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# Management Structure That Supports and Facilitates Social Good: Phase II for Paths of Hope, Inc.

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### ***ABSTRACT***

In fall 2012, Molloy College embarked on an educational experiment that has now been fully integrated into the curriculum of the business programs. Over these past five years, a pedagogical philosophy has developed; students learn by doing and the evidence of learning must be demonstrated. Accreditors demand that program level outcomes reflect evidence of learning. There is no better evidence than the students' self-report and demonstration in the real world that the knowledge and the skills acquired within the learning environment can be applied. The documentation has been published in a series of conference papers coupled with student presentations at the annual meetings of the Northeast Business and Economics Association. The mission of Molloy College articulates the call to action related to social responsibility, service, community, and study. Molloy's commitment to academic excellence and the promotion of lifelong learning demonstrates the transformative education experienced by the students (source: Molloy Mission Statement). Therefore, the evidence of learning for the Molloy graduate program is a set of business solutions that will support social good. This paper reports on the phase II consulting work conducted for *Paths of Hope, Inc.* The phase II student consultants built upon the successful work on the phase I team. The details of phase I were presented at the 2017 NBEA Conference (Rodriguez, Riegel, and Mackenzie, 2017). The phase I team was faced with a significant problem, which was solved with the legal solution and the creation of a not-for-profit corporation. The phase II team's collaboration with the newly formed corporation is focused on the development of management practices that would allow this new corporation, to survive.

### **Keywords**

Business education, social responsibility, pedagogical philosophy, pedagogy, capstone

### **1 PEDAGOGICAL PHILOSOPHY**

The design of the graduate program at Molloy College focuses on the development and ethical leaders. There is a pronounced lack of socially responsible leadership in this country. Business, at times, has been cited as cutthroat and greedy; but it is *good business* that improves an economic system and allows its citizens to thrive. So, in alignment with the Molloy College mission, our business students are prepared to become contributing members of society by understanding and demonstrating social responsible business practices. Molloy Business believes that this can be accomplished within an innovative capitalistic economy where individual hard work is rewarded, but the social focus is never lost (Mackenzie, 2017, 185). The mission of the college articulates the focus on transformative education; it promotes a lifelong search for truth and the development of ethical leadership

(Molloy College Mission Statement). The Molloy College MBA Capstone structure was overhauled in 2012 when the college's annual theme of *Civic Engagement* was selected. The program outcomes integrated a disposition of social responsibility; this quickly became part of the student learning objectives at the course-level for the graduate and undergraduate capstone courses. The establishment of a Consulting Capstone experience provided an opportunity for students to demonstrate learning. A *capstone* is that last stone put in place to show evidence that the structure is complete and has integrity.

The fall 2017 MBA Capstone Class was divided into two consulting teams serving two clients. "The clients are hand selected by the Capstone professor. The client must have a social mission, be a not-for-profit, or be a governmental agency. The client also must understand that the students are 'consultants' and are not interns. The client identifies the real-world problem, provides institutional knowledge and direction, but then must step back to let the 'consultants' do their job. The client works with the Dean of the Business Division to identify the consulting problem for the students." (Rodriguez, et al., 2017, 222). This semester the two clients were *Paths of Hope, Inc.* and *The Health and Welfare Council of Long Island*. Each team used the Bloomberg Philanthropies, "Mayor's Challenge" application to guide the consulting process. This process takes the students through four stages: (1) establishing a solution-driven vision, (2) developing a turnkey implementation plan, (3) determining the impact of the plan, and (4) determining if the solution can be replicated. (Bloomberg Philanthropies, 2017). *This paper* reports on the work product developed by the students using the consulting team name of, "MKSJ Consulting" and working for *Paths of Hope, Inc.*

## **2 THE PHASE I CONSULTING PROBLEM AND SOLUTION (SPRING 2017)**

So that the reader can better understand the work outcome for Phase II, a brief recap of the phase I solutions are presented here. In 2016, Dr. Diane Esposito identified the following consulting problem:

*The Paths of Hope organization is currently no more than a group of dedicated people who give of their own time, talent, and treasure to help others to have a higher quality of life. But, now this group needs to create a legal entity to both protect the future of its work and the individuals working within this mission. As a result, the consulting problem/project is to research and execute the steps that will lead this charitable group to become a legal Not-for-profit* (Rodriguez, et al., 2017, 222).

