

The Duke MBA Global Consulting Practicum 2010

Project Summary



Project Title: Identify solutions to Khulisa’s current funding challenges, with particular focus on funding recent and future growth of the organization and meeting operating costs.

Client Information:

- Khulisa www.khulisaservices.co.za
- Lesley Ann, Managing Director

Period of Performance: November 2009 - April 2010

Duke MBA Team:

- Laura Finkelstein (Fuqua '11)
- Meghan Gouldin (Fuqua '11)
- Vale Jokisch (Fuqua '11)
- Ryan Yongkyu Lee (Fuqua '11)
- Junghoon Sim (Fuqua '11)
- Kings Wang (Fuqua '11)

Instructor: Matt Nash

Partner Description:

Founded in 1997, Khulisa serves larger society with its mission to prevent crime through a variety of programs focused on rehabilitation, education, and reconciliation.

Problem Statement:

Khulisa has successfully expanded its programs to all 9 provinces in South Africa and recently launched a pilot program in United Kingdom. However, Khulisa’s management believes its plans for continued growth are limited by a lack of operational or core funding and the perceived narrow scope of the organization’s work. Khulisa’s management characterized its situation as a cash flow crisis. Khulisa’s management is currently exploring numerous avenues to continue to scale the organization, including renaming and re-branding, pursuing sources of core funding, and establishing an “Enterprise Solutions” arm to generate earned income.

Objectives:

The objective of this project is to assist Khulisa in its efforts to fund its recent and future growth by providing research on potential funders, analysis of current funding challenges, and pertinent recommendations on funding growth and communicating its message to funders.

Approach / Methodology:

The Duke team’s research centered on Khulisa’s immediate need to identify and secure steady sources of funding. Over the course of the project, the Duke team learned that the cash flow crisis sprung from two different sources: changes in fund disbursements and recent organizational growth.

To date, Khulisa has relied primarily on project-based funding, which typically includes an insufficient allocation for overhead expenses. Recent changes in government funding flows and the growth of the organization over the last 12-18 months have amplified the problem for Khulisa, resulting in a cash flow crisis.

The primary work streams on the project included:

- Recommend high priority potential funders



- Research the funding landscape in South Africa to identify opportunities to attract core funding
- Output: A list of prospects for core funding
- Suggest enhancements or clarifications for Khulisa's message
 - Understand Khulisa's messaging and provide preliminary recommendations on how to deliver a compelling and memorable message to funders
 - Output: Recommendations and observations on ways to attract core funding and how to deliver Khulisa's message to funders more effectively. Incorporate input from Dan Heath, schedules permitting
- Identify barriers to securing core funding
 - Use time in-country to assess fundraising process and additional challenges Khulisa faces as it seeks to align with funders that will support core costs
 - Output: Suggestions for internal process improvements in fundraising work
- Conduct case studies on growth
 - Build case studies on NGOs that have successfully expanded in order to provide recommendations for Khulisa's own organizational growth efforts
 - Output: Three case studies of analogous organizations that have successfully scaled their programs

Recommendations:

In order to attract philanthropic funding, Khulisa should first:

- Analyze its "core costs" to prioritize funding needs
- Improve internal capacity for fundraising, implementation and grants management
- Clarify and articulate its "wholeness" message in order to better identify and prioritize key funders that would be interested in and willing to support Khulisa's core costs
- Develop a compelling "case for support" that clearly demonstrates Khulisa's impact on society and outlines its core funding requirements
- Use a letter of intent to prospect interest of priority funders before investing time in grant-writing processes

Khulisa's management was also open to hearing additional, candid feedback on what we observed during our work together. To this end, we also shared the following recommendation: In order to grow successfully, Khulisa should first align its multiple, independent strategies that are under development across functional departments and regions within the organization. We recommended that Khulisa prioritize the hiring of a COO to oversee, direct, and coordinate across internal functions and regional offices. This position would report to Lesley Ann.

Results Achieved:

Actual results will be evident later on if and when Khulisa puts some or all of the Duke team's recommendations into practice. This will be evidenced by (1) hiring a COO, (2) revisions to the current fundraising practices (3) securing core funds (4) revising Khulisa's message- vision, mission, articulation of impact, etc. However, we believe the following activities prepared Khulisa to be capable of seeing these results:

- Shared candid feedback on and recommendations to address the organization's current challenges
- Built precise next steps with suggested timelines and owners for implementing Duke team's suggestions
- Provided in-depth research for 25 key funders and a draft letter of intent to prospect these funders. Also provided a broader list of 350+ potentially relevant funders Khulisa can reach out to
- Scheduled a conversation between Lesley Ann and Dan Heath to help refine Khulisa's message and make it more "sticky"