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Elizabeth Tiller
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Honors Senior Thesis

AN ANALYSIS OF REDEEMING HOPE MINISTRIES

Just as businesses must manage and use organizational resources to produce the quality products and services for consumers, nonprofits face the challenge of ensuring the best outcomes for their target population. This is a formidable task, as it demands business and economic principles that require the organization to make tough, hard-headed decisions. With the information contained within this thesis, the stakeholders involved with Redeeming Hope Ministries, a 501(c)3 dedicated to fostering wholeness and wellness in the lives of the homeless and radically underprivileged in urban Knoxville, will have the information that they need to make critical decisions regarding the future of the organization. A cost-effectiveness analysis, maximizing output by the organization while minimizing financial contributions required, will be critical to this evaluation. I recommend that Redeeming Hope concentrate its staff and financial resources on its two primary flagship programs – The Amplifier and Food in the Fort – and forsake its other, lesser initiatives. It would also behoove the organization to secure a volunteer coordinator, full-time director's assistant, and board chair to help with the Director's task list. These are among the suggestions that are proposed.

INTRODUCTION:

Nonprofit organizations provide a unique service for the economy, 'doing good' in ways that profit-seeking organizations cannot. Although nonprofit entities do not seek financial returns similar to those that focus on the 'bottom line', in the interest of efficiency and of those that utilize their services, nonprofits should focus on quality resource allocation and usage of their assets across all organizational functions. Nonprofit administrators frequently eschew the need for business or economic analysis, insisting that the 'good' that they are supposedly providing is necessary, regardless of the cost. This is economically inefficient, resulting in forgone services for the homeless.

Redeeming Hope Ministries (RHM) is a not-for-profit organization that was founded in 2010 by Executive Director Eddie Young. Its mission is to provide "holistic transformation for the underprivileged and homeless of urban Knoxville." As a small, grassroots organization, it has three principle 'flagship' programs: Food in the Fort, plots at the Beardsley Farms, and The Amplifier. Food in the Fort is a weekly food distribution service; Beardsley Farms, an urban gardening center; and The Amplifier, Knoxville's first street paper. Through these initiatives, RHM focuses on fostering meaningful relationships between the homeless community and mainstream society in addition to serving the homeless' physical needs. This is Redeeming Hope's "output" – significant, worthwhile relationships – yet this service is difficult to measure and evaluate.

How can Redeeming Hope produce this output at the lowest cost but with the greatest efficiency? The heart of economic analysis is "a systematic approach to determining the optimum use of scarce resources, involving comparison of two or more alternatives in achieving a specific objective under the given assumptions and constraints"

("Business Dictionary"). This thesis will detail how Redeeming Hope should utilize cost-effectiveness analysis in guiding its strategic plan and mission organization.

PROBLEM STATEMENT:

From the outside, Redeeming Hope is a thriving organization that sees hundreds of impoverished men and women at its doors each Wednesday for Food in the Fort, providing them with the groceries and sustenance that they need for themselves and their families for that week. The ministry also sells hundreds of copies of The Amplifier each month, Knoxville's first 'street paper'. From an analytical perspective, however, the organization is not currently being run in the most efficient manner such that it will be a dynamic organization for years to come.

Its lack of management structure is leaving it living hand-to-mouth for funds, with a shortage of long-term, meaningful volunteers, and a lack of local recognition. The absence of a well-developed business plan gives the director and all other organizational members the liberty to act according to personal intuition rather than by following formal guidelines. The concept of Redeeming Hope has great potential, but its resources and capabilities must be harnessed and fully utilized in order to make a true impact on the population it intends to serve. RHM needs to reconsider its focus, methodology, and goals if it is to continue to serve the homeless population in Knoxville. As it stands, the organization must address the challenges of administrative duties, volunteer recruitment, fundraising, board involvement, and future expansion. These problems can be mitigated by having in place a new business plan that recognizes funding constraints and its inherent needs for resource prioritization, regular evaluation, and so forth.

Redeeming Hope Ministries, in its striving for economic efficiency, should endeavor to manage strategically, that is, to “formulate and implement strategies that allow an organization to develop and maintain a competitive advantage” (Coulter). There are three primary ways to view an organization’s competitive advantage, one of which is the resource-based view. This view states that “a firm’s resources are most important in getting and keeping a competitive advantage.” Knoxville Area Rescue Ministries, the Salvation Army, and Lost Sheep ministries all seek to provide services for the Knoxville homeless population. Redeeming Hope should benchmark with these similar service providers, learning from the expertise that these organizations have developed over more years of serving this population and the Knoxville community. “Resources include all of the financial, physical, human, intangible, and structural/cultural assets used by an organization to develop, produce, and deliver products or services.” Just as not every venture of RHM will be the most efficient, “not all of [an organization’s] resources are going to lead to a sustainable competitive advantage.” These resources must be examined and utilized only where most needed and most valued.

COST-EFFECTIVENESS ANALYSIS:

“Cost-effectiveness analysis (CEA) is a technique for selecting among competing wants wherever resources are limited” (“American College of Physicians, Internal Medicine, Doctors for Adults”). A simple formula is utilized to quantify the costs and effects of a particular action such that resulting CE ratios can be compared across decision choices. “If the value is low enough, the new strategy is considered ‘cost-effective.’” I will use cost-effectiveness analysis in concept, since quantitative effects are unavailable for the type of service that Redeeming Hope provides, the ‘outcomes’ that are generated. Yet, the premise

of the analysis is the same and will still enable us to choose between competing alternatives. For example, the art classes that Redeeming Hope provides are quite costly, yet is not the most effective service that Redeeming Hope offers. Art supplies, which have a limited shelf life and usage period; volunteer time; and church building space are all resources that RHM must offer to make the art classes possible. While done in the interest of community- and relationship-building, the number of homeless men and women the classes who attend the classes are minimal compared to the amount of resources required. Furthermore, the same dollars and volunteer time could instead be placed on groceries to be distributed at Food in the Fort, which generates substantial satisfaction from the homeless community and is provided at a lower cost when aggregated and distributed across the hundreds of attendees each week.

ORGANIZATIONAL STRUCTURE: BOARD OF DIRECTORS

The Board of Directors of RHM now holds 15 members, a racially and experientially diverse group of individuals who are passionate about fighting poverty and chronic homelessness in Knoxville's urban center. While the majority of the board members have served for less than one year, it is critical that they assume their roles quickly and begin to take action regarding the state of Redeeming Hope. In order for new board members to become apprised of organizational details and board expectations and responsibilities, the organization should host an 'orientation' session. While the board's informational booklet provides critical details, it is merely an introduction to the organization and not to the board itself. Furnishing such details upon board election would facilitate the swiftness

required of new board members, enabling them to become a valuable, contributing member before their first official meeting.

