



2020-22 Strategic Plan

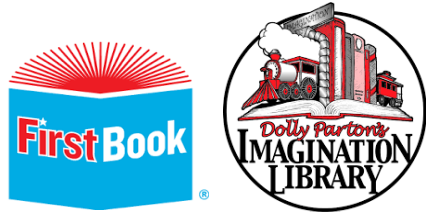
As approved by the Board of Directors

June 4, 2019



Raising A Reader is high impact, low cost

Reading
Is Fundamental



Book Distribution

Limited Outcomes

Easy to scale

\$12-15 avg.
annual per child



(ages 0-8)



(ages 0-5)

Family Engagement

Robust Outcomes

Easy to scale

\$25-30 avg.
annual per child

**Current reach: 137K
(3% of national need)**



Tutoring

Robust Outcomes

Challenging to scale

\$750-1,500 avg.
annual per child



HIPPYUSA[®]
Home Instruction for Parents of Preschool Youngsters



Parents as Teachers

In-home Parent Training

Robust Outcomes

Challenging to scale

\$3-4,000
annual per child

This is RAR's moment to deepen impact AND expand reach

CONTEXT

- Kindergarten readiness—its criticality AND the importance of measuring it—has become a major focus in communities across the country
- RAR is one of the biggest bang-for-the buck early literacy programs in the US but it not yet as recognized as it could be; there is tremendous opportunity to build the brand and grow RAR's reach

RAR's STRENGTHS

- Strong evidence base
- Easy to understand
- Easy to implement
- Excellent collection
- Highly satisfied affiliates
- Low cost
- Strong social enterprise
- National footprint

Intended Impact & Theory of Change

We believe that IF...

1. Children, ages 0-5*, drive the process and the Red Book Bag and books become a favorite toy;
2. Program Implementers learn how to train parents in “read aloud” strategies and early brain development;
3. The book bag delivery system is turnkey: a simple sustainable routine that is easily managed in a number of diverse settings;
4. Parents learn and engage in “read aloud” strategies and develop a regular book sharing routine with their children;
5. Families get to know and use their local library;

THEN, children will benefit from healthy brain development, family bonding, and increased literacy skills—all proven elements for lifetime success! Children will enter school with a love of books and will be motivated and ready to learn.

IMPACT OUTCOMES

Children participating in RAR...
[0-5 years] Demonstrate higher levels of Kindergarten readiness**

PROCESS INDICATORS

Parents / caregivers...

- Report a positive change in-home reading routines, including increased time and frequency reading with their child(ren)
- Report a greater understanding / appreciation of the importance of reading to children
- Feel empowered that they can support their children's early language development

* RAR will focus growth on ages birth to five. RAR *will* continue to support affiliates serving children ages 6-8.

** Kindergarten readiness is a newly identified outcome; the remaining indicators have been part of RAR's approach.

RAR's three-year strategy

ASSETS

Evidence-based program
Extremely cost effective
High-potential national brand

PILLAR # 1:

Best-in-class Support Model

Affiliates thrive because they have access to low-cost, high quality national support

PILLAR #2:

Strategic Growth

Significantly increase # of children served (vs. # of affiliates)

PILLAR #3:

National Partnerships

Increase reach and strengthen outcomes by working with partners across the country

Supported by investments in **evaluation, brand, infrastructure**

RESULTS (END OF 2022)

Updated evidence base that includes K-readiness
Enhanced and refined program model
40% more children served
Doubling of national penetration rate to 6%

Principles of a Best-in-Class Support Model

- Places program quality, impact and fidelity at the forefront
- Is accessible to the diverse affiliate network: size, setting, location, etc.
- Prioritizes efficiency: for affiliates, RAR staff, families, implementers
- Incentivizes affiliates to keep their materials and collections fresh
- Incentivizes growth amongst existing affiliates
- Recognizes that great learning happens affiliate-to-affiliate
- Establishes clear expectations on what it means to be an affiliate

Support Model Services

Fundraising

- Templates / best practices for fundraising
- Awareness-raising of funding opportunities
- Brand/ marketing templates
- Summary of RAR's evidence base
- Customized fundraising coaching / advice*
- Competitive national matching grants**

Book Collection

- Curriculum guidance
- Product discounts (e.g. refreshers at cost)
- Kit-only collection for sale (e.g. for classroom library)*
- Volume-based discounts**

Program Implementation

- Up-to-date training materials for diverse audiences
- Tools / best-practice templates for implementation
- Growth / fidelity coaching, including in-person training*

Measuring Impact

- Easy-to-use pre- and post-assessment tools
- Annual summary of RAR's impact and reach

Provided via...

