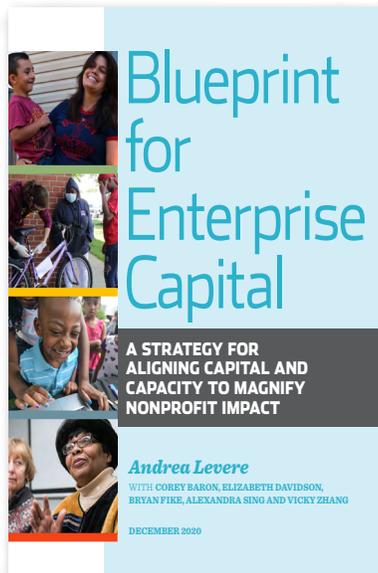


REPORT ON INNOVATIVE PRACTICES FOR FUNDING NONPROFITS SHINES SPOTLIGHT ON **BIG THOUGHT**

The *Blueprint for Enterprise Capital* makes the case to foundations, major donors, corporations and other funders of social enterprises that enterprise-level grants and investments—in essence, funding that comes with

fewer strings and aims to strengthen the organization overall—represents the most effective form of funding to support the work and expand the impact of grassroots nonprofits. Written by Andrea Levere, President Emerita of Prosperity Now, with support from five research assistants at the Yale School of Management, it explains how “enterprise capital” strengthens grantees’ resilience, and it gives funders detailed guidance on how to adopt this practice themselves.



can lose when they don’t receive it. Big Thought is proud to have served as one of the organizations profiled. Andrea made sure we had a copy of our case study to share with you, but we encourage you to **read the full *Blueprint*** to learn more about how you can strengthen the capital markets that serve organizations like ours.

**BYRON SANDERS, PRESIDENT & CEO
BIG THOUGHT**

Enterprise Capital Fuels The Growth of a Program for Advancing Equity



With a mission to “make imagination a part of everyday learning,” Dallas nonprofit Big Thought has worked for 33 years to “close the opportunity gap by equipping all youth in marginalized communities with the skills and tools they need to imagine and create their best lives and a better world.” The organization pursues its goal on several tracks by integrating creativity and arts education into classrooms, out-of-school programming, and summer learning, and by joining coalitions to change systems-level policy. Building in creativity helps empower young people with agency and equip them with the skills that economists, labor market experts, and employers say they’ll need to succeed in a

rapidly evolving economy. Across all its work, Big Thought maintains a powerful focus on racial equity and securing resources for the communities that need them most.

Building Organizations and Strategic Visions with Enterprise Capital

Big Thought has gone through multiple stages of growth over three decades, growing from a \$300,000 budget to a \$9 million organization. Three forces drove and guided its growth: active engagement of its board of directors; local philanthropic investment; and long-term investments by national foundations. Board members engage strongly in strategic and operational issues and contribute

pro bono expertise when needed—in addition to providing more traditional fundraising support. “The board,” says Gigi Antoni, president and CEO from 1990 to 2017, “brought high-level expertise and a ‘roll your sleeves up’ spirit that helped us make the changes we needed and made the funders who considered large investments comfortable with us. We had the reputation with our funders of being a well-run organization with the chops to scale up, scale down and execute.”

Big Thought focused on securing investment from local funders that would fuel its first decade of growth while also creating long-term partnerships. The group took a strategic approach from the start by asking donors to make multi-year commitments, with the view that it takes “10-year investments to build big things.” The staff holds a stakeholder meeting every year with funders, partners, and local officials. By reporting on progress and working collaboratively to chart future direction, the sessions strengthen an understanding that the partners play a crucial role in amplifying the value of Big Thought’s programs and extending their reach. This authentic, deep-dive involvement has helped build funder commitment to the organization’s long-term success. “These neighborhood-based community partners were the bedrock investors in our local institution,” says Antoni.

By 2003, Big Thought had attracted national funding for its work from the Ford Foundation. Then the Wallace Foundation selected →



Dallas in 2005 for major investment after researching the community and Big Thought. That in turn led to more than a year of planning with Wallace staff, the mayor's office, the Dallas Independent School District, and other partners. But the planning produced transformative results: Wallace's initial investment of \$8 million helped seed a community-wide effort that ultimately collected a total of \$25 million to build a sustainable arts education system for children in Dallas.

Throughout this funding partnership, the Wallace Foundation's research and evaluation capability provided objective metrics of impact that supported additional fundraising

and ongoing improvement. Antoni, now director of learning and enrichment at the foundation, sees how Wallace's work with Big Thought reflects its philosophy: "The Wallace Foundation pursues dual goals by making long-term investments in communities trying to make systemic change at the same time [that] we are building knowledge for the field—making our return on investment far greater than the money we have to give."

Flipping the Model: How Financial Models Evolve

The history of Big Thought's financial strategy reflects an iterative process of learning, analysis, and changing financial models. By the

2011-12 school year, Big Thought had received three funding cycles of grants (starting in 2008-09) from the Texas Education Agency. The funding came through the US Department of Education's 21st Century Community Learning Centers program, one of the largest sources of funding for academic enrichment outside of school hours. This infusion of public money transformed the financial model once again, requiring the staff and board to plan for the financial impact of a reduction in this source of funding.

Big Thought's board identified a need to diversify funding sources and decided to work with three organizations to build capacity: the Nonprofit Finance Fund, to →

help it plan for diversification of funding; RevJen, to help it craft earned-revenue strategies; and the Building High Impact Nonprofits of Color (BHINC) program through Prosperity Now, funded by JPMorgan Chase & Company, to help it deepen leadership and financial-management capacity. "When JPMorgan Chase and Prosperity Now brought the Building High Impact Nonprofits of Color Initiative to Dallas in 2018," says Courtney Hodapp of JPMorgan Chase & Company, "Big Thought had an impressive track record and had just transitioned from a long-time leader to current CEO Byron Sanders. It was a key moment to support the organization, and a

new leader of color, with coaching and other resources, as he and the organization looked toward the future."

These engagements led Big Thought to commit to a strategic effort to flip its financial model from 60% contributed and 40% earned funding to 60% earned and 40% contributed. As of mid-2020, with the pandemic having imposed another shift in the financial model, Big Thought stood at 34% earned and 66% contributed revenues.

More than the Sum of the Parts

A marriage of capacity-building and enterprise capital has enabled Big Thought to set visionary

ambitions and pursue them through attainable business models. This combination equipped Big Thought to improve and expand on its educational-equity work. Current President Byron Sanders says, "Our collective thriving requires everyone to have access to opportunity. The root-cause analysis of why that's not the case today pointed clearly at systemic racism. If we are to close the opportunity gap between Black and Latino communities and their white peers, then we must embed a racial equity lens in our strategy and organization. Big Thought is holding itself accountable for advancing a world where youth in marginalized communities can create the present and future of their dreams." ■