According to the National Center for Nonprofit Boards, there are ten basic responsibilities that the board should uphold: determine the organization's mission and purpose, select the executive, support the executive and review his or her performance, ensure effective organizational planning, ensure adequate resources, manage resources effectively, determine and monitor the organization's programs and services, enhance the organization's public image, serve as a court of appeal, and assess its own performance.

MISSION: The board's first task is to determine the organization's mission and purpose. This was selected at the founding of the organization in January of 2010. While this mission statement currently fits the current workings of the ministry, there will likely come a time when this mission statement needs to be reevaluated and reformulated to reflect the true actions being taken by the organization, as it has and will change over time.

EXECUTIVE: The board has two tasks regarding the executive director: ensuring that he has the support he needs as leader of the organization, and in evaluating the executive regularly (National School Boards Association).

Because of financial difficulties, Redeeming Hope has been unable to compensate Mr. Young as it would if it had a larger funding base. In the proposed 2012 budget for full-compensation, Mr. Young would have received \$22,000. This sum, however, left Redeeming Hope with a shortage of \$5,510 for the fiscal year. Therefore, the Board adopted an amended budget with a reduced compensation package, totaling \$12,000. This \$10,000 salary reduction instead leaves Redeeming Hope with a \$4,490 surplus for the year, assuming accurate revenue and expense estimates. Enacting significant salary reductions

for the executive director is not a sustainable method of cost-cutting for the organization. Executive compensation is something that must be adjusted in order for the executive to continue to execute his responsibilities to the fullest while maintaining an adequate standard of living. To assist in the creation of a more sustainable compensation package, the board could contact the United Way or someone with relevant business experience and implement the suggestions that they make. Once applied, the director could receive a desirable mix of remunerations for his time without burdening the organization with exacting sums from its limited budget.

Mr. Young must also be given sufficient vacation and personal time to 'recharge' so that he will be able to continue to contribute to the company. Time off, until recently, has not garnered much attention from the business community, yet human resources professionals would attest to the benefits of a holiday or mini-vacation. "People who don't take time off can get so close to their tasks that they lose perspective. They often take themselves and their work far too seriously and it becomes the only driving force in their lives" (Joan Lloyd). Allowing for personal days should become a regular fixture in Mr. Young's yearly schedule.

Finally, evaluation techniques need to be developed and implemented. The Berkeley Development Resources Consultants have developed a methodology for evaluating executive directors of not-for-profit organizations. Chief Executive Performance Review uses the following format:

- A. Organizational Responsibilities
 - a. Vision, Mission, & Strategy
 - b. Achievement of Results
 - c. People Management
 - d. Program Management
 - e. Effectiveness in Fundraising and Resource Development

- f. Fiscal Management
- g. Operations Management
- h. The Board/Staff Relationship
- i. External Liaisons and Public Image
- j. Other Expectations
- B. Personal Leadership Qualities
 - a. 3 Major Strengths
 - b. Additional Development Needed
 - c. Unique Contribution
- C. Overall Assessment
 - a. Narrative Summary
 - b. Affirmation of Strengths
 - c. Gaps
 - d. Suggestions for Personal Development

The Board should perform, at a minimum, an annual review of the executive director and the execution of his duties in the organization. After evaluation, changes will need to be implemented in order to maximize the effectiveness of the director and of the organization at large. Ample resources regarding performance evaluation can be obtained for free from the University of Tennessee and other public organizations, which could be readily implemented. "The Performance Review Summary Form is designed to record the results of the employee's annual evaluation. During the performance review meeting with the employee, use the Performance Review Summary Form to record an overall evaluation in accomplishments, relationships, dependability, flexibility and decision making" ("University of Tennessee - Knoxville").

PLANNING: The next responsibility of the board is Organizational Planning, which consists of "an active participat(ion) with the staff in an overall planning process and assist(ance) in implementing the plan's goals" (National Center for Nonprofit Boards). At this time, no strategic plan has been developed for Redeeming Hope Ministries, thus there is no formal guidance for the making of strategic decisions. This leaves the executive director and staff without any clear direction or process for acting on the organization's

behalf. A strategic plan will need to be developed and implemented, then used by the Board for review in coming years. Complete, exact strategic plans take time to create, yet this is an immediate need of the organization. For the time being, a simple plan can be crafted for the executive to follow. Without this plan, no executive assessment can be performed. Once a formal strategic plan is built, it can be established for years of future use.

RESOURCES: “One of the board's foremost responsibilities is to provide adequate resources for the organization to fulfill its mission. The board should work in partnership with the chief executive and development staff, if any, to raise funds from the community. The board, in order to remain accountable to its donors, the public, and to safeguard its tax-exempt status, must assist in developing the annual budget and ensuring that proper financial controls are in place” (National Center for Nonprofit Boards). Fundraising is undeniably the weakest aspect of Redeeming Hope Ministries. As mentioned previously, the organization cannot even afford proper compensation of its director due to insufficient funding. Yes, a budget has been developed and adopted, but it is hampered by the organization’s limited fundraising capacity. Three annual fundraisers are organized and orchestrated. Furthermore, personal and corporate solicitations are made each year.

Regardless, the organization only anticipates \$48,405 in revenues in 2012, a far cry from the goals of the director and other RHM stakeholders. Such a narrow funding base inhibits the growth and development of the organization, diminishing its potential impact in the community. The Board has developed a fundraising committee to improve upon its donor base and revenue stream, but its viability and effectiveness has yet to be determined. Ultimately, donor management and expense recording should be streamlined. Until recently, the director has been the only individual handling the writing and receipt of all

checks and donations. There is no system of checks and balances to ensure that funds are being handled properly. An accountability system needs to be developed and implemented for assurance that funds are accurately managed and documented.

Each of these funding challenges is interconnected. While a small donor may not request documentation regarding the efficiency and organization of the ministry to which it is giving, a large personal or corporate donor will not make a gift without this sort of documentation. Providing a clear strategic plan and proof that the organization is generating positive returns for those whom it serves and the community at large is crucial for receiving donations of this magnitude.