- Online knowledge-sharing and community-building platform
- Digital training offerings
- Bi-annual conference*
- Peer learning communities

* Fee for service

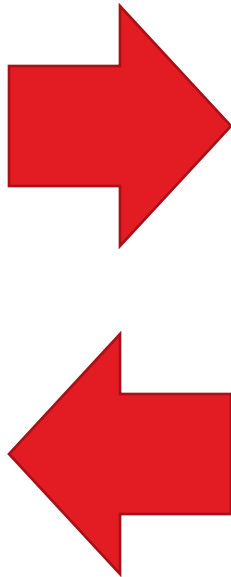
** Competitive and/or volume-based



Commitments / Value Proposition

RAR National Commitments

- Support Model offering fundraising guidance, strong curriculum, program fidelity and impact measurement tools
- Intentional connection points with each affiliate: Minimum of twice-yearly discussions with affiliate leadership
- Processes to help struggling affiliates



Affiliate Commitments

- Annual reporting:
 - Pre-/post parental assessment
 - Reported program fidelity
 - Student #s and demographics
- Annual fee based on no-hardship sliding scale
- Will exit network if not able to meet expectations (can rejoin when ready)

Strategic Growth Drivers

Increase affiliate retention (i.e. reduce # of affiliates that leave the network annually)



~13% churn in 2018
(~6,000 kids “lost”)

RAR’s improved Support Model and account management approach should help improve retention

Increase # of children served at existing affiliates



Adding children (i.e. new “seats”) at *existing* sites is 60% less expensive than adding “seats” at brand new affiliates

Focus growth on large-footprint affiliates



2018 cost / child for a new seat is \$129

Focusing on larger-footprint (400+ kids) will likely be far more cost effective than cost to bring on lower-reach affiliates

Pilot national partnerships

TYPE

Distribution Partners

“Innovation” Partners

Implementation Support Partners

CRITERIA

1st screen

Alignment with our mission and values

Likelihood of defining mutually beneficial value proposition

Ability to implement RAR with fidelity

2nd screen

Revenue potential

RAR’s resource lift

Example Distribution Partners:

- Nurse-Family Partnership (i.e. home visiting)
- National low-income housing consortia
- Boys & Girls Clubs

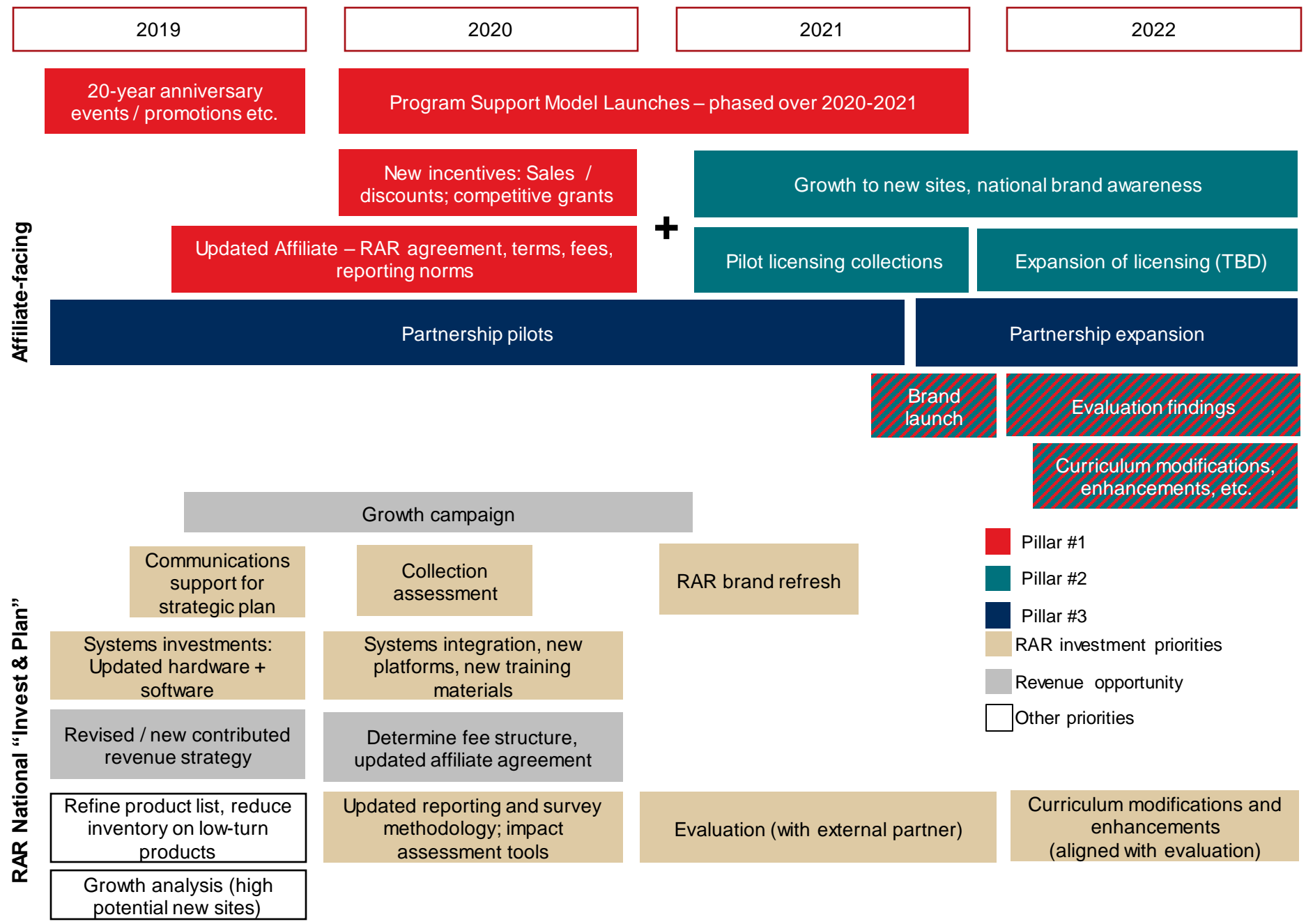
Example Innovation Partners:

