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Year Up: A Social Entrepreneur Builds High Performance

We are facing the challenges of scaling from a small to a midsize organization, managing sites across the country, and maintaining high quality in all of our programs. So far, we have done a few things right, but we are only on first base. There are 4.3 million disconnected young adults out there, so to anyone who says we have done well, I would point out that we have done nothing compared to the overall problem in our country.

—Gerald Chertavian, Founder and CEO, Year Up

It was a drizzly early spring morning in Boston in 2008 as Gerald Chertavian walked the halls of the new national headquarters of Year Up (YU). The fully renovated downtown Boston office represented another milestone achieved in the ambitious growth that YU, a job-skills training program for at-risk young adults, was undergoing. After its founding in 2000 and the opening of its first site in Boston in 2001, the organization had added three more sites in eastern cities, and it was poised to open in San Francisco in the fall and Atlanta over the coming winter. But YU's expansion was only beginning. The goal was to have a national footprint and be fully operational in eight urban centers by 2011.

Rapid growth brought a number of pressing questions for Chertavian. While the recent capital campaign had been successful, would it be possible, without additional major fundraising, to achieve all of YU's ambitious objectives? Chertavian considered YU's leadership team second to none in the nonprofit sector, but would he be able to continue to find candidates with the unique skills that the organization needed? Would the close ties he had with his staff and the students erode as YU grew?

Also, although the Boston board had been extremely effective, YU needed a national board, with members from across the country. How would he identify them and interest them in an organization that was currently only in four eastern cities? Each YU site needed a local board, and while one site had been successful in recruiting members, the other two had recruited a total of six people for this role.

Perhaps the most gnawing worry of all was, would YU be able to sustain program quality as it grew to eight sites, to twenty-five sites? Even if it met all of its growth objectives, how much impact would the organization have on improving the lot of the 4.3 million young people he knew needed assistance? The list of unanswered questions went on, but it was time to spend an hour in class with his current group of excited and hopeful YU students.

Professor Allen Grossman and Research Associate Naomi Greckol-Herlich prepared this case. HBS cases are developed solely as the basis for class discussion. Cases are not intended to serve as endorsements, sources of primary data, or illustrations of effective or ineffective management.

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Year Up

The Organization

Gerald Chertavian graduated from Harvard Business School (HBS) with honors in 1992. He went on to co-found Conduit Communications, a London-based Internet strategy consulting firm. When he sold the company in 1999, he returned to the business plan for starting a nonprofit organization that he had written in 1989 as a part of his HBS application. While working on Wall Street before business school, Chertavian had volunteered as a Big Brother to a resident of a low-income public housing project. Chertavian saw that David, his Little Brother, along with many of the other young community residents, were stuck on the opposite side of what he called the "opportunity divide"—they were talented and gifted yet lacked the support, education, and experience to become part of the economic mainstream in America.

Research supported his disturbing observation. Students from low-income families left school at six times the rate of their peers from high-income families, and less than 10% of them ever earned a college degree. By 2015, according to the Department of Labor, eight out of ten jobs would require some form of training beyond high school. Even one year of post-secondary education increased lifetime earnings by an average of 5% to 15% per year.[1] In 2004, the Annie E. Casey Foundation estimated that 3.8 million American young adults were neither employed nor enrolled in any post-secondary schooling (by 2006 the Foundation estimated that this population had grown to roughly 4.3 million). This represented nearly 15% of all 18 to 24-year-olds in the country. Of this population, 1.4 million had finished high school or completed a Graduate Equivalency Diploma (GED), and roughly 700,000 lived in the country's 30 largest urban centers (see **Exhibit 1**). This was YU's target population—low-income, urban young adults, or what the policy community termed "disconnected youth."

Chertavian outlined a plan for a school that would bridge the opportunity divide by training low-income urban young adults for careers in the economic mainstream. A job-training program for this population was not a new idea. However, Chertavian believed that his program would fill an unmet need for skilled technology workers. While other job-training programs had previously attempted to connect disengaged young adults with sustainable careers, they tended to be organizations with limited reach. Chertavian intended to build a scalable business model that had the potential to measurably impact the national problem.

In January 2001 he opened Year Up in Boston. Its mission statement read: "Our mission is to close the opportunity divide by providing urban young adults with the skills, experience, and support that will empower them to reach their potential through professional careers and higher education."

The new 501(c)(3) youth services and job-skills training organization welcomed its first class of 22 high school graduates, some of whom had limited college experience, but none of whom had prospects other than minimum-wage employment. The objective was to engage them in a year-long process that would transform them into highly qualified IT employees.

[1] Year Up materials.

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The Program

The year-long program was divided into two parts; the first six months were spent in classes, and the second six working at an apprenticeship with one of the organization's corporate partners.[2] The classroom component provided students with technical skills, as well as instruction in business-appropriate written and oral communication. Additionally, students learned other professional skills including public speaking, business e-mail etiquette, and how to craft a resume. After successfully completing classes, students were placed with corporate partners. This gave them the opportunity to do the jobs for which they were trained alongside company employees. In many cases, there were no other YU students in their immediate work environment. To maintain the personal connection with the teachers and staff with whom they had worked during their first six months, students returned to YU headquarters once a week to report on their experiences, ask questions, and give and receive feedback. Each student collected a weekly stipend throughout the year and was granted 16 college credits, through partnerships with local institutions, upon successful completion of the program.

Every aspect of the program emphasized building a "high expectation, high support" culture for both the students and staff. These expectations included strict standards of dress (an illustrated dress code was distributed at orientation) and an inflexible dedication to punctuality. In addition to learning the material presented in the classroom, students would also work to develop norms for how to conduct themselves in business settings. A cornerstone of the educational philosophy of YU was the "Teachable Moment." YU instructors tried to make use of all teachable moments that arose in their classrooms by calling attention to both appropriate and inappropriate student behaviors in the hopes that students would choose to model appropriate behaviors (see **Exhibit 2** for an example of a teachable moment).

The YU staff realized that this culture would not succeed without a great deal of personal support for their students. This was facilitated by placing each student in a "learning community" of 36 students and up to nine staff and faculty members. Each student was also matched with an advisor who worked with him or her throughout the program and remained available beyond graduation. Every program staff member served as an advisor. Further, after completing the first half of the program, each student was matched with a volunteer mentor whose primary goal was to help develop the student's networking and professional skills. Most sites also had relationships with local social workers and other social service personnel who were made available to students on an as-needed basis.

The Contract

The contract, which every student was required to sign at enrollment, was a key element in promoting the "high expectation, high support" culture. It served as a guide for how everyone—students, teachers, and staff—should conduct their professional lives. It described the organization's expectations as well as the specific consequences of violating those expectations (see **Exhibit 3**), and served as a primary source for feedback between students and their instructors. Each student began the program with 200 points, and points were deducted for contract infractions in amounts that corresponded to the severity of the infraction. For example, a student would lose 15 points for being late, 25 points for being late and not calling in advance, and 50 points for the first absence without notification. Other categories of infractions included improper dress, inappropriate use of computers and personal electronic devices, deficient attendance at meetings, and lack of respect for the core values of YU. Students lost a corresponding dollar of his or her stipend for each subtracted point

[2] The original Year Up partners who hired apprentices from the first class were Bain & Company, Putnam Investments, Digitas, Partners HealthCare, Abt Associates, Fidelity, WilmerHale, and Aquent.

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during the week that the infraction occurred. Although students could earn point increases for weeks of perfect behavior and attendance, and prizes for attaining certain higher point totals, there were no opportunities to win back lost pay. If a student's point total fell to 100, the student would work with the site leader to craft a plan of action to address his or her particular difficulty. However, if a student's point total dropped to zero, the student would have "fired him or herself," and would be asked to leave the program.

Some students, who had been successful with their academic work, faltered in adapting their attitude or behavior to the YU culture, or struggled to overcome logistical barriers such as finding reliable childcare or transportation to and from school. These issues might have been overlooked if a student was rated solely on his or her classroom performance but would be reflected in a lower point total.

By tying student attitudes and behaviors to tangible consequences, the contract intended to reinforce positive behaviors. By always talking openly about the contract, the point system, and its effects on student stipends, YU sought to maximize transparency and fairness in the system. The goal was for YU students to understand that infractions were not a personal condemnation, but a logical consequence of poor decision-making.

Growth Phase 1

By 2007, YU had built a diverse group of over 80 corporate partners, and the number was expanding (see **Exhibit 4**). Although it was not always possible, YU attempted to secure an "Apprenticeship Partner Agreement" from each partner that would define the number of apprentices, duration of placement, amount of the organization's contribution, and the terms of payment. Partner organizations gave contributions to YU as the fee for their engagement. Contributions averaged $19,875 per student for the six-month placement. As Tynesia Boyea-Robinson (MBA 2005), the Washington, D.C. executive director (ED), explained:

> If the students are not well trained, and they don't perform well in their placements, the corporate partners are not going to be willing to spend nearly $20K for the six months of a student's work. The price is too high for it to be a "feel good" project. The money doesn't generally come out of their philanthropic pot—it comes out of the chief information officer's budget.

