THREAD

## FY18-21 STRATEGIC PLAN UPDATE – YEAR ONE

LETTER FROM THE CEO

Dear Friends,

At its core, Thread is a community organization that creates opportunities for people from all walks of life to create strong relationships with one another. At Thread, we understand that building relationships across lines of difference can be simultaneously difficult, messy, and beautiful. As we push through discomfort to connect deeply with others, we begin to understand our own value and room for growth. We learn that our own ability to thrive is inextricably linked to others' ability to thrive, and begin to dismantle the "haves" and "have-nots" mentality that often separates us. It has been our culture of iterative growth over the past 14 years, both as individuals and as an organization, that has led us to achieve remarkable results in FY18 and has set the stage for our sustained growth over the next three years. Thank you for joining us on this journey.

Warmest wishes,

Sarah Hemminger

Sarah Hemminger
Co-Founder and CEO
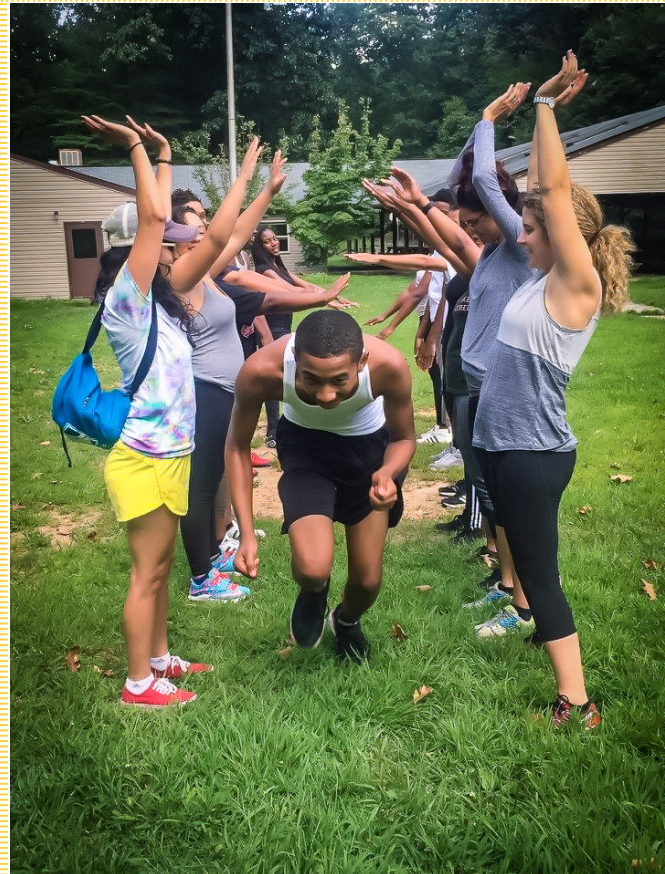
RELATIONSHIPS TRANSFORM OUR CITY

Thread enrolls 9th grade students who rank in the bottom 25% of their class and face an abundance of challenges outside of the classroom. Our youth remain in Thread for 10 years, surrounded by a Thread Family – a group of up to four volunteers, including a volunteer leader who serves as Head of Family – that provides customized support and increased access to community resources while deeply enriching the lives of everyone involved. We weave eight Thread Families into an extended family of support called a *thread*, which is led by a GrandParent volunteer leader.

Our youth and volunteers receive wraparound support from Thread Resource Teams, collaborators, and donors who provide services, programming, and, connections to other existing community resources. By weaving a new social fabric, Thread cultivates communities that transcend barriers, creating a future where everyone thrives.

OUR VISION FOR IMPACT

Thread's FY18-21 Strategic Plan targets ambitious growth in students, volunteers, and infrastructure in order to reach 5-7% of incoming freshmen in Baltimore City Public Schools and nearly 60% of the highest needs students at the highest need schools by FY21.

At this rate, Thread intends to not only dramatically impact Baltimore's high school graduation rate, but also weave roughly 5% of the city's adult population together in authentic relationships that move us toward a more unified future.