- Ready 4K
- Khan Academy Kids

Example Early Literacy Partners:

- Springboard Collaborative
- Reading Partners
- BellXcel
- Jumpstart

SEQUENCING, 2019-2022



2019-2022 GROWTH ASSUMPTIONS: DETAIL

Increase retention among current affiliates		Baseline #s	2019	2020	2021	2022
Churn rate (% of affiliates that leave)		13%	13%	12%	8%	5.0%
# affiliates churn per year		38	38	35	23	15
Median # kids per affiliate		160	160	160	200	250
This many more kids will "stay" in RAR			-	471	2,506	2,028
Growth within existing affiliates		Baseline #s	2019	2020	2021	2022
What % of affiliates can grow annually?			10%	10%	15.0%	20%
What growth rate?			10%	10%	15%	20%
Annual growth within existing			5,155	4,977	10,010	18,638
Growth to new, large-footprint affiliates		Baseline #s	2019	2020	2021	2022
# kids constituting "large" reach (average)	468		250	250	350	400
# new affiliates at this level per year			5	5	10	15
Per year increase			1,250	1,250	3,500	6,000
Growth to other (opportunistic) affiliates		Baseline #s	2019	2020	2021	2022
# new affiliates added (they reach out to RAR)	38		33	20	20	20
Per year increase			5,280	3,200	4,000	5,000
Partnership pilots			2019	2020	2021	2022
Distribution partners			300	300	900	1,200
Digital / other new program partners			400	400	1,000	1,000
Implementation support partners			300	300	900	1,200
What % of these kids will already be associated with RAR?						
Distribution partners			0%	0%	0%	0%
Digital / other new program elements			100%	60%	40%	40%
Implementation support			100%	60%	40%	40%
Total			300	580	2,040	2,520
Contraction within existing affiliates			2019	2020	2021	2022
What % of affiliates might contract (lose sites) annually?			10%	10%	7.5%	7.5%
What % of kids will be "lost"?			10%	10%	7.5%	5%
			(5,155)	(4,977)	(4,679)	(6,116)

Churn reduced from 13% to 7.5%

From 2016-2018, 20% of affiliates grew at median rate of 22%. We are starting with much more modest estimates.

Limited growth to large-footprint sites; sales cycle to school districts can be long.

Room for new affiliates to find RAR on their own

Conservative estimates on partnerships as focus is on pilots.

We have built in some contraction (decreases of # of kids served), consistent with past years.

