

Beyster Institute Client Profile: Dini Partners, Inc.

By Ron Zollars



Leading nonprofit corporations from private and tax-assisted universities to independent and religious schools and arts organizations depend on philanthropic support to fund operations, services and growth. In fact, for many it can best be stated that fundraising is central to mission delivery. At times in the life cycles of nonprofit institutions, visions for expanded programming or new facilities drive major infusions of private philanthropic dollars in the form of well-organized and highly strategic capital and endowment campaigns. These campaigns often with goals in the tens or hundreds of millions of dollars, lasting years and involving many volunteers require the guidance of highly skilled consultants in fundraising and management for nonprofit organizations.

Today, given the economic climate, the outlook for success in raising capital can be extremely challenging for nonprofit institutions, their leaders and boards. Even individual philanthropists with large financial portfolios are being cautious in distributing their assets to the noblest of causes. According to the Late Fall 2011 Nonprofit Fundraising Study, conducted by the Nonprofit Research Collaborative, 65 percent of charities surveyed have reported increased demand for their services in 2011. However just 41 percent saw increased fundraising results in the first nine months of 2011 compared to the same period a year ago. The news for smaller businesses is even more disparaging. As reported in the survey, "Smaller charities, those with less than \$3 million in total expenditures and which make up 90 percent of the nation's nonprofit organizations, saw disproportionate declines in funds raised and were more likely to report they are planning budget and services cuts in 2012."

Fortunately, for these organizations, there are professional fundraising consultants who are resourceful and can help institutions to succeed in fundraising despite their concerns about the economy. Many of these consultants are former major gifts officers, directors of development,

seasoned prospect researchers and event planners who can lend their expertise and provide a valuable service to nonprofit organizations. One such company, Dini Partners, Inc. has been assisting hundreds of institutions since its inception in 1969. The company describes itself as a consulting firm that provides expertise in leadership for fundraising, philanthropy and organizational performance to nonprofit institutions and organizations. They also provide leadership development, strategic planning and specialize in major gift campaigns. The company is headquartered in Houston, Texas; and has regional offices in Dallas, Texas; Austin, Texas; and Denver, Colo.

Dini Partners (named after its founder) was established by Richard F. Dini who previously was campaign director and a consultant to Rice University in the mid 1960's. This was at a time when major capital campaigns were rare west of the Mississippi. In the early days, the company was operated out of Dini's home. By the time Bob Corder joined Dini & Associates in 1977, there were three people in the organization. Today, Corder is a partner in the firm and works out of the Denver office. "Dick sold the business, provided strategic guidance to all the clients and served as a coach to the young staff people he had hired," recalls Corder. "Life for me became one on the road moving to Colorado to work with the Univ. of Colorado Health Sciences Center, back to Houston and then to San Antonio to run a \$50 million campaign at Trinity University. Our base has always been in Texas, but for years we've had extensive business in other regions of the country, primarily the southwest."

Corder, previously a broadcast journalist, began his career at WKY Radio in Oklahoma City. In 1984, he became president of Dini & Associates and continued in that capacity for more than 20 years. The company changed its name to Dini Partners in the 90's. Other key staff members were subsequently promoted to the role of partner (Karen Waller, Larry Vaclavik and David Jones) and they began purchasing stock from the firm through their annual bonuses.

"The hardest part in this expanded ownership model for Dick Dini was the requirement that he give up financial control of the firm," said Corder. "He reluctantly agreed and as a result ended up receiving more value for his ownership than if he had maintained personal control."

According to Corder, Karen Waller was the first woman in their industry to become a partner in a major firm west of the Mississippi. A significant achievement for Waller who since that time has managed the Dallas office for more than 25 years.

The preponderance of Dini Partners' staff are professional consultants. The company became an S-Corporation as of Jan. 1, 2012 and last year achieved annual revenues of \$5.7 million. This year they are budgeting for \$6.3 million. Larry Vaclavik, who currently serves as managing partner and president at Dini has been with the company for 23 years. Vaclavik explained that in the early days the structure was quite different. "We went from a single entrepreneur. Dick Dini enlisted Bob Corder as an early partner in the firm and Karen Waller. Those three individuals became the core of the company," said Vaclavik. "Eventually there were seven entrepreneurs connected by a corporate name. We realized this model wasn't going to generate the operating capital needed for the company to flourish and continue beyond this generation. We developed a new model, an economic engine, that is different from other firms in the industry. The service delivery team is the economic driver of the company. In every client setting there are two to

three members in a team and three to six people per team. That is the unique strength in our firm - the ability to coalesce a team that serves and meets the needs of each client. Team mentality has fueled us beyond our expectations. When you have a team of people focused on the future you win for the client and for the firm."