100%
OF STUDENTS REMAIN ENROLLED FOR 10 YEARS, NO MATTER WHAT
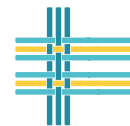
87%
OF STUDENTS GRADUATE FROM HIGH SCHOOL WITHIN SIX YEARS OF BEGINNING 9th GRADE
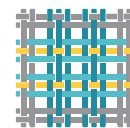
83%
OF STUDENTS COMPLETE A POST-SECONDARY DEGREE OR CERTIFICATE WITHIN 10 YEARS IN THREAD

FY18: MAINTAINED QUALITY

Thread outlined metrics that serve as guidelines to ensure we preserve quality as we grow. Throughout FY18 (July 1, 2017-June 30, 2018), we maintained our focus on achieving exemplary outcomes, with three key outcomes informing our decisions for continued growth:

GROWTH CRITERIA	FY18 OUTCOMES
STUDENT OUTCOMES	
80% of students have 3 or more successful TouchPoints per quarter[1]	76% of students had 3 or more successful TouchPoints recorded in Q4
VOLUNTEER RETENTION	
60% year-over-year volunteer retention	61% year-over-year volunteer retention
SUSTAINABLE REVENUE	
6 months operating cash on hand	7.5 months operating cash on hand

[1] TouchPoints represent interactions between students, volunteers, and staff members and serve as a surrogate measure for the health of relationships, a leading indicator in students' success.

FY18: INCREASED QUANTITY
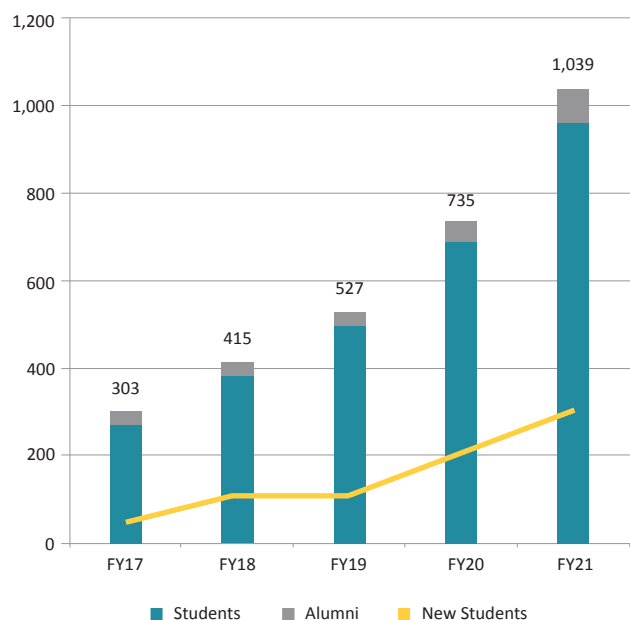
NEW STUDENT ENROLLMENT
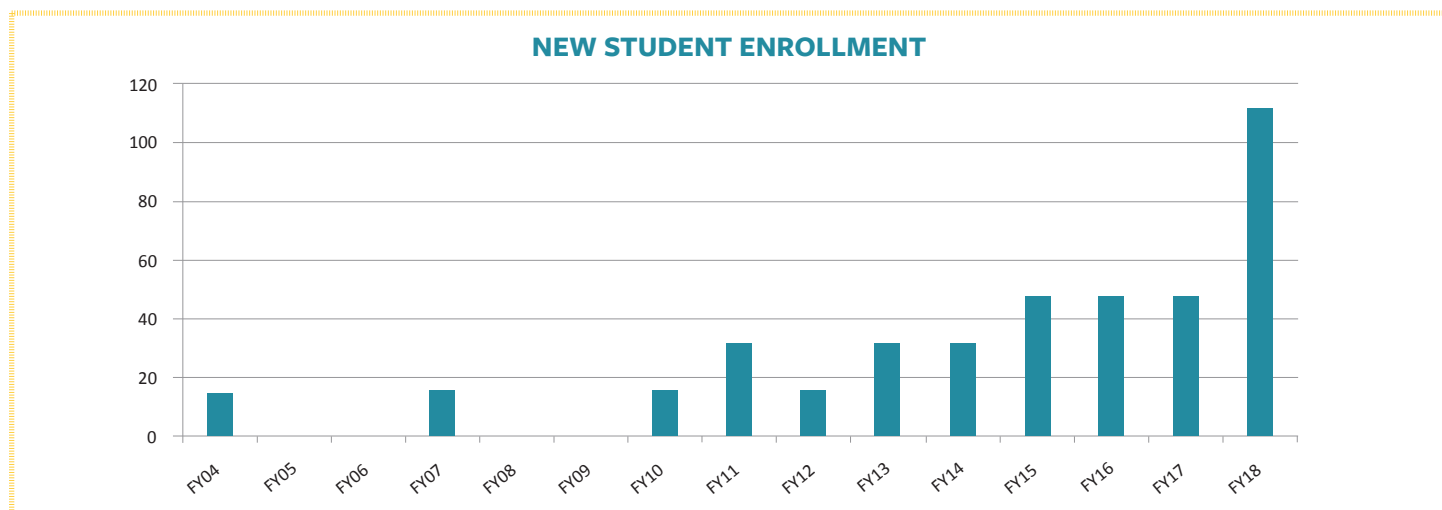
FY19: COMMITMENT TO COMMUNITY