Extensive surveying of the partner organizations helped monitor the quality of the YU apprentices. Boyea-Robinson continued: "We survey corporate partners in detail three times with every class. If there is something that they are unhappy with, we can immediately determine what the students are missing and make changes to address these deficiencies in the next cycle's curriculum. When possible, we even supplement the program for the current class."

In 2005, YU Providence, Rhode Island opened its doors. Sara Enright (MBA 2004), the site's ED, had volunteered with the program during business school and agreed to lead the new site after graduation. The Washington, D.C. site opened shortly after Providence. This location quickly grew from an initial class of 22 students in February 2006 to 72 in 2007. Lisette Nieves, a Rhodes Scholar graduate of the Woodrow Wilson School for Public Affairs and former chief of staff for the New York City Department of Youth and Community Development, was tapped as the ED for the fourth site, New York City, which enrolled its first class of 23 students in September 2006.

The Boston site, along with the newly formed national office, occupied an entire 20,000-square-foot building in downtown Boston. YU had signed a lease-to-own agreement for the building in 2007 with a purchase option due in 2016. The organization was building a leadership team to plan and

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implement its national expansion. Because the organization started with only a few nearby sites, Chertavian, in his original role as the ED of the Boston site, had overseen the implementation of the organization's strategy and growth while also managing the Boston site. Once it became clear that directing YU's national expansion required his full attention, Chertavian began the transition into the role of national CEO.

Casey Recupero stepped into the role of Boston ED in 2006. He had joined YU as the director of special projects in 2004, and he had overseen a number of projects including the consulting process with the Monitor Group, the development of the board of directors, and serving as a site leader in Boston. Although Chertavian had observed that most leadership transitions of this type were difficult and often disruptive, YU's experience was the opposite.

By 2006, Chertavian began to build a team to manage the expansion that included the EDs from the four existing cities, the newly hired national director of finance, national director of academics and program, and the director for strategic growth and impact (see **Exhibit 5**).

Growth Phase 2 (2007–2011)

By the end of 2007, YU had completed the first growth phase, which focused on demonstrating that the program model was effective and could be scaled across multiple locations. By this time, YU was serving 500 students annually. The next phase of growth would see YU expand to a total of eight sites, including San Francisco in the fall of 2008 and Atlanta in early 2009, with the organization planning to serve a total of 1,600 students annually by 2011. This phase was intended to prove that the organization could operate nationally, demonstrate the program's short- and long-term effects, change the perceptions of corporate recruiters, influence public policy, and assist other service programs to implement the YU model.

Phase 2 was also the time to begin to build a national infrastructure to support growth and to hone the replication strategy for Phase 3. By the end of Phase 2, each site would serve 272 students, achieve financial stability, and contribute $350,000 annually to the national operating budget for organizational growth (see **Exhibit 6**). YU planned that its alumni in each metro area would have a significant enough presence to develop networks within populations of low-income, urban young adults, to serve as role models, and to help recruit new students. As Recupero shared: "In order to fill seats in our classrooms, we need a well-developed network for outreach. Sixty percent of our current class comes from referrals from other YU students or grads."

Growth Phase 3 (2012–2016)

In the third growth phase, YU would focus more heavily on influencing three of the systemic factors that the organization believed contributed to the problem of disconnected young adults—poor-quality workforce development outcomes, limited corporate engagement in youth workforce issues, and lack of needed public policy reforms and investments. By 2016, YU hoped to have launched its "YU Revolution," and to have effectively addressed these concerns (see **Exhibit 7**).

Financial Condition and Planning

Operating Revenue

In 2007, YU had a total annual operating budget of $12.2 million. Each site was funded from three major sources—contributions from corporate partners, scholarships provided by local philanthropists, and support from public sources such as government-funded youth training

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programs (see **Exhibit 8**). It was planned that each site would ultimately generate $6 million in annual revenues and contribute roughly $350,000 annually to the National Operating Platform (NOP), gradually increasing to $700,000 per year by 2013 to fully fund the NOP. By the end of 2013, YU also expected the national office to raise $1.4 million annually for the National Replication Vehicle—the fund that would support building new YU sites.

Capital Campaign

In order to achieve Phase 2's expansion targets, a one-time infusion of capital was necessary. This money would cover the costs of opening new sites and sustaining them until they were self-sufficient and able to contribute their share to the NOP. In January 2007, YU launched an $18 million capital campaign, the amount that Chertavian and the Monitor Group determined would be needed to complete Phase 2. As Chertavian contemplated his options for raising capital, he recalled a conversation with self-described "philanthropreneur"[3] James Jensen, managing director of the Jenesis Group, about the need for growth capital:

> I mentioned that I was in search of growth capital. James handed me a copy of a prospectus conceived of and created by his father, Ron Jensen, back in 1999. It was an "Initial Partnership Offering" for the North American rollout of Ashoka[4] in which the Jensens had been lead funders. Immediately on perusing the document, it seemed to me that this approach would resonate with the funding community that I was targeting, and I set about creating something that looked just like that prospectus.

The organization's prospectus, "Year Up: Private Placement Memorandum and Prospectus," presented an Initial Partnership Offering of $18 million in $1 million units, with a possible over-subscription of $4 million (see **Exhibit 9**). Although Chertavian was well aware that growth was not the usual use for the proceeds of a capital campaign, he was convinced that the incremental way nonprofits typically funded growth would prevent YU from achieving its mission in a timely fashion. The prospectus forthrightly explained that the money would be used for funding expansion (see **Exhibit 10**).

In January 2007, Chertavian began to sell the offering and completed his transition to the role of national CEO. He reflected:

> We had people who had given us money in the past and who we felt comfortable approaching to buy a unit. But to succeed, you must go beyond your immediate network of contacts. This requires high-quality introductions from the people you already know—board members, donors, and friends—to individuals who have the capital to help but at the same time have numerous others competing for their resources. This requires a great deal of time and complete focus.

The campaign closed on schedule in the fall of 2007 with an oversubscription of two units. Half of the total amount came from board members and Chertavian's circle of contacts and friends. The other half came from new donors. Chertavian reflected on the lessons he learned:

> There is huge value in the exercise itself. It forces you to have a great deal of clarity about what you want to do with your organization and the capital you will need to get there. That

[3] This term has been used to describe a perceived new generation of philanthropists who apply both their philanthropic and entrepreneurial acumen to benefitting others.

[4] Ashoka is a nonprofit organization that seeks out and supports emerging social entrepreneurs in their business ventures around the world.

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clarity breeds confidence in the people able to make these kinds of investments. The effort that we put into getting the money really brought us together as an executive team and as a group of board members.

Managing Human Capital

Since founding YU, Chertavian had worked to attract an exceptional staff, what he called the "A players," who shared his vision for the organization and brought the necessary skills to their jobs. He observed: "People are the real DNA of this place. Year Up depends on its staff to create and model a culture of professionalism for the young adults we work with. If we don't get the people part right, it doesn't matter what else we do."

Sara Enright, the first ED Chertavian hired, remembered moving to Providence, RI and throwing herself into her role: "In the first six months, it all dawned on me: I needed to find space, fit it out with equipment, hire a team, raise more money, find corporate partners, and recruit the first class of students. I remember writing all of these to-do's in a nice, neat business plan, but all of a sudden I realized that I actually had to *do it*."

Similarly, Boyea-Robinson recounted her initial experience starting YU's Washington, D.C. location:

> We spent the six months prior to launching meeting with local community and business leaders trying to make clear that we weren't coming in with hubris. Many of the local experts told me: "You are never going to find students who fit with what YU does; our young people can't even read." I had expected people to say, "Prove yourself" or, "We don't need one more nonprofit," but instead all I heard was doubt about students' abilities to succeed. The lack of belief and the general apathy were shocking. They thought that the program would fail because potential students would not be willing to travel to get to our classes. We proved them wrong. I have students who commute an hour and a half each way and are never late. If you look at the scores of most of our students, you can see that they are the traditionally defined "risky" population, and they are now *excelling* in our program.

Although both found their new careers challenging in expected and unexpected ways, they were not without tools and skills. Enright said:

> Do I regularly use what I learned in a specific MBA course, or use any particular marketing framework? Probably not. But thanks to my business education, I have read a few books about dealing with complex problems, I have thought about how to address the different dimensions of challenges, and I can realistically assess why I may be having so much difficulty resolving a particular issue.

Enright and Boyea-Robinson had both encountered misconceptions about nonprofit work among many of their peers. According to Boyea-Robinson:

> When I graduated from business school, people said, "Oh, you're doing nonprofit, that's so *nice*… good for you," in a supportive yet vaguely dismissive way. While a lot of my friends first thought that I had made big sacrifices when I chose to come to Year Up, over time they have come to see that I face all the challenges of a traditional entrepreneur. Really, running a nonprofit well is no different from leading a multi-million-dollar business. And, because of the nature of Year Up, I'm building support for our program with CEOs and CIOs. The tradeoff you make on salary, you make up for in influence and access. I have the opportunity to build

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relationships that could take me years to cultivate in a classic for-profit job, *and* I regularly face management challenges that are complex and interesting.