"The students met with the client and quickly realized the danger that this charitable group was facing. Money was being raised, money was being transported outside of the country to Guatemala to support a number of religious and learning facilities, and there were people depending on this charitable group for its survival. This was much more than a group of people who were sharing their time and talent; rather they had become intimately intertwined in the lives of the adults and children that defined their cause. Much damage would emerge if this group of charitable individuals were no longer able to transmit money from the US donors to those waiting in Guatemala." (Rodriguez, et al., 2017, 223)

The spring 2017 capstone consulting team realized that the process of forming a group into a legal not-for-profit was challenging, especially under the demanding time constraints. The students-consultants had little knowledge related to the steps that needed to be taken. The goal for the seven-week semester was to incorporate Paths of Hope, file all the necessary paperwork for tax-exempt status and register the group as a charitable organization (Rodriguez, et al., 2017).

## **3 THE PHASE II CONSULTING PROBLEM (FALL 2017)**

The work of the spring 2017 capstone consulting team successfully created the legal structure. The greatest danger for this organization still existed, which was its ability to be effectively managed as a newly formed corporation. Managing a corporation, especially one that is registered as tax exempt, requires knowledge of tax and IRS requirements as well as the range of management disciplines, which include marketing, accounting, human resources, management, and information technology. As a result, the consulting problem for the Fall 2017 Capstone consulting team was:

*The problem is that the leaders of Paths of Hope are new to running a corporation. The Officers are not traditional managers. The work of these organizational leaders had been focused on the cause. So, the board of directors of Paths of Hope need consultants to establish all of the management practices to run this business. That includes, but is not limited to: Bylaws compliance, filing paperwork to the IRS, corporate communication strategies, strategic planning, insurance, fundraising, building and managing a budget, establishing financial statements, establishing an annual Gala, using Robert Rules of Order, running board meetings, and more.*

## **4 THE PHASE II CONSULTING SOLUTION**

The phase II consulting solution included a strong vision for establishing an infrastructure for this newly form incorporation. The vision will be made a reality with a detailed implementation plan. A high-level overview is reported here.

## **Vision**

MKSJ Consulting recommended building a sustainable infrastructure in order for the organization to continue its growth. The consultant team's goal for *Paths of Hope* was to run as a traditional non-profit, as well as raise additional resources and exposure for its mission. The vision included a proposal that would restructure *Paths of Hope*'s current internal organization, while also increasing its external exposure through social media. This required that the board members of *Paths of Hope* operate as a working board, rather than solely as a governing board. Each member will have specific roles and responsibilities. In order to maintain non-profit status, there are financial requirements. Those requirements include financial transparency, as well as updating and filing all necessary statements and forms. The external exposure would also generate new and innovative streams of funding. The vision is for a successful implementation of the plan so that *Paths of Hope* will continue to spread awareness of its good deeds within the Mayan Q'eqchi villages.

## **Implementation Plan**

The consulting team recommended a *four-part* implementation that addressed all the immediate management issues faced by the newly formed Paths of Hope, Inc. leadership team. The four parts include the following:

### ***Revise Current Bylaws and Structure of Board of Directors***

A summary of this part of the implementation plan included: (a) a commitment to run a board meeting every quarter, (b) setting a minimum donation requirement for each board member at \$2,000 per member, (c) revising roles and responsibilities of board members, and (d) adding additional tasks for board members. The roles, responsibilities, and tasks by board role: Executive Director- schedule board meetings, delegate tasks, and oversee all directors. Director of Operations – oversee associates and manage the daily operations. Director of Communications – update website and social media, create marketing literature, and send out internal communications. Directors of Finance (currently two people hold these roles) – manage all financial transactions and documents, prepare all exemptions and tax documents, provide all information required by the CPA, prepare financial reports for board meetings, prepare financial documents for website to meet transparency requirements. Director of Development – Actively seek donors and implement the new fundraising campaign that is recommended within this larger implementation plan.

### ***Hire a Part-Time Associate***

A summary of this part of the implementation plan included making a decision as to whether to hire an employee or an independent contractor. An employee requires Social Security and Medicare deductions and the issuance of a W-2 at year-end. Employees require oversight and direction. An independent contractor requires less oversight as the individual has more freedom of movement to meet the required outcomes of the position. The independent contractor position requires only a 1099 (paid in accordance with the W-9 information) to be issued at the end of the year, if he or she earns more than \$600. Based on the definitions of each and the oversight required, coupled with the tax implications, the consulting team recommended that Paths of Hope hire an independent contractor.

This independent contractor/associate would handle the following for the organization: Take meeting minutes, process donation payments to bank account, monitor and post updates on Facebook, update contacts in *Constant Contact*, write updates and thank you emails to donors, and assist board members with any other administrative duties as sees fits. It was also recommended within the scope of this part that Paths of Hope purchase the Constant Contact program to manage all of its donor relationships AND purchase the Intuit QuickBooks program to manage associate pay-related documents and year-end tax forms.