Thread remains committed to ensuring the well-being of every member of our community by facilitating TouchPoints that lead to strong relationships and improved outcomes for all. Following a year of rapid growth in FY18 – and as we continue to expand our reach across Baltimore – we will **enroll 112 new students across four high school sites and welcome over 1,000 new volunteers in FY19**. To ensure that we remain on track to meeting our goal of enrolling 304 students by FY21, we will focus on three key strategies:
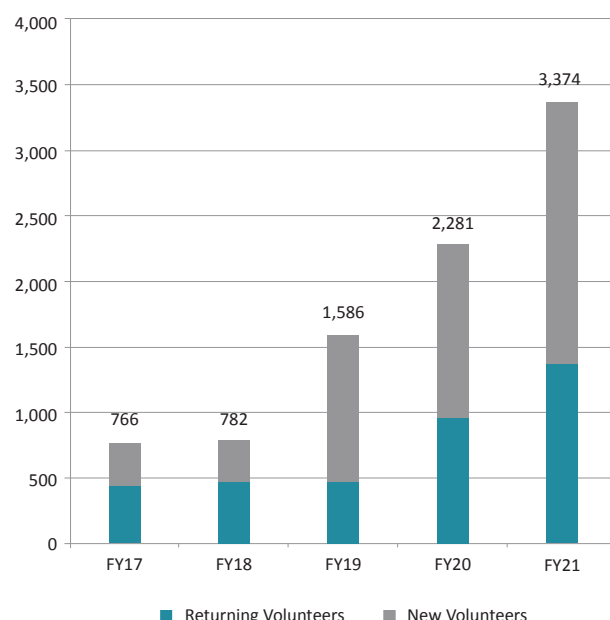- Recruit volunteers from new university and corporate resource hubs
- Develop all members of the Thread Community through more robust trainings and ongoing coaching
- Further increase volunteer retention, satisfaction, and engagement beyond the one-year commitment for all volunteers
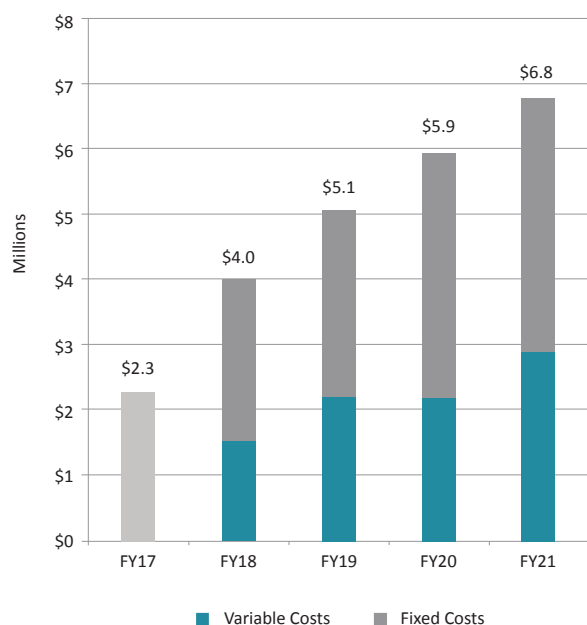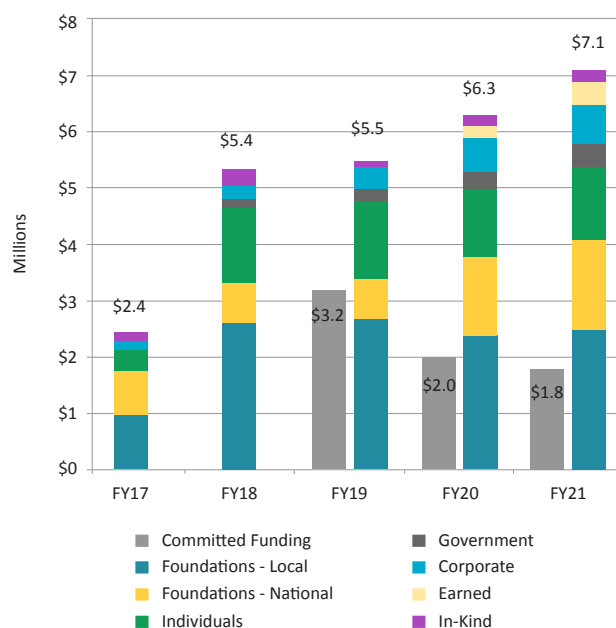
STUDENTS AND ALUMNI