When thinking about how to go about hiring future EDs, Boyea-Robinson summarized some of the challenges to recruiting:

> Since we run so much like a business, we get people who are functionally strong but struggle with the demands of working in a mission-driven organization. I have HBS friends calling me about future ED jobs. I sit down and try to probe their disposition by giving them a scenario to deal with. I say, "You are very busy and under intense time pressure to submit a proposal for major funding. A student comes to you and says, 'My mom was shot.'" Often, business school students are not sure how they would react. At the operating level, we are asking potential employees to have functional excellence, but just as critical is the requirement to be in tune with our students' needs. It takes real patience and genuine compassion as well as functional skills to be successful at a YU site, and that is often a difficult set of skills to find.

Both Enright and Boyea-Robinson traced some of their start-up challenges to being in both a new organization and an unfamiliar location. As Enright put it, "Gerald got smarter after hiring us. Ty and I had *two* things working against us: we were both new to management roles *and* new to the cities we were moving into."

YU modified its approach to hiring EDs when it hired Nieves, a native New Yorker, for its New York City location. She had extensive experience working in the city's government, and had been involved with other workforce-development programs. She started the job with a good sense of the local talent pool, which she could tap into to build her senior staff. As Nieves recalled:

> A bureaucracy like New York City can actually be used to your advantage if you truly understand how it works. For example, one of the first people I hired was an unbelievably talented person from the Department of Education's Office of Parent Leaders, who had a network in place that reached into every high school. We were able to rapidly arrange meetings with senior government officials, and within our first six months we were selected for a very competitive New York Housing Authority grant.

Getting and keeping the right people was a never-ending challenge. Chertavian recounted:

> Today, we are running into new HR [human resources] problems. The first YU teachers are leaving. Why? Because we did not anticipate how emotionally hard it is to do this work for a long period of time, and some folks got burnt out. We didn't have a clear sense of how to craft career ladders or the ability to offer them time in different roles to get away from the intense student interaction. We weren't thinking about these things in years two or three. Now we are starting to have people ask, "What are my options for career and professional development as a teacher?"

The leadership team also had begun to realize that it was crucial for sites in a national organization to learn from the experiences of the other sites—from how to align priorities when searching for new EDs, to how to think about assembling local teams. To facilitate this inter-site learning, the EDs kept in close contact and frequently sought advice and support from one another. They also had access to information through a national intranet page and quarterly strategy sessions with the national leadership team. However, it was unclear whether the current system would adequately support the EDs and their sites as they expanded to 25 cities.

Seeing that the organization would need an HR strategy that would support the next phase of growth, YU designated "People Development" as one of its organizational priorities for 2008. Each

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site set about developing specific priorities for action to improve its overall HR processes, and a set of national goals was drafted. Chertavian introduced the Roles, Goals and Accountabilities (RGA) tool that he had developed during his work in the for-profit sector to be used at all sites. The RGA tool ensured that employees and their supervisors understood their short- and long-term priorities, and what would constitute success in their roles. The YU Performance and Career Development Manual, written in early 2008 by the newly hired Manager of People Development, suggested that a supervisor and employee complete an RGA together annually or after any major shift in responsibilities (see **Exhibit 11**).

Governance

The National Board

In 2007, YU began to review how effective its governance structure would be for a national organization. All sites operated under a single 501(c)(3), which meant that there was one governing board located in Boston for the entire organization. (Each site had a local board that had no fiduciary or oversight responsibility.) The original Boston board had changed its role from overseeing a single site to governing a national multi-site organization. Tim Dibble, managing partner of Alta Communications, had served as YU's board chair since the founding of the organization. Chertavian had met Dibble when he was planning YU's launch. Dibble, Chertavian, and Craig Underwood, another founding board member, had recruited the other eleven members of the current governing board, nine of whom were from New England. Dibble recalled:

> From the beginning, we wanted the board to have financial acumen, as well as to serve as a donor base. We knew that we needed strong representation from academia as well as from community development. We also wanted racial, gender, and economic diversity. These were real challenges because the people that you want to get, who would add the most value, are in such high demand.

Dibble continued that expectations for board members were made clear from the beginning:

> When people weren't adding value to the board, we worked to transition them out. In hindsight, Gerald and I couldn't have known that transitioning an early member seven years ago would create a lasting sense of accountability, but it did. There is a belief on our board that we really are here to serve this organization. If you are not going to give money, get money, help with the program, serve on governance committees, or roll up your sleeves and work, then this is not the right place for you. I would say that this is the best governance relationship I have been involved with, profit or nonprofit.

As part of the national expansion, Dibble, Underwood, and Chertavian realized that the role of the board would change. As Chertavian put it, "[Right now we] have a national board that is mostly Boston-based. We need to develop a strategy for recruiting future members who have national experience, perspective, and recognition to meet the evolving needs of Year Up."

Dibble shared:

> We have to constantly reinvent ourselves. I am the only chair we have ever had, and—without false modesty—my most important job is to replace myself. We have tried to cultivate a board for Gerald from which he can pick the next chair. I can get around Boston, but not Houston or Chicago. YU needs a chair with more national gravitas to help with national expansion.

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Craig Underwood shared:

> Strong, effective leaders like Gerald take full advantage of their boards; they tell them everything, they get them engaged, and they allow them to push new ideas or to offer critical observations. On the other end of the spectrum is the manager who feels that the board is a necessary evil, who knows they are required to have *x* number of meetings a year, so they do. The objective of a board meeting for this type of manager is to go through a fixed agenda and get out of there as soon as possible.

The organization had undertaken a self-study on its governance policies and structures, hoping to gain a better understanding of effective governance for YU. Chertavian speculated:

> Are there other forms of governance structure that might enable you to receive the benefits from enough people without having them serve on a board? Many of the best people don't want to be on another nonprofit board. One prominent executive of a large public company consistently tells me, "I can do a lot for you, but I don't need to be on your board." It makes me wonder if populating a board with the "big names" is the right model or whether there are smarter ways to engage high-profile individuals on a project-by-project basis.

Local Boards

The role of the local boards was evolving. Recruiting board members to the local, non-fiduciary boards was a primary responsibility of the local ED, and it was not yet clear how this was best accomplished. Also unclear was the optimum structure of local boards—what model would most effectively facilitate communication between the ED and the board. Ultimately the recruitment, configuration, composition, and purpose of the local boards were left up to the site's ED. Sites chose to populate their boards with a variety of types—including local experts on youth services, high-level personnel from corporate partners, and fundraisers. Enright thought she was close to an effective model with the Providence board:

> My nine-person local board is a wonderful group of people who believe in Year Up, who do everything they can to support me and the site, and whom I trust and respect. I think that for a lot of them, not having the fiduciary responsibility is a real plus. They are all on governing boards where they have to vote on this, sign that, and think deeply about fiduciary responsibility. For them, YU is kind of refreshing. I give them a list of the 10 things I need their help with, and we make them happen together. Initially I said, "I don't want to take too much of your time, I'll call, we'll have lunch," but, as the group evolved, they said that they wanted quarterly meetings. I probably have as active a local board as many nonprofits have a governing board.

In New York and Washington, D.C., the EDs were still navigating the early stages of local board development. The question remained of how to translate the numerous local informal relationships into membership on a board. Boyea-Robinson, who had two members on her board, elaborated: "We actually have a fundraising advisory board. Anyone who signs up for our board has to commit to an annual $50K contribution or provide five jobs per year. These requirements make it hard to recruit members."

Nieves in New York had three local board members. However, she pointed out that she had many people who were excited about her program and wanted to be ambassadors in any way possible, except for serving on a local board.

Tim Dibble explained:

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The model puts a ceiling on the type of candidates that you can go after. If I'm head of Merrill Lynch, I'm not going to sign onto a local board. I will look to a body of my peers. Another challenge is creating local boards that will work with the local ED and contribute value even when there is no legal authority to do so. My greatest value-add is just talking Gerald off a ledge from time to time, and Lisette will need someone like that in NYC. She is free to call me anytime, but how much can the national board chair do when we are talking about the 9th and 10th cities?

Managing a Multi-site Organization

National expansion encouraged Chertavian and his senior staff to grapple with questions of how much standardization across sites was necessary and desirable. Every YU site was committed to the same "high support, high expectation" culture, yet each ED and the staff valued the opportunity to design and deliver curriculum in ways that fit local needs. All the sites to date had been given a good deal of freedom to develop their curriculum following general guidelines that aligned with a set of overall standards. For example, by 2005, students in New York and Boston could choose training in IT, the original curricular stream, or investment operations. The new curricular stream was designed to prepare students for jobs such as a pricing specialist, or a fund or portfolio accountant in the investment field, and was introduced to meet a demand for workers with these skills. While other sites had considered introducing other curricular streams, for example a healthcare administration stream, no other streams were yet in place.

Was this approach scalable? How would they monitor curriculum development and quality once they had two or three times the number of sites? How much control should come from the center, and what should it look like?

When asked about her freedom to create the program in Providence, Enright offered:

If we didn't want to teach technology a certain way or have a particular class on Fridays, there was not a lot of push-back. I am not sure what would have happened if we had gone further. The question arises more and more for Year Up about how much flexibility should be at the site. Prescription may not be a bad thing. I think that you want to leave room for innovation, but the model at its core is strong, and it works. There are some key elements of YU that I can't imagine changing. There are also pieces that are likely to change locally, but that decision should not come from a national office.