Dini Partners decided to pursue a course of employee ownership for several reasons. Dick Nystrom, vice president for Finance and Administration said they took a look at the number of partners and in particular, the ones that were within five to 10 years of retirement. They then contemplated the liability of finding people willing to purchase the stock at value. "We didn't see a mechanism to sell the stock in a way that wouldn't be a crushing blow to both the leadership and sales of the corporation and also the owners," said Nystrom. "It was clearly a way to define an ownership transition. The ESOP provided a path to an orderly transition of ownership. Also, as some of our senior members of the staff transition into retirement, we needed a vehicle to incentivize the younger, talented professionals to have a long-term stake in the firm."

Vaclavik further explained that all of the shareholder partners were in their mid-fifties to late sixties. They asked themselves: Will we as a company be able to continue and go onto another third or fourth generation and ensure the future of Dini Partners? "People were genuinely excited about the ESOP and a light bulb went off that this was the way to do this," said Vaclavik. "We've incorporated EO language in areas across the firm. We've formed an Employee Ownership Committee to deal with management issues as we look to the future and meet with our employees. The degree to which it takes deep roots will take a couple years but there is an understanding of value and financial benefits long-term and also a personal sense of ownership in the firm and its future direction."

The fundraising opportunities and financial outlook have improved in contrast to a few years ago during the heart of the recession. "Today we are seeing ever more positive signs in our field of the ongoing recovery," said Vaclavik. "As the recovery continues and the demands for our services continue to grow, we look forward to the sharing of the rewards of our expertise and counsel with all of the employee owners."

Employee ownership has been embraced by our employees said Nystrom. Since the concept was introduced the firm has added five or six new employees since the ESOP transaction. "It's proven to be an effective tool in recruiting. The folks that didn't pay attention to the numbers before are starting to pay attention now. They received their first ESOP statement and all of a sudden what we've been talking about became a tangible figure. Any reservations or remnants of skepticism seem to be disappearing," said Nystrom.

Nicole McWhorter, has been a consultant at Dini Partners for the past six and a half years. During that period, she's worked on numerous fundraising campaigns with many outstanding clients which include the Girl Scouts of the U.S. (along with more than 25 local councils), the YMCA of Greater Houston, the Central Oklahoma Humane Society and many others.

In summary, McWhorter said that in terms of management style there's been a sea change. "I think there is renewed excitement along with a very real sense of ownership amongst all members of the firm. People feel like they can make even more of a difference. Along with the

great work we do with our clients, we can also continue to grow the firm and make it even more profitable," said McWhorter. "The evolution of the ESOP has affirmed the open management style of our company while also building enthusiasm as we continue to grow. It truly is an exciting time to be part of Dini Partners – the future is bright and it's ours to shape."

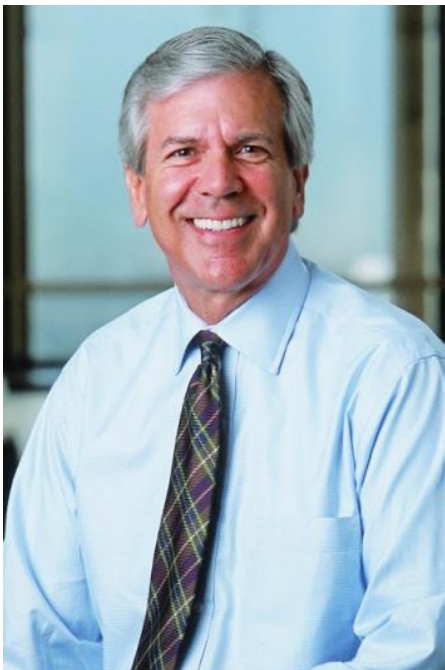
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Larry Vaclavik, managing partner, Dini Partners, Inc.



Richard Nystrom, vice president, Finance and Administration, Dini Partners, Inc.



Robert Corder, partner, Dini Partners, Inc.