	FY17	FY18	FY19	FY20	FY21
Total	303	415	527	735	1,039

Legend: ■ Students ■ Alumni ─ New Students

THREAD FAMILY VOLUNTEERS

	FY17	FY18	FY19	FY20	FY21
Total	766	782	1,586	2,281	3,374

Legend: ■ Returning Volunteers ■ New Volunteers

GENERAL OPERATING EXPENSES

(Millions)

	FY17	FY18	FY19	FY20	FY21
Total	$2.3	$4.0	$5.1	$5.9	$6.8

Legend: ■ Variable Costs ■ Fixed Costs

COMMITTED AND PROJECTED REVENUE

(Millions)

	FY17	FY18	FY19	FY20	FY21
Total	$2.4	$5.4	$5.5	$6.3	$7.1
			$3.2	$2.0	$1.8

Legend: ■ Committed Funding ■ Government ■ Foundations - Local ■ Corporate ■ Foundations - National ■ Earned ■ Individuals ■ In-Kind

* Data for FY17 and FY18 represent actuals as of June 30, 2018; FY19 figures reflect plans approved by Thread's Board of Directors; and FY20-21 represent projections.

STRATEGIC PLAN IMPLEMENTATION PRIORITIES

Progress during FY18 was possible due to a sharp focus on six Implementation Priorities that Thread Community members identified as critical to ensuring our growth is sustainable and results in high quality student, volunteer, and organizational outcomes.

1. GROWING OUR COMMUNITY

In FY18, Thread worked with Uncharted Future Cities Accelerator mentors including Tom Chi, former Head of Experience at Google X, to design and implement a forward-looking staff structure to improve decision-making and congruence of experiences for all Thread Community members. During this reorganization, Thread moved from a staff of generalists to a team of expert specialists, retained 100% of our Executive Team members, and grew our team to include 36.5 staff positions and 13 AmeriCorps members.

2. DEEPENING OUR CULTURE

Thread's unique capability is that we create relationships across lines of difference that are truly mutual. When our volunteers, collaborators, staff, and Board members are open, vulnerable, and allow our students to participate in their lives as "helpers," our young people accumulate "wins" that give them agency and fosters our culture of equity and innovation. To ensure this process deepens as we welcome thousands of new community members over the next three years, Thread partnered with Stand Together and Will Seamans, former Chief of Staff for Teach for America, to codify our unique capabilities that drive these behaviors and implement a values-based management and coaching framework that ensures Thread Community members internalize our culture.

3. PILOTING NEW MODELS

As an extension of Conversation Thread, we piloted a series of community dinners with local employers including Wells Fargo, BGE, and Hyatt Regency Baltimore Inner Harbor. Each dinner focused on a particular job sector such as entrepreneurship, engineering, or hospitality. We invited a diverse group of individuals at various stages of their careers to share personal experiences, professional interests, and goals with Thread students and volunteers. The relationships that began to form over the course of these dinners, transcending age and class, introduced participants to a world of possibilities.