PROGRAMS: Although program effectiveness will be explored later in this paper, “The board's role in this area is to determine which programs are the most consistent with an organization's mission, and to monitor their effectiveness” (National Center for Nonprofit Boards). Unfortunately, program effectiveness is difficult to evaluate. The ‘Field Guide to Nonprofit Program Design, Marketing and Evaluation’ has outlined useful measures for program evaluation, demystifying the process for those who have never previously completed such an evaluation. Inputs, activities, outputs, and outcomes are the basic components of any evaluation. Short-term, intermediate, and long-term outcomes should be explored. When data is collected, it should be formatted in such a way that it can readily be reported to external and internal parties. An effectiveness committee can be created by the board so that a continual review of organization activities can take place. Or, the execution of a regular performance review can be scheduled at regular intervals during the year or the organization’s business cycle.

I initially sought to contribute to evaluating program effectiveness by collecting survey data from the homeless men and women whom Redeeming Hope serves. The survey was structured such that each individual was surveyed 'pre-' and 'post-treatment', or before their first visit to Redeeming Hope, and again after several visits to Redeeming Hope. Yet, the transient lifestyle of the homeless made follow-up surveys all but impossible. The difficulties inherent in the survey framework did not lend itself to reliable analysis. Instead, the homeless' comments on the services they have received at Redeeming Hope could potentially provide some value to the ministry's administration, however, the other data pieces will afford little in the way of formal analysis.

PUBLIC IMAGE: Until the establishment of a marketing and advertising committee by the board, there was little done to raise awareness of Redeeming Hope Ministries in the local Knoxville community. Those not actively engaged in the organization or a part of Redeemer Church of Knoxville have had minimal opportunity to hear about the work of Redeeming Hope. "An organization's primary link to the community, including constituents, the public, and the media, is the board. Clearly articulating the organization's mission, accomplishments, and goals to the public, as well as garnering support from important members of the community, are important elements of a comprehensive public relations strategy" (National Center for Nonprofit Boards). This committee thus far has done little to promote the organization, having only had a couple of meetings. More steps need to be taken to put Redeeming Hope's name, logo, and image into the community. A lack of awareness is creating numerous problems for the organization, especially in the area of fundraising. Corporate donors are less likely to give large sums of money to an organization about which they know little. The more widely recognized is Redeeming

Hope, the greater are the opportunities for fundraising, volunteer recruitment, and garnering of public support.

COURT OF APPEAL: Although the circumstances have not required it, the board is responsible for serving as a court of appeal for personnel matters. “Solid personnel policies, grievance procedures, and a clear delegation to the chief executive of hiring and managing employees will reduce the risk of conflict” (National Center for Nonprofit Boards). Due to the modest quantity of staff at the organization, there has been little need for such procedures and policies. Yet as the organization grows, these methods will be necessitated. Formulating them now, as opposed to at the occurrence of a grievance, will minimize the difficulty in handling personnel issues in the future.

SELF-ASSESSMENT: The Board consisted of a mere five members prior to the summer of 2011. With the election of eight more members throughout the last year, the board is now large enough to undergo self-assessment and evaluation measures. Much as the director, RHM programs, and resources need to be evaluated, the board needs its own appraisal. The “State-Owned Assets Supervision and Administration Commission of the State Council” enumerates board performance evaluation to be performed as a self-evaluation as well as by management:

- A. Standard Operation
 - a. Organization and Institutional Improvement
 - b. Daily Operation
- B. Effective Operation
 - a. Decision-making Effectiveness
 - b. Supervision and Administration

Analysis: The board has innumerable resources and capabilities, but these should be structured so that they can be utilized more fully. As of now, the board is doing the minimum in providing value for the organization. The fundraising committee is the only

active committee in place that is truly serving the mission of Redeeming Hope. The other committees are acting in name only and are not enacting their full charge as placed on them by the other board members and organizational leadership.

The board's talents being left unused or minimally used is a waste. If board members sacrifice 90 minutes once a month to attend board meetings, they should find that those 90 minutes are spent most efficiently to provide good for the organization and the people whom it serves. As it stands, the board meetings usually comprise discussion on the election of new board members, updates on Redeeming Hope's flagship programs, and how to alleviate the time constraints of the executive director. Yet, none of these activities results in a greater distribution of groceries items at Food in the Fort, more articles being written for The Amplifier, or more money being raised for use by the organization. In addition to a board chair, one to two board members should step forward to provide leadership in moving through agenda items efficiently.

In order to better employ the skills of the board members in providing value for Redeeming Hope Ministries, a different meeting and board structure should be considered. Meeting agendas should be sent several days in advance so that board members can have time to prepare for the meeting in order that meeting time may not be wasted. Additionally, a board chair should be nominated so that meetings are called to order on time and all agenda items are covered. The board should remain on task throughout the entirety of the meeting, and the conclusion of the meeting should come with take-away points for each member to work or focus on over the next three weeks. The board, unless it has tasks assigned to it for completion between meetings, simply becomes a body that gathers 12 times each year to discuss the progress of the organization without becoming

more involved in its actual success. Takeaway responsibilities could include: grant writing, advertising, donation requests, event planning, donation receipts, website updates, social media, and more. In an organization like Redeeming Hope, with few staff members and a limited supply of volunteers, participation by the Board is critical.

ORGANIZATIONAL STRUCTURE: THE BUDGET

“A budget is an organizational tool used for planning and maintaining control of your funds within an organization. It is a formal written guideline for your future plans of action, expressed in financial terms within a set time period” (Things that Take Effort: Financial Management). Many managers view budgets as a mere spreadsheet or catalog of revenues and expenditures. This is an oversimplification of the power of a budget for its ability to guide directors of an organization. Budgets help determine the activities and projects that a ministry is able to undertake. By allocating funds towards one initiative versus another, budget-makers establish the priorities of the organization.

Redeeming Hope’s budget has two key components – operations and detailed program expenses. Broken down by Quarter, the budget outlays aggregate values for its revenues and expenditures to allow for a quick-glance assessment of the financial status of the organization. Operating budget expenses are broken down into compensation, operating, and program components. Contained within these headings are payments like staff salary, office supplies, permits, and postage.

While budget basics have been established, “the financial manager of a not-for-profit must prepare the budget to ensure adequate funds for programs slated to be run over a period of time longer than the average budget cycle” (Blackbaud). In its third year of

operation, Redeeming Hope has had little in the way of resources and administrative oversight to feasibly prepare for future years of performance. Instead, RHM has been existing on a month-to-month basis. This has allowed the organization to survive, but it does not signal growth or substantial organizational change for the future. "It is difficult to forecast contribution revenue in a reliable manner from year to year. For that reason, the control of expenses is an area of increased emphasis." The executive director does have dreams of Redeeming Hope five, ten, and twenty years from now, which will only be achieved through improved program execution and accountability in budgeting and funding.