Nieves from the New York site added:

I never would have taken this opportunity if I couldn't make it my own. What is clear is that the values at Year Up are powerful. Gerald and I laugh—we say it's like a marriage; you may not agree on exactly *how* you brush your teeth every morning, but the one thing is, you have to agree that brushing your teeth is important.

Each of YU's leaders had firm ideas about how to run their site. For example, as Boyea-Robinson noted, the Washington, D.C. site had made a conscious decision to change an important student participation policy. At all the other YU sites, if a student fired his or herself from the program, he or she was allowed to participate in a reapplication and reinstatement process. But not in Washington, D.C. As Boyea-Robinson shared: "If you fire yourself, you fire yourself. What we found is that no one who successfully reapplied actually made it through their apprenticeships—they ended up firing themselves again. For us, the reapplication process itself was counter-intuitive to the spirit of the contract, so we instituted a different policy."

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Measuring Impact

Chertavian and his team had worked long and hard to create the quarterly dashboard, which was intended to indicate whether the program was having its desired results. The dashboard was distributed to the EDs, national staff, the national board, and local boards. The dashboard reported on all aspects of the program, from students' satisfaction with their instruction, to the corporate partners' satisfaction with their apprentices, to the average time for a graduate to find work, to starting salaries. By presenting data in areas of success, stagnation, and underperformance, the dashboard highlighted where things were going well, but it also served as an early warning system for identifying potential problems before they impacted the organization's effectiveness. When results failed to fall within a pre-determined range of acceptability, literal red flags were produced in the dashboard. When results fell within a range pre-determined to signify a developing area of concern, yellow flags were produced (see **Exhibit 12**). There was no prescribed organizational response to red flags other than immediate further inquiry.

Many of the numbers on the dashboard were encouraging. One hundred percent of Washington, D.C.'s recent graduates had been placed in jobs that paid an average of $38,000 a year, which was 20% higher than the YU national average. Also, 90% of students met or exceeded their partner's expectations on their placements. Despite these and other positive results, Chertavian and his team knew that there was plenty of room for improvement. For example, while the most recent dashboard suggested a reduction to 11% in the number of students who fired themselves during their apprenticeship, this number was still a worrisome rate, given the critical nature of YU's relationships with its corporate partners.

The dashboard often provided information that led to the questioning of organizational assumptions. For example, one staff member described the goal set for student retention as an ongoing conversation that had been evolving since the early days of the organization. Although the average result for organization-wide student retention in January 2008 was green, meaning that the retention rate across YU sites had met the goal of 80%, some sites still had lower numbers. A history of similar results on this dashboard metric, coupled with the fact that many other similar programs considered 60% retention rates to be a success, caused the leadership team to question whether the effort put into raising retention rates was an optimal use of resources. Was YU hanging on to students who should have been let go? Was the drive to retain as many students as possible the best course of action for the bulk of the students?

Over the course of 2007, the organization launched a new database tool, Salesforce.com, to help measure the program's impact across multiple sites. The tool allowed staff to have access to real-time data from any YU site or to compare data across sites. Users could customize their homepages to provide immediate displays of any metric, and they could easily reorganize the data to reflect a wide range of the program's performance. The database allowed for instantaneous sharing of critical information across the organization.

Before the launch of Salesforce.com, staff would have to continually update and track numbers by hand, including the quarterly dashboard. EDs could now input all the data directly into the Salesforce.com database, which then generated the quarterly dashboards. This tool was now widely used across YU, from admissions officers to site social workers to those who monitored partner relationships.

One example of the changes brought about by the adoption of Salesforce.com was YU's ability to track its graduates. The achievements of its graduates after completing the program were an important measure of success for YU. Staff had always tracked alumni for a minimum of four months after graduation to ensure that they were meeting the YU objective of employment. In early

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2008, YU used Salesforce.com to track all alumni for at least 12 months. The database could keep track of each alumnus's professional and developmental activities, and because data was available across all YU offices, records could be updated by any staff person who had contact with the graduate, whether it was his or her old instructor, someone in the alumni relations office, or a past apprenticeship coordinator.

While there was progress, Chertavian and his staff knew that the challenge of measuring the organization's performance had only begun. Actually measuring impact would remain an important objective for YU as it moved forward.

Looking Ahead

Chertavian felt as if he was only beginning to achieve the results to which he was committed. This restlessness did not in any way diminish in his mind what he and his team had accomplished, but there was little time to sit back and relish their successes. It seemed to Chertavian that he faced as many challenges going forward as when YU was a much smaller organization. However, now they were much more complex, while at the same time more interesting. Not unusual for Chertavian, he had no shortage of ideas about how to address them. He enthusiastically explained:

> We face the challenge of how to effectively codify what is working and why, and then effectively transfer this knowledge to others who want to use the YU model. In addition, we need to build the right kind of capacity to train and support those doing work under the brand YU and in the field. There is the potential to create a Year Up Institute, which would give us that ability. We need to know what that means, in terms of learning how to help people to do this work. It's not a question of taking a few minutes out of each day to sit down with someone; it's a totally different set of activities, and we just don't know what it might look like. A big question for us is how we proceed over the next five years with a view towards ultimately leading to the creation of an industry that will have the capacity to address this problem in a meaningful way? How do we maximize our social impact?

There was no question that expectations for Year Up were higher than ever. Supporters, board members, staff, and most importantly, the clients YU served were counting on the organization to make a measurable difference in addressing the opportunity divide.

No one could predict whether the organization would be able to meet the myriad of organizational, leadership, and management challenges it faced. Could it continue to grow its corporate partnerships and attract students even in severe economic downturns? Would it ever be able to influence national policy and affect legislation that addressed this important social issue? Would funders suffer from donor fatigue and tire of the cause? There were a great number of uncertainties facing Year Up, but one thing was certain: Chertavian was not going to give up.

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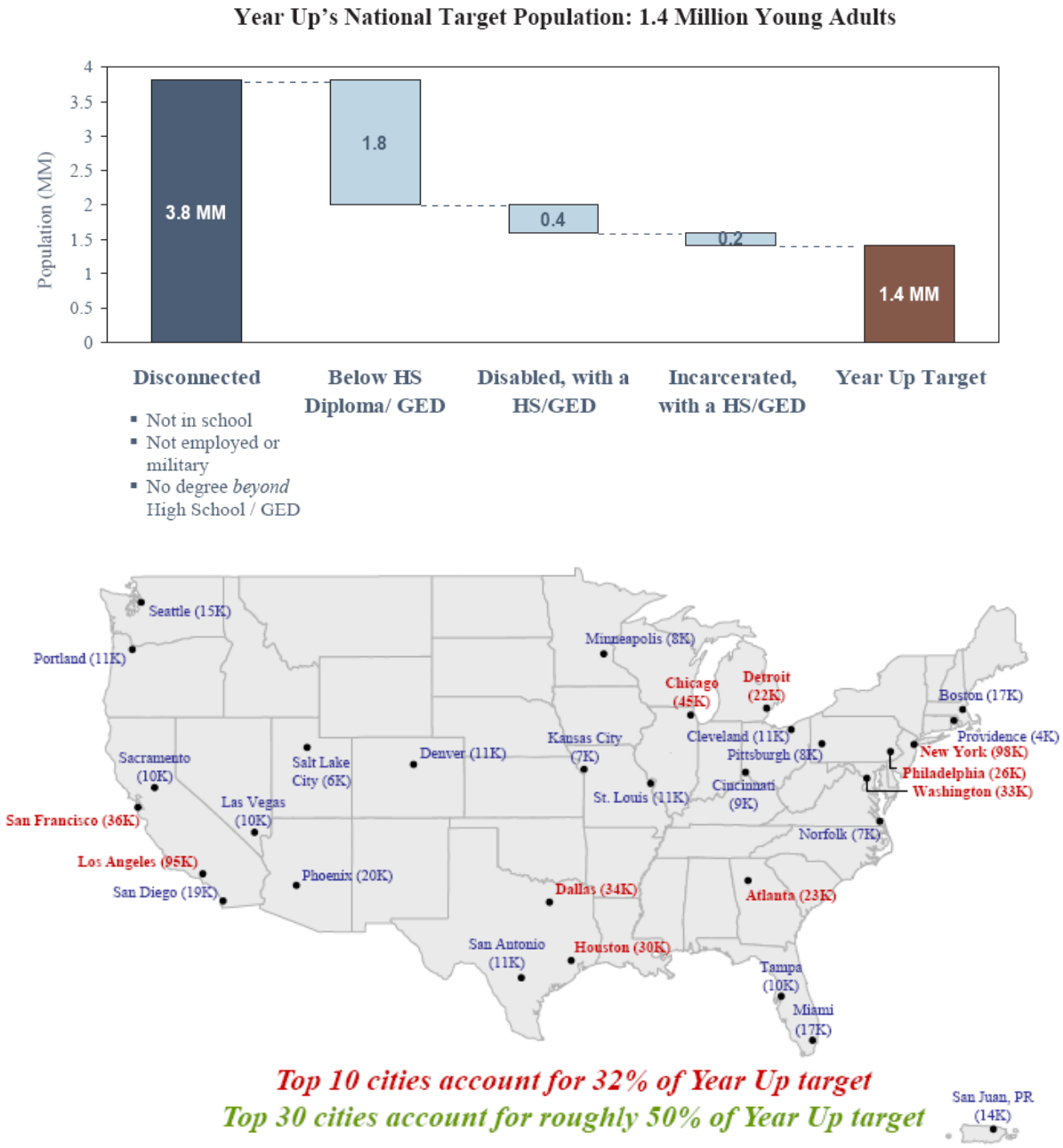
Exhibit 1 Year Up Target Population



Source: Year Up Private Placement Memorandum and Prospectus, January 2007.