### ***Meet all the Financial Documentation Requirements of a Tax-Exempt Corporation***

This part of the implementation plan was the most challenging and essential, as the Paths of Hope leadership, had not yet prepared any financial statements since its incorporation earlier in the year. A member of the capstone consulting team personally worked with Dr. Esposito to create the four financial statements for the corporation. They include the *Statement of financial position*, *Statement of activities*, *Statement of cash flows*, and the *Statement of functional expenses*. After the financial statements were created the following steps were taken: (a) prepare Form 990EZ for filing by May 2018 for tax year ending in 2017; (b) prepare the final corporate documents, which must be linked to the organization's website for transparency, legal compliance, and to demonstrate ethical leadership; and (c) prepare delivery of receipts to all donors.

### ***Establish a Marketing Strategy to Spread Awareness through Social Media***

The strategy developed by the capstone consulting team had both breadth and depth. A summary of the full marketing strategy presented included the following components: (a) Google AdWords. Google offers a \$10,000/year grant worth of Google AdWords to not-for-profit organizations. This strategy will allow Paths of Hope's website to be more easily discoverable when certain search terms are used; (b) Facebook and the social media strategy was completely revamped. This included uploading videos of service, boost posts and metrics, gaining more followers and 'likes,' and establishing a 'donate now' button on the site; and a (c) *GoFundMe* site. This is an additional platform used to gain donations.

## 5 COSTS OVER THE INITIAL THREE-YEAR IMPLEMENTATION PLAN

The implementation plan that MKSJ Consulting recommended intends to increase awareness and donations for Paths of Hope, Inc. This major step forward will incur some expenses. They include the following three expenses.

### Constant Contact

One expense is the e-mail marketing service called “Constant Contact.” In order to maintain a solid relationship with donors on the progress being made by Paths of Hope, Inc., the consultants recommended the purchase of the Constant Contact’s “E-mail PLUS” option, rather than the standard “E-mail” option. This option includes features such as: (1) permits 10 users to manage Constant Contact, (2) collects donations, (3) connects to Facebook, and (4) allows subscribers to register for fundraising events. Constant Contact also offers savings for non-profits. The “E-mail PLUS” option costs \$31.50 for non-profits managing 0-500 contacts. The consultants assumed that Paths of Hope, Inc. will maintain the 0-500 range for the first 2 years, and then increase to the 501-2,500 contact base in year 3, increasing the cost per year to \$49. Therefore, Year 1 and Year will cost \$31.50 each, and \$49 in Year 3 for the Constant Contact service.

### Hiring an Independent Contractor

For the first year, the consultants recommended a conservative \$15/hour, with a 10-hour workweek, equivalent to \$150 per week. Each year a \$1 increase in pay is recommended coupled with an increase in work hours. In year 2, the associate will increase to \$16.00/hour, with a 15-hour workweek, and in year 3, to \$17.00/hour with 20 hours per week. Therefore, Year 1 would cost \$7,800; Year 2 would cost \$12,480; and Year 3 \$17,680.

### Intuit Quickbooks

This software will help manage the payroll related processes for the part-time associate (independent contractor). It will calculate and track the costs of the associate, making this process seamless and easy. The Intuit service costs \$26 per month, with a \$2 per associate per month fee. With one associate for the next 3 years, the yearly cost will remain \$336 for the next 3 years of utilizing the Intuit service.

### Non-monetary Resources

In addition to the expenses described above, non-monetary resources are essential for any not-for-profit organization. These resources are essential to implement the larger plan. These resources include talent and skills, such as exceptional writing ability, which will create stories and updates on the Guatemalan villages, as well as thank you notes to valuable donors. A current board member or newly acquired part-time associate of Paths of Hope, Inc. must be able to visually describe the current activities that Paths of Hope, Inc. are funding, while adding heartwarming anecdotes to draw donors in and keep their interests to donate high.

## 6 CONCLUSION

The purpose of this paper is two-fold. *One* is to tell the story of *Paths of Hope, Inc.* The implementation plan provides a path for this organization to first get on its feet, survive its first few years, and then to grow. The goal is for Paths of Hope, Inc. to live beyond its founding board members and to become the 100-year company. This paper provided a very high-level overview of the plan. The full turnkey package that was presented to the client on December 19, 2017 included a fully developed management guide and a detailed social medial guide. The consulting team published these separately for the Path of Hope leadership team. The client has expressed deep gratitude for the work product of these student consultants.

The second purpose of this paper is to demonstrate one college’s education strategy to help graduate students develop the skills and knowledge needed to lead at an advanced level, but also to develop a disposition toward social responsibility and ethical leadership. This is in alignment with the Molloy College mission.

## 7 ACKNOWLEDGEMENTS

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