For example, the operations of Redeeming Hope will eventually need to move out of the basement of Redeemer Church. While the use of the basement of Redeemer Church has been a generous, in-kind gift, it is currently hampering the growth of the ministry with regard to how many patrons it can serve and what sorts of services it can offer. Ideally, RHM would not have to relocate far from its current home, rather in the lots across the street. RHM has made attempts at acquiring these lots across the street from Redeemer, razing the condemned buildings and tearing down the building that currently functions as a car wash. The asking price for the properties had dropped to \$500,000, a significant reduction from its original asking price of \$1 million. Since the idea of purchasing these properties was originally conceived, the land across the street has been acquired by developers who will likely convert it into student housing. As it stands, Redeeming Hope has little prospect of expanding into a facility close to its current space and will have to relocate in a different part of the city. This could possibly impede the mission of the organization if the new location is not chosen in close proximity to the population

Redeeming Hope serves. As long as it continues to only provide funding for current levels of operations, the Redeeming Hope of the future will be the same as that of today. In fact, unless proceeds increase with inflation, Redeeming Hope's operations will actually decrease each year, for the real value of its revenue will decrease annually.

Analysis: The budget needs to provide a framework for the focus of the organization, placing financial resources where they will be most efficiently and effectively utilized. By breaking down the budget into input types, the reader could readily view the value that the organization places on that aspect of the budget, which is a reflection of the value that this creates for the organization at large. The current budget is obscure, too broad and too general to gauge the amount of money that is actually being spent on the various program attributes. It is an object-of-expenditure budget, also known as a line-item budget.

"Line item' refers to the manner in which appropriations are made to categories of expenses within the budget structure. Appropriations may be made on a lump-sum basis, leaving considerable discretion to the [line item] regarding the specific categories of expenditure permitted" (Steiss, and O'C Nwagwu). Challenges can arise from this, namely that "Larger issues of efficiency and effectiveness that should be examined through the budget process, however, often remain buried in the detail of object classifications. Such classifications cannot provide a basis for measuring the performance of a ... program or the progress made in the implementation of a particular set of objectives or activities". There is no clear link between inputs and outputs, the value being generated by each expense.

Operating Budget

Redeeming Hope Ministries Inc - 2012

Reduced Compensation	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total	Actual
Revenue	\$4,890.00	\$20,675.00	\$9,521.00	\$13,319.00	\$48,405.00	
Expense	\$9,103.75	\$11,603.75	\$11,603.75	\$11,603.75	\$43,915.00	\$0.00
	\$4,213.75	\$9,071.25	\$2,082.75	\$1,715.25	\$4,490.00	
Compensation	\$3,000.00	\$5,500.00	\$5,500.00	\$5,500.00	\$19,500.00	\$0.00
Staff salary and benefits						
President	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$12,000.00	
Case Worker		\$2,500.00	\$2,500.00	\$2,500.00	\$7,500.00	
Operating Insurance	\$510.00	\$510.00	\$510.00	\$510.00	\$1,965.00	\$0.00
Office Supplies	\$132.50	\$132.50	\$132.50	\$132.50	\$530.00	
Printing and copying						
Telecommunications	\$240.00	\$240.00	\$240.00	\$240.00	\$960.00	
Marketing and Advertising	\$25.00	\$25.00	\$25.00	\$25.00	\$25.00	
Fees, Permits, Registrations	\$52.50	\$52.50	\$52.50	\$52.50	\$210.00	
Postage	\$60.00	\$60.00	\$60.00	\$60.00	\$240.00	
Program	\$5,593.75	\$5,593.75	\$5,593.75	\$5,593.75	\$22,375.00	\$0.00
Food in The Fort	\$3,150.00	\$3,150.00	\$3,150.00	\$3,150.00	\$12,600.00	
The Amplifier	\$1,856.25	\$1,856.25	\$1,856.25	\$1,856.25	\$7,425.00	
Social Services	\$587.50	\$587.50	\$587.50	\$587.50	\$2,350.00	

Detailed Program Expenses	\$22,375.00	
The Amplifier Expenses	\$7,425.00	
Printing	\$6,000.00	\$500.00/month
Vendor Equipment	\$1,425.00	
bags	\$215.00	
shirts	\$500.00	100 shirts @ \$5.00/shirt
vendor mtg lunch	\$600.00	\$50/month
supplies	\$60.00	\$5.00/month
permit	\$50.00	one time annually

Food in The Fort Expenses	\$12,600.00	
Market	\$9,900.00	
Groceries	\$9,000.00	
Demonstrations	\$700.00	
Supplies	\$200.00	
Cafe	\$2,500.00	
Gardens	\$200.00	
Social Services	\$2,350.00	
Document Assistance	\$200.00	
Photo I.D.		
Birth certificates		
Housing assistance	\$1,000.00	
Rent		
Utilities		
Transportation	\$500.00	
Medicine	\$150.00	
Day Work	\$500.00	

I would recommend that Redeeming Hope keep its current object-of-expenditure format and add a second budget, a program budget. This would detail the “objectives, outputs, and expected results” (Programme Budget) that typically accompany the program budgetary values. This would facilitate evaluation of the value of each service individually as well as collectively, in order to ensure efficient resource use. Evaluation could be readily performed by the Board, donors, or other outside the organization. As mentioned before, there are currently no systems in place for evaluating the ‘success’ of Redeeming Hope or knowing if the organization is actually meeting its goals and objectives.

**ORGANIZATIONAL STRUCTURE:
FRAMEWORK**

The ministry is largely devoid of any formal sense of organization. The Stanford Social Innovation Review writes that, “A vicious cycle is leaving nonprofits so hungry for decent infrastructure that they can barely function as organizations—let alone serve their beneficiaries. The cycle starts with funders’ unrealistic expectations about how much running a nonprofit costs, and results in nonprofits’ misrepresenting their costs while skimping on vital systems—acts that feed funders’ skewed beliefs. To break the nonprofit starvation cycle, funders must take the lead” (Gregory). The organization should not have officially developed without such formal processes and structures to guide its mission. Eddie Young, the executive director, controls every aspect of the organization since he is its only full-time member. The board meets once per month and makes executive decisions regarding the strategic mission of Redeeming Hope. One challenge with the present organization of Redeeming Hope is that Mr. Young is the only individual who can write checks, thus he is writing his own salary payment. There is no system of checks and balances to ensure that there are no breaches in fidelity. A well-run organization should have a divide between the receiver of payments and those who make them. The Austin Business Journal argues for systems of accountability in nonprofit organizations in particular, “All organizations derive much of their client and/or customer base because they have a reputation for products or services that can be trusted. Without that trust, many of our customers would find other organizations to fill their needs” (Tilow).