4. SCALING WITH QUALITY

Thread used the quality metrics from our strategic plan to create operational scorecards for each individual staff member that roll up into the Staff and Board Scorecards. We then made significant investments in our Salesforce database to enable real-time tracking of these performance metrics. These changes have led to material improvements in data being captured "on-system," which represents a critical prerequisite for Thread's ability to reach our full capacity in Baltimore and consider expansion to additional cities.

5. SECURING SUSTAINABLE REVENUE

Through the generous support of individuals, local and national foundations, corporations, and AmeriCorps, in FY18, Thread received a total of $12.4M toward the $21.8M revenue needed to support our four-year strategic plan. Patricia & Mark Joseph: The Shelter Foundation ($3M), Robert E. Meyerhoff and Rheda Becker ($2M), and The Abell Foundation ($1.7M) made game-changing multi-year commitments that allowed Thread to enroll 112 new students with the confidence that we could sustain our growth and 10-year commitment to our students.
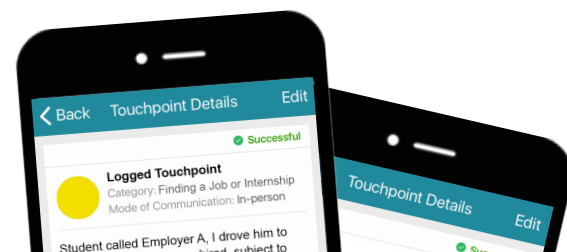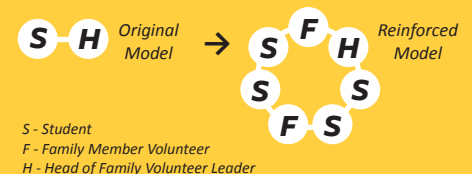
6. ESTABLISHING NEW REVENUE STREAMS

In order to scale with quality at the rate envisioned in our strategic plan, Thread began to expand the functionality of our mobile app to include students and collaborators, further increase user adoption, and serve as a tool to facilitate relationships and reinforce our unique culture. To support this initiative, a for-profit entity, Thrive Software, was formed to build the next iteration of the Thread app. The generous pro-bono support of Venable LLP, Vinson & Elkins LLP, and DLA Piper LLP (US) allowed Thread to make this strategic investment and simultaneously ensure protection and valuation of our intellectual property and maintenance of our 501(c)(3) status. While the initial focus of the company is delivering a viable tool to scale Thread, it also represents a potential long-term revenue source.

Reinforced Thread Family Model:

The original Thread Family model gradually reduced the volunteer to student ratio from 4:1 to 1:1 over the course of a student's decade in Thread. As a result, post-high school students and their volunteers felt isolated from the broader Thread Community as they both moved away from the high school setting into independent post-secondary pursuits and transitioned from a "family" into a pair. The Reinforced Thread Family Model re-envisions our Thread Families for young adults in years 5-10 by maintaining Thread Family size, while still decreasing the volunteer to student ratio. We expect this revised structure to improve our young adult and volunteer outcomes.

The Reinforced Thread Family Model also better positions Thread to achieve our strategic goals by reducing the number of volunteer leaders required by nearly 30%. With volunteer leaders participating in more trainings, meetings, and one-on-one coaching than Family Member volunteers, this reduction will lower Thread's programmatic costs over time and support Thread in recruiting sufficient volunteers to fill leadership roles.

Example: Shift in Year 10 Thread Family Model

S — H *Original Model* → S F H S S F S *Reinforced Model*

S - Student
F - Family Member Volunteer
H - Head of Family Volunteer Leader

Thrive Progress:

In their first five months, the Thread and Thrive Software teams developed three prototypes as a result of weeklong design sprints, during which they consulted expert voices from our Thread Community – including 14 students, nine volunteers, seven staff members, two alumni, and one collaborator. The teams will begin Feature and Prototype testing in October 2018 in anticipation adoption in Spring 2019.