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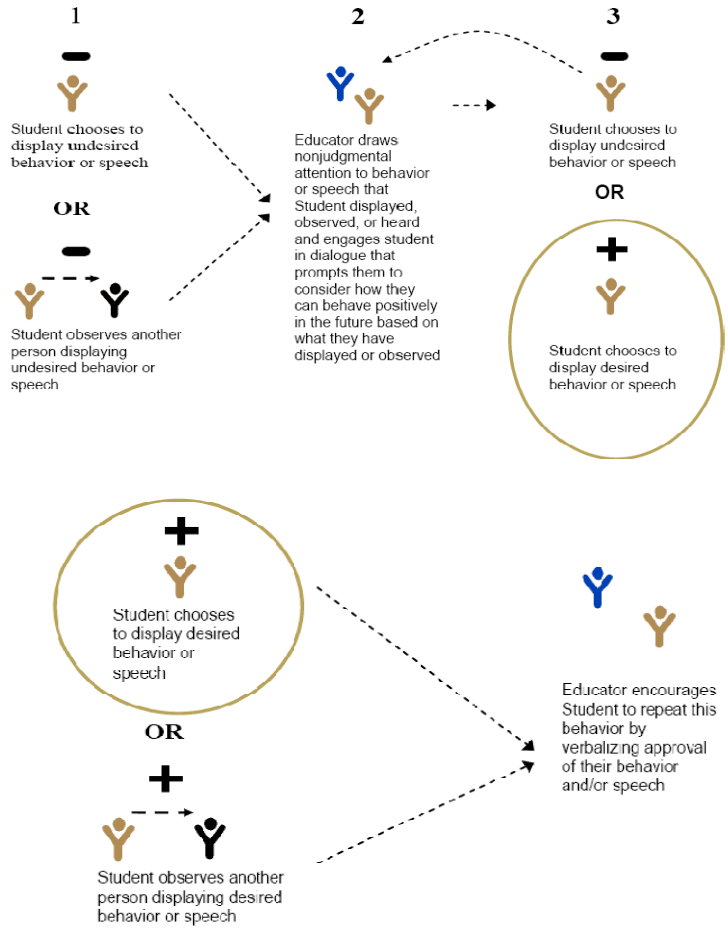
Exhibit 2 Year Up Teachable Moment Framework and Example Scenario



Opportunity	Example Of Instructor-Student Dialogue
Student enters classroom 5 minutes late (Student has been punctual until this point)	Instructor, towards whole class while wrapping up lesson: "Thank you to everyone for being here as early as possible. Punctuality will make a great impression on your future supervisor." Instructor, to student at the end of class: "I noticed you were late today. Is everything okay?" Student: "I was out until late last night and missed my alarm this morning." Instructor: "I see, and it wouldn't be good to let your points slide because of something like this. Could we think about what you need to do so that you're here on time again consistently?" Student: "I waited to finish my assignments after I got home. I usually do them at Year Up after classes the day before they're due. I'm going to have to stick to that schedule to get to class on time." Instructor. "Sounds good. Unfortunately you did earn an infraction that I'm recording, but I look forward to seeing you back in class on time every day from now."

Source: Year Up.

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Exhibit 3 Year Up Student Contract

Year Up Student Contract[5]

The Core Values of Year Up

- Respect and value others
- Build trust; be honest
- Be accountable
- Work hard and have fun
- Strive to learn

Year Up trusts that you will hold these values at the heart of all your work and studies during your time with us.

The Purposes of This Contract

This contract has three main purposes:

- First, it ensures that every student knows the rules and understands that rule enforcement is predictable and fair.
- Second, it ensures that all students are working positively towards a common set of goals.
- Third, it is set up as a tool for learning the expected minimum standards of professional behavior. Each student is held accountable for his/her actions and faces consequences for his/her behavior.

Point System

The contract works on a point system. You will start with 200 points. Points will be taken away for infractions of this contract. You will gain points for each week with no infractions and perfect attendance (a week is defined as Friday to Thursday). Contract infractions, rewards, and point totals will be read at each feedback session. At the staff's discretion, you will have fired yourself from Year Up if your point total drops to (or below) zero points.

Stipend

- You will receive a daily stipend (paid bi-weekly) for every day that you attend Year Up. For every point you lose as a result of a contract infraction, your stipend will decrease by one dollar.
- Gaining points does not directly increase the stipend, but it does move you closer to receiving rewards (See Rewards section).
- If you are not present for at least half the morning, you will not receive a stipend for the morning. If you are not present for at least half the afternoon, you will not receive a stipend for the afternoon.

Rewards

Rewards: If you act throughout the week in a manner consistent with the goals of Year Up, as evidenced by having no infractions of this contract, and if you are present at Year Up every day of the workweek, you will receive 15 points.

If you have consistently demonstrated professional conduct, as evidenced by having a high point total, you will receive a reward which will be determined by each learning community.

- Rewards are based on your point total at three times during the term: the end of week 7, the end of week 14, and the end of the learning & development phase of the program.
- If at any of these three times, your total is 275 points or higher, you will receive a level 1 reward. You will receive a level 2 reward if your total is 350+ and a level 3 reward if your total is 500+.
- You may earn each level reward only once. You may earn more than one at the same time.

[5] Year Up would like to recognize Teen Empowerment as the organization from whom the system of "contract" and "feedback" was first learned.

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Exhibit 3 (continued)

Summary of Expectations and Consequences

Expectation	Description	Consequence of not meeting expectation
Business casual dress	You are expected to wear business casual attire during all activities at Year Up. (See Student Handbook.)	Lose 15 points
Appropriate use of Year Up computers	You are expected to follow the Computer Acceptable Use Policy (see Student Handbook).	Lose 15 points
Appropriate use of electronic devices	You are expected to use your cell phone and other electronic devices appropriately (see Student Handbook).	Lose 15 points
Complete assignments on time	You are expected to turn in all assignments for classes by the due date, unless other arrangements have been made in advance with the instructor.	Lose 15 points
Attend all planned meetings	When you have a scheduled meeting, you are expected to honor the commitment. If unable, due to circumstances beyond your control, you should make alternate arrangements in advance with the other individual(s) involved.	Lose 15 points
Respect the law	At Year Up, you are expected to avoid engaging in theft, vandalism, sexual harassment (see Student Handbook), drug/alcohol possession or use, weapon possession, fighting, piracy, and other illegal activities.	At the discretion of the Year Up staff, penalties up to and including being fired from the program.
Respect the core values of Year Up	In addition to the expectations above, you are expected to behave in a manner consistent with the core values of Year Up.	At the discretion of the Year Up staff, loss of 15, 25, or 50 points.

- Note: If you miss three consecutive class days without notifying Year Up of your absence, it will be assumed that you have quit the program.

I, _____, have read the Year Up Contract for the Learning & Development phase and the Student Handbook. I will strive to meet or exceed the expectations set within this contract, and I agree to the consequences described if I do not meet those expectations.

I understand that if the staff feels like I have demonstrated a pattern of behavior inconsistent with the expectations set forth in this contract, I may be asked to sign an amendment with additional expectations and consequences. I also understand that my signing of such an amendment may be a requirement for my continued participation in Year Up.

I understand that an Apprenticeship is not guaranteed, but rather is earned through honoring this contract, respecting the core values of Year Up, and learning the skills taught in my classes. I also understand that I will be required to sign a new contract for the Apprenticeship phase prior to beginning an apprenticeship.

Signed by: _____

Source: Year Up.