Analysis: In order to meet the needs of Redeeming Hope’s target population, a new organizational structure must be considered. With no volunteer coordinator, there is no incentive for participation in place. Having to go to the executive director for direction on each action taken is limiting and inefficient. There needs to be multiple sources of

information and guidance for volunteers, donors, and service recipients. Whether it is a volunteer coordinator, secretary, board chair, or full-time assistant, there needs to be a variety of individuals well-apprised of the goings-on of Redeeming Hope who are available for questions and answers. It is inefficient and unsustainable to expect one individual to possibly handle every task in the organization.

Aside from participation, additional personnel would help with providing additional feedback. A constant barrage of emails can become a distraction for the executive who has other tasks to tend to. Answering basic questions regarding organizational events or other simple responses would be more efficiently and effectively handled by a different individual. This would free up Mr. Young's time that he could devote to tasks more relevant to his position.

Furthermore, the current level of interaction between agency members is inconsistent. The board meets once per month, but lower-level committees do not have regular meeting schedules and thus do not accomplish what they are charged with doing. A weekly or bi-weekly staff meeting should be put into place so that all program leaders are apprised of the larger issues of the organization. This meeting should consist of the executive director; director's assistant; development leader; office assistants; and the Food in the Fort, wellness, Amplifier, case work, and aesthetics coordinators.

If Redeeming Hope is truly focused on 'holistic' transformation and meaningful relationships, then the needs of the entirety of the homeless individual must be recognized and met. Fragmentation on an administrative level leads to disunity and miscommunication at an organizational level, which cannot bode well for trying to unify the lives of homeless men and women. Being so disjointed has resulted in a frazzled

director, a lack of knowledge and understanding amongst staff members, and a silo-style organization with little connection and communication between entities. Surely, those to whom the organizational is ministering can sense the discontinuity, which may lead to a heightened sense of confusion in their own life. A provider of wholeness and wellness should present a strong, united front across all programs and initiatives to give the homeless the peace of mind that comes with being cared for in mind, body, and spirit.

Redeeming Hope should first obtain two or three core volunteers who can take on principal tasks within the organization. Then, RHM should decide on which means of communication are most effective among staff members. Options could include weekly meetings, text message reminders of upcoming meetings or programs, or email newsletters. After personnel are organized and formal communication is established, the organization can concentrate on how to integrate the various facets of Redeeming Hope. It can then coordinate duties and determine how it can best fuse its mission into everything it does. Such a coalescence will lead to a stronger sense of focus and loyalty by organizational members and a stronger sense of belonging by RHM service users, the crux of its mission statement.

Text Organizational Chart:

Board of Directors	Staff:	The Amplifier:	Food in the Fort:
Caroline Carter	Executive Director: Eddie Young	Publisher – Eddie Young	Coordinator – Terry Vogt
Caitlin Wise	Assistant to the Director: Elizabeth Tiller	$\text{CE ratio} = \frac{\text{cost}_{\text{new strategy}} - \text{cost}_{\text{current practice}}}{\text{effect}_{\text{new strategy}} - \text{effect}_{\text{current practice}}}$ Vendor Coordinator – Tony Long	Lunch – Cara Turski
Leigh Dickey	Development: Leigh Dickey	Advertising – Julia Ross	Shopping – Patti Salvador, Beth Talley
Tony Long		Editing – Sarah Clark	Operations – Patti Salvador
Kelly Mann	Aesthetics:	Graphics – Lindsay Knapp	USDA – Terry Vogt

Bentley Marlow	Visual Arts: Caitlin Wise		Demonstrations – Casey Littell
KB Martin	Music	Case Work:	Gardens – Cara Turski
Stephanie Matheny	Literature	Intern Supervision – Bethanie Poe	
Bethanie Poe		Social Work Intern – Katie Twiggs	Physical Wellness:
Hubert Smith	Administrative:	Legal Aid Liaison – Katie Downey	Running Club – Chelsea Knotts
Sam Smith	Volunteer Coordinator		Wellness Training – Mike Wigger, Steph Fornabaio
Stacia West	Office Assistance: Lindsay Lee,		
Elizabeth Tiller	Emma Hollmann		

PROGRAMS:

FOOD IN THE FORT: There is no question that access to healthily, affordable food is a challenging prospect, if not impossible. “Second Harvest reported 15.33 percent of Tennessee residents as food insecure between 2006 and 2007... [which] represents more than 224,000 hungry Tennesseans. 14.41 percent of Knox County’s population, who live below the poverty level have sought emergency food assistance either on a short-term or long-term basis” (Rogerero). While Food in the Fort (FIF) touts itself as being more than simply a food pantry, it is striving to combat the challenges that these statistics enumerate. The goals of FIF are many, the first of which is to bring about “food justice”, which “views food security as a basic human right. It advocates fairer distribution of food, particularly grain crops, as a means of ending chronic hunger and malnutrition. The core of the Food Justice movement is the belief that what is lacking is not food, but the political will to fairly distribute food regardless of the recipient’s ability to pay” (“Food Security”).

Because of RHM’s underlying belief in food justice, each community member who comes to Redeemer Church’s basement doors is offered fresh, healthy produce and canned goods that contain nutritious contents from a variety of sources, all for no charge. If these individuals express a need, they will receive what they ask for. This inherently helps to

fulfill FIF's secondary goals of feeding the hungry and providing access to fresh produce that the homeless would not have otherwise. Consequently, FIF promotes stability in the lives of the needy by freeing funds that would have ordinarily been spent on food for housing. Those on the brink of homelessness do not have to choose between shelter and nourishment, but instead can have both.

To expand the scope of FIF, reaching its mission in additional ways, RHM has developed an educational program for its homeless guests. While waiting for their opportunity to go through the food receiving lines, nutritionist volunteers instruct the homeless on healthy meal preparation. This gives them practical, hands-on ways to utilize the produce that they are receiving, further instilling the "farm-to-table" practices that are emerging in urban communities. This concept "focuses on linking local food and fiber production to local needs by improving communities' access to nutritious, affordable, locally grown and culturally significant foods" ("Farm to Table").

What makes FIF possible? Food in the Fort opens its doors at 7:00 am, offering hot coffee and pastries to entrants. The official food distribution period is from 9:00 am to 12:00 pm. FIF typically attracts ten volunteers, who work for the entire 3-hour shift. There is much to be done to make this weekly event a success – food donation pickup, setup, recipe preparation, and clean up. The monetary expenditures for this project are estimated around \$410 a week, including groceries and the produce from Beardsley Farms. The funding comes from Redeeming Hope's operating budget. The requisite funding pays Panera and Second Harvest for the goods that are obtained.

