services.

FOTC client outcomes, and the resulting calculated benefits, for the Portland chapter were compared to those of a control group in the same area. The control group comprised 18-year-olds in Multnomah County (Portland) Oregon who were economically disadvantaged and predominately (70%) African-American, which captured a group broadly similar in demographic and economic makeup to FOTC youth clients.

For each category of benefit, the following calculation was performed:



For example, in the education category (numbers rounded):



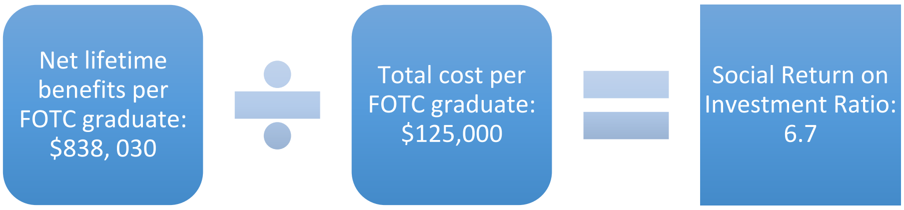
The SROI analysis provided the following totals:

- Reduced youth incarceration: estimated lifetime benefit of $1.06 million, net lifetime benefit of $221, 747 per FOTC graduate
- Reduced teen pregnancy: estimated lifetime benefit of $409,000, net lifetime benefit of $254,846 per FOTC graduate
- Improved high school graduation rates: estimated lifetime benefit of $1.3 million, net lifetime benefit of $361,437 per FOTC graduate

This resulted in a total, net lifetime benefit for each FOTC graduate of $838,030.

The estimated cost of serving one FOTC youth client for the entire 12-year length of the program was then calculated using a pro rata share of fixed costs (facilities, technology, administrative), semi-fixed costs (supervisory and development roles), and variable costs (Friends, activities, and direct program support).

The following calculation was performed to determine the final SROI ratio (numbers rounded):



The model used fairly conservative estimates, excluding some cost savings for which economic data were not available, using data sources that precluded double counting benefits, and selecting control group participants who were often less economically disadvantaged than FOTC clients. This meant the total SROI ratio of benefits to costs was likely higher than the estimate.

Source: "Return on Investment Model for Friends of the Children." The Harvard Business School Association of Oregon. Friends of the Children internal document. 2010.

Exhibit 4: Scaling Strategies

SCALING STRATEGIES (Revised 2015)	CHILDREN SERVED & CAPITAL REQUIRED			
	2015 (Year 1)	2016 (Year 2)	2017 (Year 3)	2018 (Year 4)
SCALE THROUGH CHAPTERS ● Grow national board for increased capacity in fundraising ● Provide capacity building loan to hire development staff at chapter demonstration sites ● Number of mentored children served at existing chapters expected to grow to 40% ● Add 2 new Friends at each FOTC chapter ● Hire key National staff (2 Fundraising Directors)	Children: 950 Capital: $350,000	Children: 1060 Capital: $500,000	Children: 1200 Capital: $1,650,000	Capital: $5,000,000
SCALE THOUGH AFFILIATES ● Leverage current infrastructure and expertise of existing organizations (affiliates) while sharing FOTC benefits and best practices for faster expansion ● Feasibility study and technology enhancements are required ● Add 1-2 new affiliates ● Hire Chief Expansion Officer	Children: 200 Capital: $200,000	Children: 300 Capital: $800,000	Children: 500 Capital: $4,000,000	Capital: $10,000,000
SCALE THROUGH COLLABORATIVE PARTNERSHIPS ● Additional staff and infrastructure needed to support RCT study ● Hire Share What Works Manager to present at conferences and publish articles about FOTC best practices ● Add 1-2 new collaborative partnerships	Children: 1,500 Capital: $350,000	Children: 3,000 Capital: $550,000	Children: 5,800 Capital: $600,000	Capital: $1,000,000

Adapted from "Copy of Scaling Strategies." Friends of the Children. 2016. Internal document.

Exhibit 5: Competitive Landscape

PROGRAM MODEL	Friends of the Children	Big Brothers Big Sisters of America	Boys and Girls Clubs of America	Communities in Schools	Court Appointed Special Advocates	Head Start	Nurse Home Visit Program
Large national footprint		x	x	x	x	x	x
Long-term commitment: 12+ years	x						
Intensive: 16+ hours mentoring/month/child	x					x	
Individualized developmental plans	x			x	x	x	x
Comprehensive: Spend time with youth during school, in their homes, and in the community	x					x	
Full-time, paid, professional mentors or advocates	x						x
Individualized one-on-one relationships with each child	x	x			x	x	x
Start early: Before first grade	x	x			x	x	x
Formal selection process for highest risk children	x				x	x	x
Evidence of preventing school failure	x	x		x		x	x
Evidence of preventing early parenting	x					x	x
Evidence of preventing involvement in the criminal justice system	x					x	x

Source: "Friends of the Children Business Plan 2015-2017." Friends of the Children. 2014. Internal document.