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Exhibit 4 Year Up's Regional Corporate Partners

Boston Corporate Partners:

3i
Abt Associates
Academy of Health Sciences
American Dryer
Bain Capital
Bank of America
BBN
Bell Foundation
Blue Cross Blue Shield
Bingham McCutchen
Boston College
Boston Medical Center
Brown Rudnick Burlack Israels LLP
Cambridge College
Canaccord Adams
CBS Corporation
Celtics
Children's Hospital
City of Boston
cMarket
Commonwealth of Massachusetts
Digitas
Dimock Community Health Center
Dunkin' Brands
Eastern Bank
Eaton Vance
Ernst & Young
Fidelity Investments
First Marblehead F.W. Webb
Goodwin Procter
Harvard University
Harvard Management
Houghton Mifflin
Investors Bank and Trust
Mellon New England
MFS
Microsoft
MIT Sloan School of Management
Monitor Group
Monster Worldwide
Partners HealthCare
Pegasystems
Pioneer Investments
Putnam Investments
Staples
State Street Corporation
State Street Global Advisors
Stop and Shop
TAC Worldwide
The Mentor Network
Thomson Financial
Thrive Networks
TJX Companies
Trans National Group Companies
UMASS Boston
WilmerHale

Providence Corporate Partners:

Bank of America
Citizens Bank
City of Providence
CVS/pharmacy
Fidelity Investments
Gilbane
GTECH
Lifespan
Perot Systems
RIEDC
State of Rhode Island
Textron Financial Corporation

Washington, D.C. Corporate Partners:

Freddie Mac
Abt Associates
AOL
Hanger Orthopedic Group
PricewaterhouseCoopers
Lockheed Martin
Perot Systems
Microsoft
The Carlyle Group
Inova Health Systems
The Washington Post
Marriott International
Latham and Watkins
Mindshift
Ernst & Young
Brookings Institution
Corporate Executive Board
Radio One
Morgan Stanley

New York City Corporate Partners:

American Express
Bank of America
Carlyle Group
JP Morgan Chase
Lehman Brothers
Marsh & McLennan Companies
Merrill Lynch
Morgan Stanley
Mount Sinai Medical Center

Source: Year Up.

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Exhibit 5 Year Up National Leadership Team

GERALD CHERTAVIAN, Founder and CEO
Born and raised in Lowell, MA, Gerald Chertavian combined his entrepreneurial skills and his passion for working with urban young adults to found Year Up in 2000. He has actively participated in the Big Brother mentoring program since 1985. Gerald earned a B.A. in Economics, Phi Beta Kappa, summa cum laude, from Bowdoin College and an M.B.A., with honors, from Harvard Business School. He began his career on Wall Street as an officer of the Chemical Banking Corporation and then moved on to become the head of marketing at Transnational Financial Services in London. Gerald co-founded Conduit Communications in 1993 and fostered its growth to $20M in annual revenues and more than 130 employees in London, Amsterdam, New York and Boston.

JAY BANFIELD, Executive Director, San Francisco
Jay joins YU with extensive background in the worlds of business and government. While in the business sector, he participated in the launch of Americorps. Since then he has worked on local, state and national political campaigns, and served in both the executive and legislative branches of government. He has also served as an adjunct faculty member at the Edward S. Ageno School of Business at Golden Gate University and most recently worked as the executive director of the San Francisco Parks Trust. He holds a B.A. from Stanford University and a Master of Public Policy from the University of California at Berkeley.

SHAWN JACQUELINE BOHEN, National Director For Strategic Growth and Impact
Shawn has spent the last 14 years working at Harvard University in leadership roles facilitating interdisciplinary and cross-functional collaboration. Partnering with academic colleagues, Shawn led the strategic evolution of four university-wide start-ups. Shawn holds an M.B.A. from Babson Graduate School of Management and a B.A. in Theatre Arts and English from the University of Minnesota.

TYNESIA BOYEA ROBINSON, Executive Director, Washington, D.C.
Prior to YU, Tynesia worked in several business units at General Electric and was the integration manager for a Mexican mortgage bank acquisition. At GE, Tynesia was also the community service chair for the GE African-American Forum and has been dedicated to young adults through mentoring and church youth groups. Tynesia graduated with a dual degree in Electrical Engineering and Computer Science from Duke University and an M.B.A. from Harvard Business School.

MICHAEL BROWNSTEIN, National Director of Academics And Program
Michael comes to Year Up with extensive experience working with innovative educators and forward-thinking community leaders to create self-sustaining educational programs designed to improve inner-city students' transition from high school to post-secondary education and successful careers. Michael earned a B.A. from Kenyon College, an M.B.A. from Syracuse University, and an Ed.M. from Teachers College, Columbia University.

SARA ENRIGHT, Executive Director, Providence
Sara comes to Year Up with a mix of IT, business, and economic development experience. Most recently, Sara was at the Initiative for a Competitive Inner City (ICIC). Prior to ICIC, Sara held business development and strategy positions at AltaVista and worked at Deloitte Consulting. Sara has a B.A. in Chemistry from Dartmouth College and an M.B.A from Harvard Business School.

KWEKU FORSTALL, Executive Director, Atlanta
Prior to Year Up, Kweku was the founding Executive Director of Project GRAD Atlanta and successfully grew the organization to more than $7M in annual revenue. In addition he previously served as the Vice President of Community Investments for the United Way of Metropolitan Atlanta and the Founding Director of the Office of Community Service at Morehouse College. Kweku earned a B.A. from Wesleyan University and a J.D. from NYU Law School.

SUE MEEHAN, Director of Finance, Operations and Student Services
As Chief Operating Officer of Share Group, Inc., Sue helped build the premier telefundraising firm for progressive non profits. Before joining Share, Sue was a budget director for the Dukakis-Bentsen Presidential Campaign and an organizer for the Tax Equity Alliance of Massachusetts. She holds a Master of Public Administration from the Kennedy School of Government at Harvard University and a B.A. from Colby College.

LISETTE NIEVES, Executive Director, New York City
Prior to Year Up, Lisette was a consultant to NPO's in strategic planning, program development and management, an instructor in Graduate Studies of Public Administration at Brooklyn College, and is the former Chief of Staff for the NYC Department of Youth and Community Development (DYCD). Lisette is also a Truman Scholar, a Rhodes Scholar, and a graduate of the Woodrow Wilson School of Public Affairs at Princeton.

CASEY RECUPERO, Executive Director, Boston
Casey comes to Year Up with experience strengthening nonprofit organizations in the U.S. and in Africa. Most recently, Casey spent more than four years as a Program Officer at World Education, Inc. Casey also directed a mentoring program for students at Harvard, served on the College's Board of Freshman Advisors, and collaborated on research at the Kennedy School's Hauser Center for Nonprofit Organizations. Casey has a B.A. in Anthropology and African Studies from Harvard College.

Source: Year Up website, March 2008.

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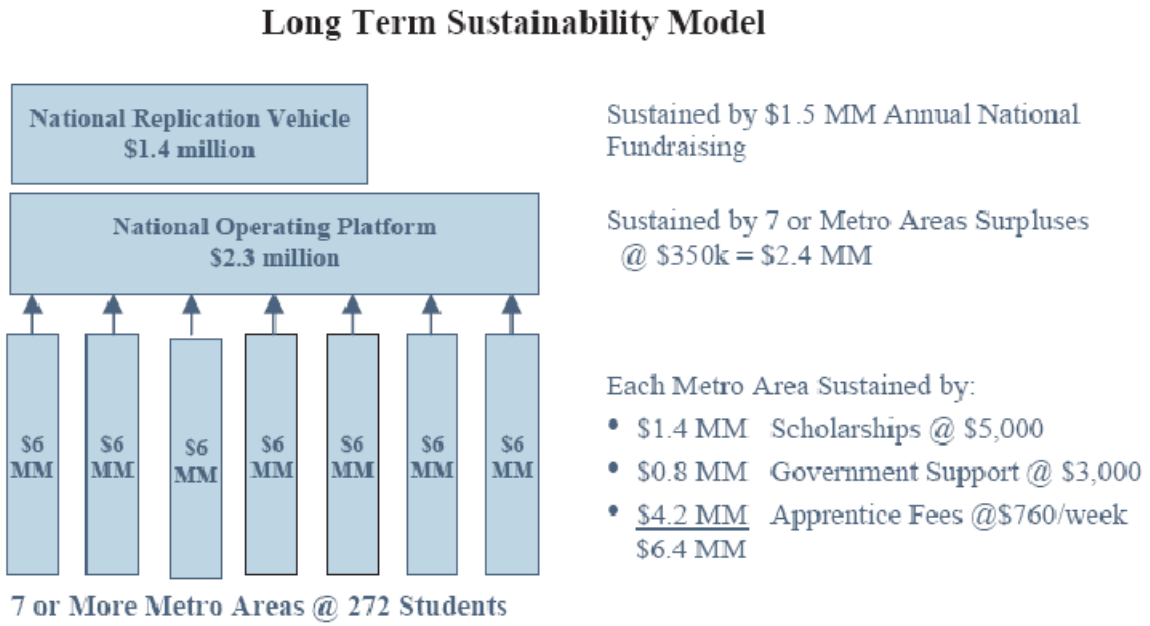
Exhibit 6 Long-Term Funding Model



Source: Year Up Private Placement Memorandum and Prospectus, January 2007.