While Food in the Fort does good work for the community, it is not taking advantage of the generosity of large corporate grocers or food companies located in Knoxville. Kroger,

Food City, Earth Fare, Fresh Market, and others could become meaningful partners with Food in the Fort. A mutually-beneficial arrangement could be created such that The Amplifier could print advertising for the company in each month's paper in exchange for food donations of an equivalent amount. Redeeming Hope could also post advertising on its website, complete with links to the grocers' home web pages. This would save Redeeming Hope thousands of dollars each month on food and would enable them to supply higher quality goods at lower cost, especially if receiving donations from organic, wholesome grocers like Earth Fare. Together with the gardens at Beardsley Farms, the homeless could receive nutritious produce and non-perishable goods for free, and Redeeming Hope could concentrate its funding in other meaningful ways.

BEARDSLEY FARMS: In close connection with the FIF initiative is the Beardsley Farm Gardens. The CAC Beardsley Community Farm "exist[s] to educate people of all ages about the possibilities and methods of organic and sustainable urban gardening. [They] give support and tools to community members to help them grow their own food, and teach about the financial and environmental benefits of home food production" ("Beardsley Community Farm"). Organic fruits, vegetables, and herbs are grown and donated to various hunger organizations, including Knoxville Area Rescue Mission (KARM), Western Heights Baptist, and Bridge Refugee Services. RHM has secured its own plots such that whatever is produced in their raised beds is fully employed and utilized for Food in the Fort. This program comes at minimal cost to Redeeming Hope (\$18/month) except in the way of volunteer time. The benefits are that the homeless men and women actually receive fresh produce, which is a rarity among food pantries since it is often too expensive. By growing the vegetables, Redeeming Hope foregoes paying market prices and instead only pays for

seed. In combination with donations from corporate grocery retailers, Food in the Fort and Beardsley Gardens would only add to the benefit, rather than cost, side of the equation.

THE AMPLIFIER: Knoxville's first street paper, "The Amplifier exists to give voice and economic opportunity to those living beyond the margins of our community and to address the social issues that affect them" (Redeeming Hope). Issues are purchased by vendors for 25¢ each and are sold to the public for \$1 per issue. While 75¢ may not seem like much, this is usually the only income that these homeless men and women have. Depending on the location and the clientele, the vendor can hope to earn some pocket change for a night in a hotel, a bus pass, or a nice meal. Selling the papers also gives these individuals an opportunity to have meaningful interaction with mainstream society, something many have not had in quite some time.

ASSESSMENT:

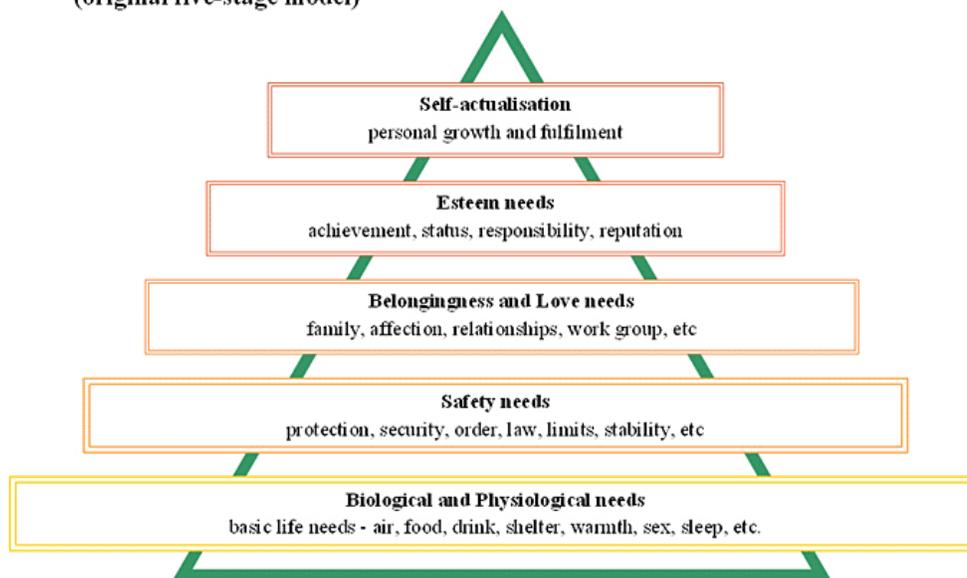
Muhammad Yunus in his book "Building Social Business" writes, "The important thing is to make it a success. If you device a highly ambitious social business plan and then struggle with it for months and years with no success, you won't feel good about it" (p. 60 Yunus). This presents a two-fold challenge for Redeeming Hope: creating a business plan, and then executing it so that the overall organization is considered to be a 'success'. Many programs have been established since the founding of the organization – an art class, running club, and voter registration drive. Each of these initiatives fell through due to lack of funding, of manpower, or of participation from the homeless themselves. It was presumed that the homeless would appreciate exercise, artistic expression, and a political voice. Some, in fact, did express a desire for these sorts of services. Yet the demand for these programs was too small to justify the expense and manpower. This should serve as a

lesson to Redeeming Hope to not place a 'product' on the 'market' before testing to see if there is actually any demand for the good or service that they are offering. Yunus's solution centers on focus and simplicity: "Keep it simple. Everybody needs food, income, healthcare, housing, water, financial services, electricity, sanitation, information technology... Next, clarify your objective to make absolutely sure you get the desired result from the project. Then come up with a product or service to serve as the vehicle for achieving this objective. Make sure the connection between the product and the objective is very clear" (p. 60 Yunus). As it stands, Redeeming Hope needs to forsake any time, money, or resources that are being devoted to these side projects and instead focus on its flagship initiatives. After all, the cost is heavily outweighing any benefits produced from providing each of these programs. "The initial challenge is to develop a model that works, to test and refine it, and to adjust it as necessary when conditions change" (p. 56 Yunus). That is the task at hand; the model has been developed, but it is unsuccessful. Because the outcomes were less than expected, adjustments are necessary. Mr. Young and the board can possibly revisit these initiatives in the future once they have been fine-tuned and reassessed. In their current state, they are no longer viable programs to which the organization should devote valuable resources.