Exhibit 6: Marketing Strategy

Marketing Metrics: Number of Presentations and Meetings

Approach	Affinity Sectors	Current Year	Year 1	Year 2	Year 3
Conferences	Grantmakers	1	1	2	2
	Evidence-Based Practice (EBP)	0	0	1	2
	Social Entrepreneur	1	2	4	5
	Providers	2	3	6	10
	Provider/Funder Advocacy Coalition	0	0	2	4
	University EBP and Policy Forums	0	1	2	3
Approach	**Affinity Sectors**	Current Year	Year 1	Year 2	Year 3
1:1 Meetings	Policy-Makers/Agency Leaders	8	27	40	57
	System Change/SIF Funders	3	5	6	7
	Scaling Thought leaders	0	2	4	5
	Collective Impact Convenors	1	2	3	4

Source: “Friends of the Children Business Plan 2015-2017.” Friends of the Children. 2014. Internal document.

Exhibit 7: Recent U.S. Pay-for-Success Contracts

CONTRACT	ISSUE AREA	SIZE	TARGET	LENDERS	SUCCESS PAYMENT
New York City (2012)	Young adult recidivism	3000 young men	10% reduction in recidivism	Goldman Sachs, Bloomberg Philanthropies	$9.6 to $11.7 million
Salt Lake County, UT (2013)	Early childhood education	2600 children	Per-child payment	Goldman Sachs, J.B. Pritzker	95% of avoided costs
New York (2013)	Adult recidivism/ job training	2000 adults	8% reduction in recidivism; 5% increase in employment	Bank of America, Rockefeller Foundation	$17.5 to $21.5 million
Massachusetts (2014)	Young adult recidivism	929 young men	40% reduction in recidivism	Goldman Sachs, various foundations	$22 to $27 million
Chicago (2014)	Early childhood education	2618 children	50% increase in 3rd grade literacy	Goldman Sachs, Northern Trust, Pritzker Foundation	$25.8 to $34 million
Cuyahoga County, OH (2014)	Foster care / homelessness	135 families	25% reduction in foster care	Reinvestment Fund, various foundations	$4.1 to $5 million
Massachusetts (2014)	Homelessness	800 adults	85% occupancy	Santander Bank, United Way, Corporation for Supportive Housing	$3.5 to $6 million

Source: Rangan, V. Kasturi, and Lisa A. Chase. “The Payoff of Pay-for-Success.” Stanford Social Innovation Review, Fall 2015.

References

1 “Copy of Scaling Strategies.” Friends of the Children, 2016. Internal document.

2 “Friends of the Children Business Plan 2015-2017.” Friends of the Children, 2014. Internal document.

3 Ibid.

4 “Child Poverty in America 2014: National Analysis.” 2015. Children’s Defense Fund, 9 Sep. 2015. Web. 25 Nov. 2015. <http://www.childrensdefense.org/child-research- data-publications/data/child-poverty-in-america-2012.pdf>

5 The information in this paragraph came from the following source: Fairchild, Caroline. “NEXT: How Duncan Campbell went from forests to friends.” Fortune, 14 Apr 2014. Web. 25 Nov. 2015. <http://fortune.com/2014/04/04/next-how-duncan-campbell-went-from-forests-to-friends/>

6 Campbell, Duncan. Personal interview. 23 Sep. 2015.

7 “NEXT: How Duncan Campbell went from forests to friends.”

8 “Locations” *Friends of the Children*. Friends of the Children, 2015. Web. 30 Nov. 2015. <http://friendsofthechildren.org/locations>

9 “Expansion Fund.” Friends of the Children. 2014. Internal document.

10 “Business Plan.”

11 “Finding Great Friends.” Friends of the Children. 2015. Internal document.

12 Information in this paragraph comes from the following source: “Business Plan.”

13 “Network Program Fidelity Agreement.” Friends of the Children. Revised July 31, 2015. Internal document.

14 Sorensen, Terri. Personal interview. 23 Sep. 2015.

15 Information in this paragraph comes from the following source: “Business Plan.”

16 Ibid.

17 Ibid.

18 “Return on Investment Model for Friends of the Children.” Harvard Business Association of Oregon, 2010. Internal document.

19 Ibid.

20 Ibid.

21 Ibid.

22 Ibid.

23 “Business Plan.”

24 Sorensen, Terri. Personal interview. 23 Sep. 2015.

25 “Business Plan.”

26 Biederman, Sarah. Message to the authors. 7 Oct. 2015. Email.

27 “Business Plan.”

28 Ibid.

29 Rangan, V. Kasturi, and Lisa A. Chase. “The Payoff of Pay-for-Success.” *Stanford Social Innovation Review*, Fall 2015. Web. 25 Nov. 2015. <http://ssir.org/up_for_debate/article/the_payoff_of_pay_for_success>

30 Wang, Amy, and Tony Hernandez. “Will Private Investors Help Pay for Social Services? Oregon Projects Seek to Find Out.” *The Oregonian*, 12 Mar. 2015. Web. 22 Feb. 2016. <http://www.oregonlive.com/portland/index.ssf/2015/03/pay_for_prevention.html>