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Exhibit 7 Year Up Revolution

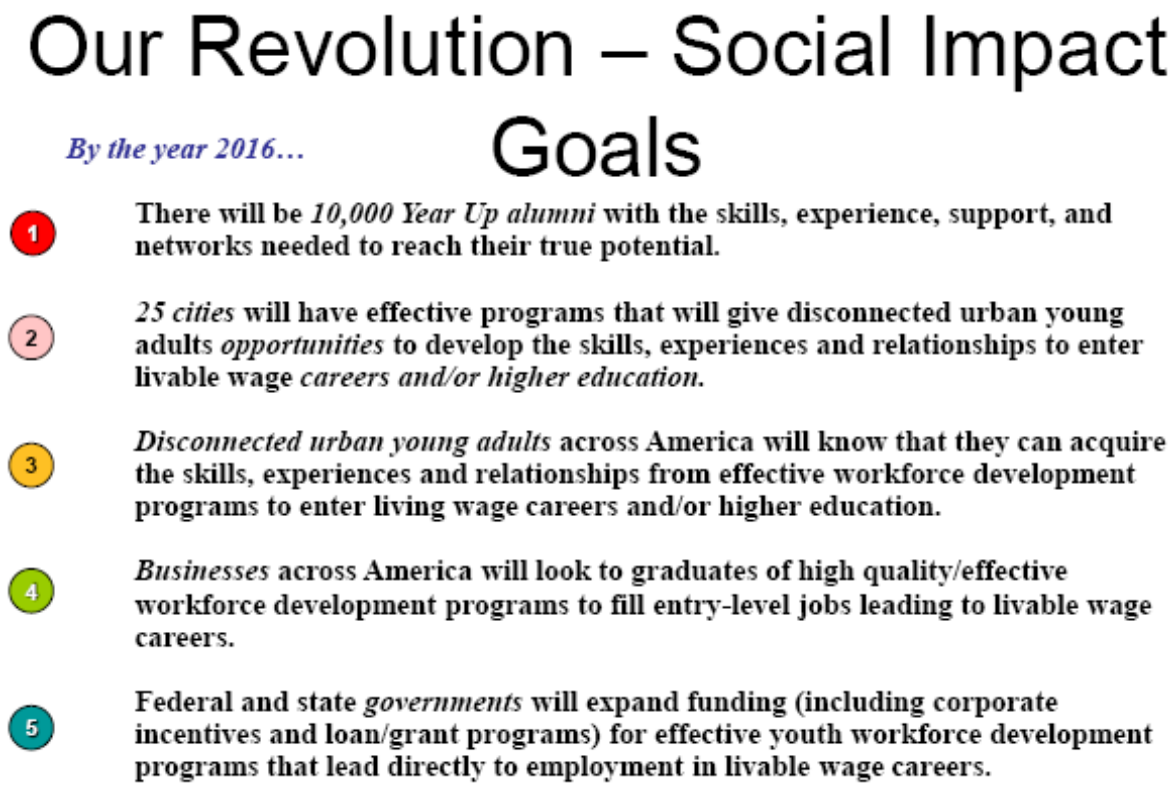

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Exhibit 8 Year Up Statement of Activities, January 2007 through December 2007 (in dollars)

	Actual	Budget	Variance
Revenue			
Contributions			
Contributions	4,615,764.42	8,794,700.00	(4,178,935.58)
Internship Income	5,505,915.68	6,231,868.00	(725,952.32)
Foundation Grant	10,405,147.60	3,741,150.00	6,663,997.60
Corporation Contributions	2,386,832.80	851,200.00	1,535,632.80
Public Contributions	1,154,334.54	810,400.00	343,934.54
Total Contributions	24,067,995.04	20,429,318.00	3,638,677.04
Total Contributed fixed assets, services	215,009.50	0.00	215,009.50
Total Interest Income	235,646.52	0.00	235,646.52
Total Miscellaneous income	20,248.41	0.00	20,248.41
Total Revenue	24,538,899.47	20,429,318.00	4,109,581.47
Operating Expenses			
Student Stipends and Related			
Stipends	2,923,352.57	3,280,595.00	357,242.43
Other Stipends	66,805.20	57,830.00	(8,975.20)
Student Transportation	99,285.52	93,000.00	(6,285.52)
Total Student Stipends and Related	3,089,443.29	3,431,425.00	341,981.71
Student Stipend Exp Per Student	10,030.66	9,299.25	
Personnel Costs			
Salaries	4,004,685.31	4,367,593.00	362,907.69
Staff Development	83,860.04	110,000.00	26,139.96
Other/Miscellaneous	1,408,662.50	1,577,223.00	168,560.50
Total Personnel Costs	5,497,207.85	6,054,816.00	557,608.15
Program, Fundraising and Administrative	3,656,862.82	3,498,221.00	
Prog Fundraising & Admin Per Student	11,872.93	9,480.27	
Total Operating Expenses	12,243,513.96	12,984,462.00	740,948.04
Change in Net Assets	12,295,385.51	7,444,856.00	4,850,529.51

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Exhibit 8 (continued) Year Up Revenue by Source 2001–2007

Summary of Revenue by Source	2007	2006	2005	2004	2003	2002	2001
Contributions, Individuals	4,306,564.82	1,679,051.31	982,279.51	1,658,494.96	904,309.00	1,145,013.00	642,967.00
Apprenticeship Income	5,099,720.05	3,331,293.86	2,038,159.03	1,333,787.10	763,120.00	371,380.00	
Foundation Income	11,455,147.60	8,496,128.98	2,961,074.55	4,443,396.14	1,635,015.00		
Corporate Contributions	2,171,932.80	150,000.00					
Public Source Contributions	1,154,334.54						
In-Kind Contributions (Assets, Services, etc.)	489,837.00	586,292.50	206,939.00	155,081.00	133,470.00	116,212.00	130,204.00
Realized Gain/Loss on Investment	(6,931.84)	(357.49)	(93.30)	(3,795.07)	4,279.35		
Interest Income	263,994.47	85,683.40	2,983.04	1,366.61	3,797.98	438.00	644.00
Dividend Income	8,092.56	10,765.70	8,613.89	2,384.93	580.30		
Miscellaneous Income	12,863.29	2,707.18	15,935.64	3,910.42	-		
	24,955,555.29*	14,341,565.44*	6,215,891.36	7,594,626.09	3,444,571.63	1,633,043.00	773,815.00
Bad Debt Expense	(27,502.96)	(38,963.43)	(60,100.00)	(67,000.00)			
Pledge Bad Debt Expense		(100,000.00)					
Adjusted Income	24,928,052.33	14,202,602.01	6,155,791.36	7,527,626.09	3,444,571.63	1,633,043.00	773,815.00

* Note: The revenue figures for both 2006 and 2007 include revenues generated by the $18M capital campaign.

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Exhibit 8 (continued) Year Up Statement of Financial Position 2000–2007

Assets	2007	2006	2005	2004	2003	2002	2001	2000
Cash and Cash Equivalents	7,846,976	5,065,872	1,856,414	978,102	698,520	644,303	203,818	39,484
Short-term Investments	2,000,000	400,000	900,000					
Prepaid Expenses and Other Assets	225,040	158,513	54,382	28,541	5,178	11,121	5,071	
Contributions Receivable, Net	11,757,303	5,637,517	3,189,771	4,689,351	1,207,253	198,238	233,026	524,403
Other Receivables, Net of Allowance	1,412,096	438,875	732,742	383,932	166,562			
Fixed Assets, Net	6,439,085	742,618	288,944	234,947	197,179	205,301	189,957	
Total Assets	29,680,500	12,443,395	7,022,253	6,314,873	2,274,692	1,058,963	631,872	563,887
Liabilities and Net Assets								
Accounts Payable and Accrued Expenses	980,079	761,204	598,340	420,969	83,202	64,554	42,864	42,469
Capital Lease Obligations	5,123,168							
Total Liabilities	6,103,247	761,204	598,340	420,969	83,202	64,554	42,864	42,469
Net Assets								
Unrestricted	8,060,061	5,303,774	2,896,691	1,086,690	824,237	591,171	355,982	(2,985)
Temporarily Restricted	15,517,192	6,378,417	3,527,222	4,807,214	1,367,253	403,238	233,026	524,403
Total Net Assets	23,577,253	11,682,191	6,423,913	5,893,904	2,191,490	994,409	589,008	521,418
Total Liabilities and Net Assets	29,680,500	12,443,395	7,022,253	6,314,873	2,274,692	1,058,963	631,872	563,887

Source: Year Up.

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Exhibit 9 Prospectus of January 7, 2007

INITIAL PARTNERSHIP OFFERING
$18,000,000

year up

empowering urban talent to reach their potential

The purpose of this offering is to support the expansion of Year Up into major markets across the United States and to build a sustainable, scalable national program model.

Partnership Units are perpetual with no due date. There is no provision for ongoing cash returns on the units. The underwriter believes that partners will enjoy perpetual intangible rewards from the knowledge that they have participated in the expansion of a venture that will: (1) bring material social and economic improvements to disconnected youth in U.S. inner cities, and (2) generate a significant Social Return on Investment (SROI) in the form of increased tax revenues and reductions in social costs such as welfare, child support and the criminal justice system. An individual purchase of a Partnership Unit may receive a deduction of federal and state income taxes. Investments, including appreciated assets, may be tax deductible.

18 Partnership Units Amount per Unit: $1,000,000			
	Unit Price (1)	***Expenses of Offering (2)***	***Proceeds to Year Up (3)***
Per Unit	$1,000,000	- 0 -	$1,000,000
Total	$18,000,000	- 0 -	$18,000,000

(1) At the prospectus date, $4,000,000 has been subscribed.