It could be that the organization's leadership has made a few erroneous assumptions regarding its target population. Appropriate service provision involves a knowledge of those whom you serve. "If, as a social business entrepreneur, you sometimes find yourself wondering, 'What's the matter with these people? Why don't they appreciate the good things I am trying to do for them?' it's a sign you are wandering down the wrong path. Stop and rethink your plan" (p. 51 Yunus). While a running club, a weekly art class,

and a voter registration drive sound like excellent ideas, they may not fit the needs of the homeless and deeply impoverished. In fact, many obstacles became apparent early on. It's a bit easier to sacrifice time or money for a bus pass to get to the RHM headquarters when a free meal or sacks of groceries are involved. Yet if the only incentive for making the often lengthy and arduous trek to a church miles away from a homeless campsite or mission is to get hot and sweaty by running for 30 minutes, or for sitting in a cinderblock room with canvases and paints, the benefits are much less tangible. While social or aesthetic needs are being met, the more fundamental needs of food, clothing, and shelter continue to go ignored. This, of course, is not the intention or purpose. On Maslow's Hierarchy of Needs, these are simply higher order desires to be fulfilled once first order needs have been satisfied (Chapman).

Maslow's Hierarchy of Needs
(original five-stage model)



© alan chapman 2001-4, based on [Maslow's Hierarchy of Needs](#)

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Indeed, these programs should be set aside for a later date, when the organization has more funding and manpower to focus on the success of these programs just as the others. Still, there remain at least two crucial aspects of the organization that have fallen short of the guidelines set for successful nonprofit organizations. These include fundraising and volunteer management.

FUNDRAISING: Monetarily speaking, RHM is currently operating on a month-to-month basis. Entering the 2012 fiscal year with roughly \$5,000, RHM is in dire need of funding to continue functioning in accordance with its mission and goals. As would be assumed, RHM has not simply sought to rely on regular donors giving generously without relying solely on solicitations. Fundraising has certainly been a priority, having organized three fundraising events during the course of 2010 and four in 2011. Nonetheless, RHM has recently had several disappointing fundraising efforts: the Hunger Hike, Wine Tasting, and Roots Festival, each scheduled during the fall of 2011. The Hunger Hike was the only fundraiser to have actually taken place, held at Lakeshore Park on the afternoon of October 2. “For 21 years, the Emergency Food Helpers and Knoxville-Knox County CAC have organized this event to raise money for local food pantries. Hikers donate money to hike as a representative of a participating food pantry that will receive 100% of the donations in their name” (Mast General Store).

The Hunger Hike has the potential to become a valuable source of funding, especially for RHM’s flagship project Food in the Fort. “Emergency Food Helpers (EFH) is a network of pantries working together to coordinate food assistance programs. Second Harvest Food Bank, a member of EFH, is a major food supplier for pantries, but does not distribute food directly to individuals” (Rogero). RHM purchases food from Second Harvest

that it places on its shelves to be perused by clients who attend Food in the Fort. The more money raised for the purchase of goods, the more food that can be available for distribution to those who seek sustenance from RHM.

In 2010, RHM raised \$1065.00 under the auspices of the Hunger Hike. In 2011, receipts totaled \$1140.00. While \$1,000 is certainly more than the organization would have earned had the fundraiser not taken place, it is nowhere near the type of funding required of one of four fundraisers of the year for Redeeming Hope. RHM based its 2011 budget anticipating \$5,000 from the Hunger Hike, leaving it nearly \$4,000 short from this one fundraising opportunity alone. The organization's target revenues are in the area of \$48,000. If the organization actually hosts four fundraisers, they must average \$12,000 per fundraiser to meet their needs. The Hunger Hike only raised 8% of the target. Despite not making the funding target for this fundraiser, the key to evaluating the Hunger Hike's success is to look at how much effort went into putting the Hunger Hike together. From Redeeming Hope's standpoint, it only requires a couple of man-hours to help 'host' the event. In light of this evaluation method, the Hunger Hike would be efficient – only a couple hours of cost for \$1,000 of benefit.

There are many external factors to consider: the weather, timing, economy, amongst others. However, there is also the likelihood that a lack of promotion is a great contributor to this shortfall. Although mentioned in the Redeemer Church of Knoxville Sunday bulletin for the few weeks prior to the event, no placards, fliers, or signs were on display or in distribution amongst the members of the church, the core group targeted for this event. The Hunger Hike was not advertised on the UT campus, which is mere blocks from RHM's

front steps, nor in any other public venues. With improved methods, RHM can count on greater positive cash flow in future years.

The 2nd annual “Raise Your Glass” wine tasting fundraiser was originally scheduled for Friday, October 28, 2011. To be held at the Britton Gallery on Arthur Street in Downtown Knoxville, tickets could be purchased for \$40 per individual or \$75 per couple pays for admission to the wine tasting and silent auction. However, due to exorbitant upfront costs and prohibitive labor requirements, the event was downsized and the date moved to November 18th. Yet even this change proved too much for the struggling event. As of two weeks prior to the event’s commencement, no tickets had been sold and the event planners could no longer justify continuing with the planning and organization of the function. After cancelling the event in its entirety, RHM volunteer Chelsea Knotts and associate Elliot Bertassi agreed to undertake the wine tasting as their personal project, which took place Friday, May 4, 2012. Although nearly \$7,000 in budgeted revenue was lost from the Wine Tasting not taking place during the fall, over \$12,000 was raised at the spring time event.

The 1st annual “Roots Fest” was to be an all-afternoon affair to take place on Saturday, August 20, 2011. Families, students, and community members were invited out to a day full of music, food, and fellowship for a small fee of \$10 to \$20. It would be a gathering of a variety of both musicians and artists promoting East Tennessee culture and the cause of the homeless and underserved in this needy metropolitan area. Before cancellation, Matt Woods, Ian Thomas, Corduroy Road, and The Drunk Uncles had all agreed to donate their time for this fundraising event. Becca Parsely, a Board member and fellow volunteer, took on the task of organizing and orchestrating the entire event.

Unfortunately, an event of this scale proved to be too much for one individual, and its cancellation was announced a few weeks out. If enough volunteers came on board to host the event, it could potentially prove to be a profitable endeavor, one that could become a bastion of Knoxville entertainment before the dawn of football season each autumn (“Metropulse”).

The most remunerative fundraiser of the year was the dually hosted RHM-Haslam Scholars Program (HSP) “Running With Hope” 5K and 1 mile fun run. After five months of intense planning by a core group of ‘executive committee’ members, over 200 registrants were recruited. The profits were in excess of \$8,500, although the proceeds were in excess of that value. The primary form of promotion was through flyers, posters, and media advertising. Although targeting the Knoxville running community in its entirety, the UT campus proved to be an essential component to the event’s success. With over 50 volunteers hosting the day of the event, both financial and personnel resources of the Haslam Scholars Program were utilized to make the event a success. \$5,000 was granted by the director of the HSP so that the program would become the event’s principal sponsor.

