

Case: “Can Scouting Shrink its Way to Greatness?”

Background:

Who doesn't love a Girl Scout Cookie? Generally speaking, and as any Girl Scout worth her badges knows, there are two major flavors of Girl Scout cookie fans; the Thin Minters, and the Peanut Butter Patties. Nationally, all the Girl Scout cookie fans in the US together buy about \$800 million dollars' worth of Girl Scout cookies every year from girls across the country – making it the 6th biggest cookie company in the US. These robust cookie sales are hiding a big, not so sweet, and not so secret, secret (in fact – it's a quite well-documented trend); every year there are fewer and fewer girls in the US signing up for scouting programs.

As if to pour salt in the wound, and in another well-publicized move, the Boy Scouts have decided that their best strategy to address their own, similar, scouting enrollment issues is to court the girl scouting market as well. There is, as we might expect, disagreement between the two organizations about the efficacy of this strategies. It is fair to say that the generally challenging environment for scouting is putting tremendous ongoing pressure on the major scouting organizations.

Both of the major US scouting organizations – like many large, legacy nonprofits – use a federated model, meaning there is a national office and a number of affiliated regional satellite offices. Many in the nonprofit sector believe this model is not as useful today as it once was.

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The Case:

The US Sunshine Scouts have recently completed a round of regional consolidation of satellite Associations to address the ongoing enrollment erosion trend in scouting and to support financial sustainability at the local level. Many smaller and more fragile groups were folded into larger or stronger organizations.

The Sunshine Scouts of the South East has hired a brand-new CEO who is a well-respected leader among her peers, the scouts, volunteers, and alumnae. There are presently about 20,000 scouts and 5,000 volunteers in this regional scouting Association. For frame of reference, there were once twice that number of scouts in the same region.

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The new CEO is exploring some, and has already moved to propose, other significant and controversial policy changes she and her team believe will position the scouts and the Association's ongoing efforts to sustain itself and grow and nurture new and relevant programs. She believes strongly that keeping to the current course and expecting a different result is an unreasonable expectation.

While this approach is a standard course of action in the private sector, it is not typical for the non-profit sector or for the scouting community, and there are starting to be rumblings of dissent. She has the support of her Board Chair.

A number of new Directors have been recruited to the Board with the goals of both bringing diversity to the Board and of supporting the Association's long-term sustainability efforts. You are one of the newly-recruited Directors. Your first decision as a team was to hire the new CEO. The Board Chair advocated for the CEO's hire.

These proposed policy changes require Board approval and/or knowledge because of their significance and number of members affected.

We expect the CEO to join the meeting in just a moment.

Sticky Situations:

#1

The new CEO and her team believe many in her Association's region take issue with what they see as the the home office's combative and negative position regarding the other major scouting organization in the country which has historically focused on boys. To move past that discussion at the local level, they propose to publish their own positively-framed position. Doing so, while likely to be received well locally, may set some teeth on edge at the home office. The Governance Committee (chaired by a new Director) has recommended the Board formally approve the new statement to provide some air cover.

National position [language excerpted and edited]:

"...It is therefore unsettling that ABC (the other scouting org) would seek to upend a paradigm that has served both boys and girls so well through the years by moving forward with a plan that would result in fundamentally undercutting [our organization]...it is inherently dishonest to claim to be a single gender organization while simultaneously endeavoring upon a co-ed model. A shift to a co-ed model suggests that you may no longer believe in the research supporting single gender programming...more...

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...To reiterate, [we] believe[s] in meeting the needs of America's youth through single gender programming by creating a safe place for girls to learn and thrive...Over the last century, [we have] adapted to the changing environment, always prioritizing the health, safety and well-being of girls...for ABC to explore a program for girls without such priorities is reckless...[we] fundamentally believe[s] it is detrimental to the youth we both pride ourselves on serving for ABC to change its mission, flout its charter, and propose a joint focus on boys and girls."

Proposed local Association statement:

"We are delighted to see that other scouting organizations have so recently taken a more open, generous position overall regarding who may join their scouting programs. The Sunshine Scouts of the South East believe strongly in our results, as do our alumnae, and we know from experience that leadership programs that focus exclusively on girls provide unique and important benefits to them. In today's world, this type of experience is more important than ever."

Sticky Situation #2

The Association owns five valuable properties. Some are in coveted vacation spots and include waterfront, as you would expect. All were donated. Three of them have been used recently for scouting programs and two are currently unused and have been so for several years. Deferred maintenance is an agenda item for all of the properties.

The finance team has quietly been exploring options regarding alternative uses – up to and including potential sales of the various properties. They have obtained market valuations on all properties as part of their due diligence process.

Some in the Association, hearing of this due diligence activity, are now literally camping out on one of the properties (and threatening further action) to stop what they anticipate could be the potential sale of one of the mothballed and most valuable properties. This is, of course, a PR mess, and a potential legal problem as well.

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Sticky Situation #3

Earned income revenue from the annual baked goods sale to the Association is about 65% of the annual operating budget. Revenues from this program have been falling for years, and this year the budget shortfall will be about \$2 million. This gap can be closed handily by raising per package prices across the board by 20%. The CEO and team are not on board with the finance committee's proposal to raise prices and would like to use reserves to meet the shortfall this year and consider a price increase next year. There are reserves available to support this plan – but doing so leaves the Association in a fragile financial position.

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