(2) Out-of-pocket expenses have been paid by The Jenesis Group. Year Up's cost is limited to officers and employees providing information to assist in the preparation of this prospectus and participating in interviews with potential partners.

(3) This offering is subject to an over-allotment. Year Up, at its discretion, may increase the offering by four units or $4,000,000.

This memorandum has been prepared with attention to the guidelines generally accepted in the securities industry. This offering is not required to be registered with the Securities and Exchange Commission or any state regulatory body, nor has it been reviewed or approved by any government agency.

Source: Year Up Private Placement Memorandum and Prospectus, January 2007.

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Exhibit 10 Growth Capital

VIII. GROWTH CAPITAL REQUIREMENTS

Once the 7 metro area operating model has beena cheived, Year Up will be financially self-sustaining and even able to self-finance a modest rate of continued growth. During Phase II, however, we will be operating with fewer than 7 mature metro area operations, and we will be launching new sites at a rapid rate. Thus, a one-time infusion of $19.8 million in Phase II growth capital is required, $18 million of which will be reaised at the national enterprise level, and $1.8 billion of which will be raised as local launch capital.

(In the absence of rapid continued growth, Phase II is designed to yield a close-to-self-sustaining operation. Phase II will likely merit another infusion of growth capital, however, so that Year Up can continue to grow quickly.)

Growth Capital Consumption

	2007	2008	2009	2010	2011
Ordinary Revenue	$9.8	$14.1	$18.3	$27.3	$36.4
Ordinary Expense	($12.5)	($15.8)	($21.1)	($31.0)	($38.1)
Operating Deficit	($2.7)	($1.7)	($2.8)	($3.7)	($1.7)
One-time Expenditures	($0.7)	($1.1)	($1.0)	($0.6)	($0.4)
Risk Reserve Expansion	($0.5)	($0.4)	($0.6)	($1.1)	($0.8)
Growth Capital Consumed	($3.9)	($3.2)	($4.4)	($5.4)	($2.9)

On track to break even by 2013, assuming no additional sites

$19.8 Million in Growth Capital
$ 1.8 million raised locally
$18.0 million raised at enterprise level

The $18 million of enterprise-level Phase II growth capital will be consumed as follows:

- New Site Launches. ($3.9 million) Each Year Up site takes four years to reach break even in a new metro area. Since local revenue growth lags local expenses somewhat, a one-time infusion of $1.2 million in growth capital is required for each metro area operation to reach self-sustaining operations. In each site, $.4 million of this capital will be pre-raised locally. The remainder will be drawn down from our $18 million pool of enterprise-level Phase II growth capital. During Phase II, our 3 existing metro area operations will draw down $1.0 million from the pool and 4 new launches will draw down a total of $2.9 million.

- National Operating Platform & National Replication Vehicle. ($6.9 million) Two aspects of scaling require that growth capital be used temporarily to subsidize operations at the national level. First, the 7 metro area operations that will ultimately sustain the National Operating Platform have not yet reached maturity. And second, we have not yet ramped up our national fundraising capacity to levels that will be needed to sustain our $1.4 million per year National Replication Vehicle. By the end of Phase II, the 7 metro area operations will be nearing maturity, and national fundraising capacity will be fully developed. In the meantime, a draw-down of $6.9 million from the pool will be required.

- One-time Investments. ($3.8 million) Several one-time investments will be made during Phase II, requiring the use of growth capital. These include investments towards:
  - third-party evaluation ($1.00 million)
  - student/alumni database construction ($.29 million)
  - new curriculum development ($.25 million)
  - contact management system ($.19 million)
  - standardized student assessment methodology ($.17 million)
  - growth related capital expenditures ($1.70 million)
  - IT and telephony upgrades ($.17 million)
  - management training ($.13 million)

- Expansion of Risk Capital Reserve. ($3.4 million) Year Up's sustainability requires that enough risk capital be on hand to withstand the inevitable financial shocks we are likely to encounter over the years. We expect to emerge from 2006 with over $4 million of cash on hand, just under $1 million of which is designated as growth capital. This cash reserve exceeds our 2006 budget projections and becomes the foundation for a long-term risk capital reserve. Our growth plan targets a risk capital reserve of $6.4 million by the end of 2011, equal to approximately 17% of our annual operating budget at that time. This amount is less than our long-term risk reserve target of 50%. However, we anticipate that another round of enterprise growth capital may be raised in 2011, which will provide ample risk capital coverage in the coming years.

Source: Year Up Private Placement Memorandum and Prospectus, January 2007.

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Exhibit 11 Year Up's Roles, Goals, and Accountabilities Tool Front Page (RGA)

Year Up Peer Performance Review: Specialist or Manager

Employee Name:	**Supervisor**:
Job Title:	**Performance Dates**:

Directions:
This review will comment on both areas of strength and improvement in the following areas:

- **Performance Evaluation**
- **Competencies**
  - Service Delivery
  - People
  - Leadership and Strategy
  - Learning Community
- **Year Up Core Values**

Fill in all light gray areas that are applicable to the individual's assignment. To fill in ratings, use the following scale (*see appendix for more detail*):

The employees's current level of performance in this area:

5: Outstanding

4: Exceeds expectations

3: Meets expectations

2: Needs improvement

1: Unacceptable
N/A: Do not have sufficient data to provide meaningful commentary

HIGH LEVEL SUMMARY OF PERFORMANCE

Please provide the SUPERVISOR with a HIGH LEVEL SUMMARY regarding the individual's performance. Please summarize strengths and select two to three areas the individual should focus on for professional development.

Comments:

Performance Evaluation (see RGA)	**Rating**					
	1 Not Acceptable	**2** Below Expectations	**3** Meets Expectations	**4** Exceeds Expectations	**5** Outstanding	**N/A**
Role 1	☐	☐	☐	☐	☐	☐
Role 2	☐	☐	☐	☐	☐	☐
Role 3	☐	☐	☐	☐	☐	☐
Role 4	☐	☐	☐	☐	☐	☐
Role 5	☐	☐	☐	☐	☐	☐

Please provide the SUPERVISOR with specific feedback regarding the individual's performance as a DELIVERER OF SERVICES. Please include individual strengths and recommendations as well as anecdotes to support your conclusions.

Comments:

Source: Year Up.

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Exhibit 12 Year Up Dashboard Executive Summary

Executive Summary

National Status June 07	National Status Sept. 07		MA	RI	DC	NY
G	Y	1. Recruit and retain talented Staff	Y	G	R	G
G	G	2. Cultivate appropriate student pipeline	Y	Y	G	G
Y	Y	3. Retain students	Y	Y	R	Y
G	Y	4. Teach marketable skills	G	R	Y	G
G	G	5. Recruit, retain, and provide quality service to corporate partners	G	Y	G	G
G	G	6. Position students for ongoing success	G	G	G	G
Y	Y	7. Create sustainable program infrastructure	N/A	N/A	N/A	N/A
	Data Available in Dec '07	8. Achieve sustainable long term growth and impact	N/A	N/A	N/A	N/A

year up

Source: Year Up.

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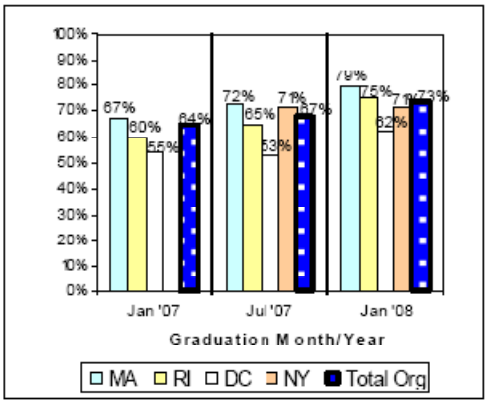
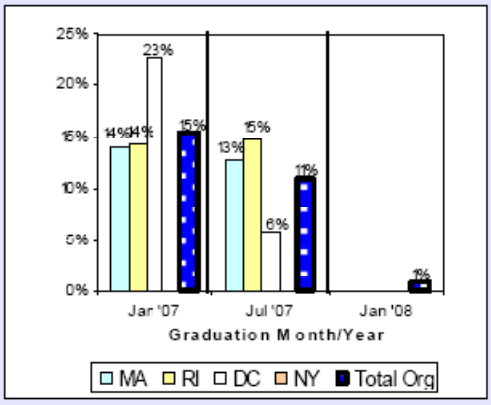
Exhibit 12 (continued) Year Up Dashboard, Page 6

Y 3. Retain Students

Metric:	3.1 Y Student Retention	3.2 Y Apprenticeship Departures (% Fired in Apprenticeship Phase)
		
Comments:	▪ Positive trend line for Jan '08 class. Continued focus on improving lower-than-target retention rates.	▪ Data incomplete for Jan 08 class because apprenticeship phase recently started in late July ▪ Positive trend in national apprenticeship departures from 15% in Jan 07 to 11% in Jul 08
Rules: G	• ≥ 80% Retention	• Departures ≤ 5% of class
Y	• 70% < Retention < 80%	• 5% < Departures < 10%
R	• Retention ≤ 70%	• Departures ≥ 10%

Source: Year Up.

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