RHM needs to see changes in its approach to fundraising. It either needs to have a large sponsor fronting the cost, allowing all proceeds to go directly to the organization, or RHM needs to take better stock of its capacity, including volunteer involvement and costs. Because RHM lacks a strategic plan, program plan, fundraising plan, financial track record, and budget that is anything more than tenuous, it has little material basis for soliciting donations. It is recommended that young social entrepreneurs have these basic requirements before undertaking fundraising efforts, instead concentrating their efforts on mail solicitation requests. There are five ways in which nonprofits can obtain funding

(Horizons). These include fees for service, earned income, individual donors, grants, and government earmarks. RHM could feasibly extract all of its funding from fundraising events, private gifts, and government/grant funding. RHM's team members and board of directors could also prove to be valuable sources of funding in addition to labor, consultation, and expertise. Eddie Young, executive director, requests that board members electing greater involvement in fundraising "[not] to commit a great deal of time to it, but the time that they do commit, they need to be prepared to give their all" ("Young").

RHM does not truly employ the 'fee for service', since it does not directly sell anything to its constituents or to other interested parties. While one of its principal projects, The Amplifier, does license homeless individuals to sell individual copies of the homeless paper to passersby for \$1.00 each. The vendors purchase each paper from RHM for 25¢ each, thus making a 75¢ profit per paper. The 25¢ is used to combat the printing cost required to produce the paper each month, which is a fixed \$500 fee. Glenn Swift, professor at UT-Knoxville's MBA Program, has provided consultation to several Knoxville nonprofits in which his primary case is that the organizations find an asset inherent in their organization that can be sold for profit. If RHM is going to continue to operate as it has since its inception, or if it wants to reach goals not yet attained, it will need to find a suitable manner of generating funds from within itself. Horizons cites that anywhere from 30 to 60% of the nonprofits budget can be generated via this method.

The second form of funding, earned income, is nascent, but cannot be counted on for significant revenue. The Amplifier sells slots for advertising in each month's issue, although some spots are given for free to corporations in exchange for other services rendered. Furthermore, RHM has Amplifier t-shirts and totes for sale, but to date only few have been

ordered and sold, rather they have been given to vendors. This route could potentially supply yet another 5 to 20% of revenue needed to sustain this social enterprise for years to come, but has yet been undeveloped.

RHM's principal mode of fundraising has been individual donors, the third option listed. While this has comprised nearly 100% of RHM's intake of funds, there is no steady stream or reliable source for donors. RHM does try to facilitate interaction between itself and its donors by creating a straightforward process by which they can donate online. Also, readers of The Amplifier are encouraged to make donations to RHM through the mail. Mail-outs also take place at unscheduled intervals throughout the course of the year, as well as thank you/receipt letters after large donation periods. In 2011, these mail-outs occurred during the summer months as well as over the Christmas holidays. The former was to stimulate donations to support Food in the Fort, and letters were sent to previous donors to RHM. The latter was sent to participants of the RHM "Running with Hope" 5K event, which took place in November of 2011. In order to maximize the amount of funds that can be generated through this method, RHM will need to develop a more systematic approach for requesting donations and continue to advertise its cause across the community. With broader awareness, potential donors may be stimulated to take action. It would also benefit RHM to craft a compelling story, one that would provide an incentive for donors to part with their hard-earned money to give to a cause that they perceive to be worthy of their earnings.

Subsequently, RHM has the prospect of applying for, and hopefully receiving, grants that will enable it to achieve its budgetary goals. Twenty to 60% of RHM's budget can be obtained through this method if the right grants were chosen and qualified individuals

were elected to produce such grants. Up until November 2011, RHM did not have anyone within the scope of the organization that was capable of writing federal or state grants. Yet, upon the election of Kelly Martin and Stacia West to RHM's Board of Directors, this manner of fundraising has seen a vast increase in viability. Similarly, and finally, RHM can solicit government earmarks to cover the remaining 1 to 10% of its budget. This would require substantial research and a package of financial and informative documentation to submit to government authorities such that they could make an informed decision. This final option has yet to be explored or considered. "The social business is a business because it must be self-sustaining – that is, it generates enough income to cover its own costs" (p. xvii Yunus). With all these fundraising possibilities utilized in conjunction with one another, RHM can sustain itself for years to come, covering its annual costs and saving for both the unexpected and for the future.

RECOMMENDATIONS:

One may suppose that because Redeeming Hope is providing quality services to the poor, that it should continue the broad range of operations regardless of the efficiency of each program. This cannot be the mindset of an economic analyst. Yunus said it best, "If [RHM] loses money every month, there is no way it can stay in business. If mounting losses eventually cause [RHM] to shut its doors, the benefits to the poor will disappear forever. So maintaining [systems] that are ... unsustainable is *not* going to help the poor in the long run" (p. 43). The administrators and members of Redeeming Hope must keep this in mind at all costs. A non-operational organization does nothing for anyone, most notably those for whom it was designed and created.

With this in mind, what are the steps that Redeeming Hope Ministries can take to be an economically efficient organizations that can sustain its operations for decades to come?

1. Make its mission, “to provide wholeness and wellness for the marginalized and underprivileged of urban Knoxville,” a primary concern.
2. Evaluate the ‘effects’ or ‘benefits’ of organizational output.
3. Qualitative as well as quantitative benefits and costs must be acknowledged and measured.
4. The tensions between mission and market must be understood and managed.
5. Diversify to manage risk.
6. Prioritize, act according to the plans laid out, and evaluate effectiveness (or lack thereof).
7. Economic conditions change, thus decisions need to be revisited constantly. (Young)

Redeeming Hope could also perform a SWOT analysis, an examination of an organization’s strengths, weaknesses, opportunities, and threats. Strengths and weaknesses are determined by performing an internal examination of the company itself. Opportunities and threats arise from outside the organization. Exploring how not-for-profit entities should be carefully and effectively managed, Mary Coulter writes in her book *Strategic Management in Action*, “Both external and internal analyses can reveal important information for strategically managing NFP’s. These organizations are facing increasingly dynamic environments... An internal analysis provides an assessment of the organization’s resources and capabilities and its strengths and weaknesses in specific areas” (p. 260 Coulter). Her 5-step solution to improving nonprofits continues:

1. Reduce funding costs
2. Distribute holdings faster

3. Reduce program service costs
4. Trim administrative costs
5. Improve effectiveness

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