■ = Assumptions (changeable)

SUMMARY: KEY RATIOS, 2019-2022

Pro Forma: Raising A Reader 3-year View

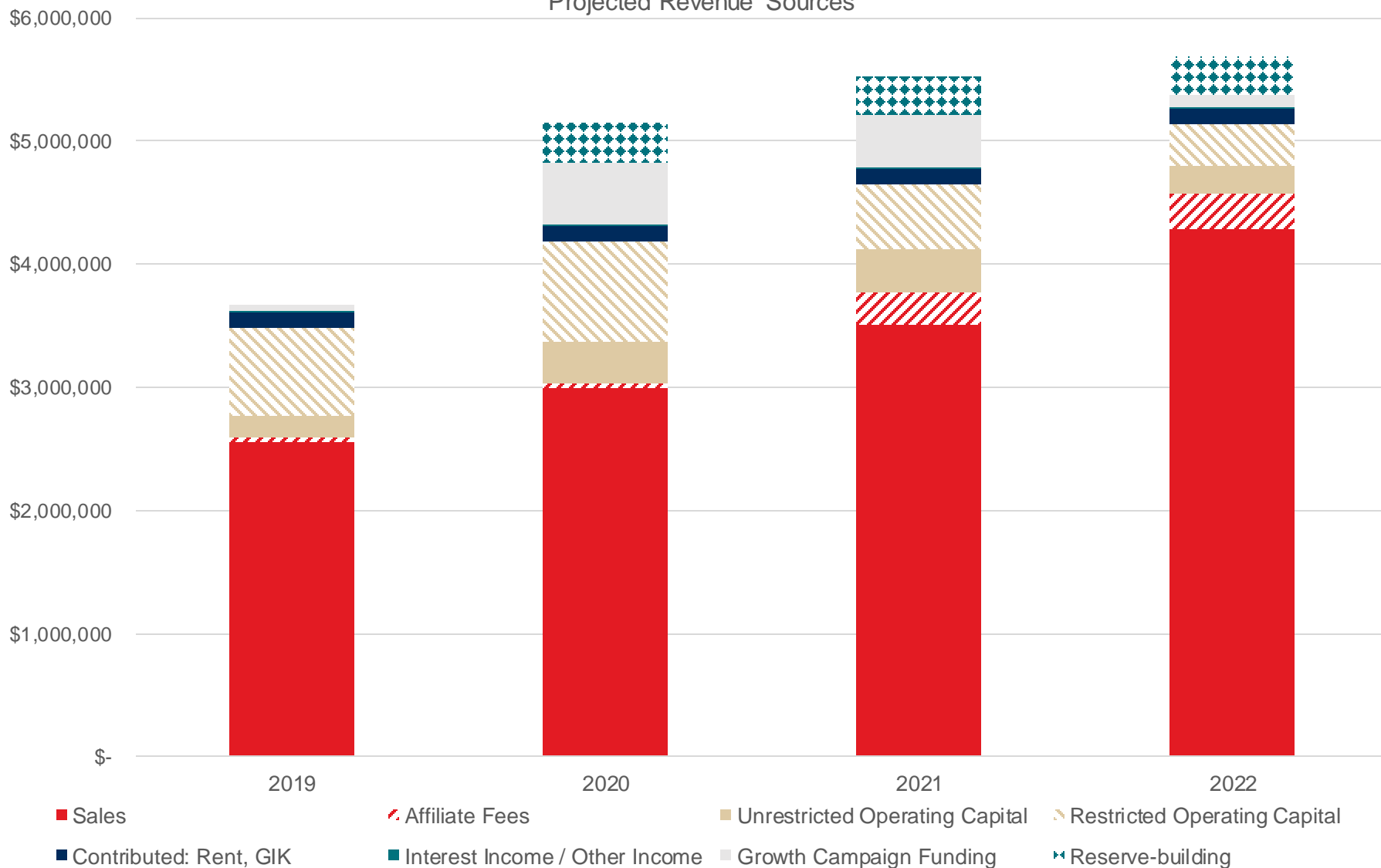
As of May 29, 2019

	REFERENCE (2018)	2019 TOTAL	2020 TOTAL	2021 TOTAL	2022 TOTAL
# affiliates	293	293	283	290	311
# kids served	137,014	143,844	149,345	166,722	194,792
# kids, at/below poverty, ages 0-5	73,336	76,525	89,607	113,371	140,251
National Penetration Rate	3.02%	3.16%	3.69%	4.67%	5.78%
Headcount at RAR National	14	17	21	21	21
# children served / RAR National FTE	9787	8,461	7,112	7,939	9,276
# of affiliates served / RAR National FTE	21	17.2	13.5	13.8	14.8
Sales revenue / child	\$ 20.28	\$ 20.28	\$ 20.00	\$ 21.00	\$ 22.00
Operating cost / child	\$ 22.23	\$ 25.60	\$ 28.90	\$ 28.68	\$ 27.09
One-time growth investment / child	\$ -	\$ 0.38	\$ 3.41	\$ 2.55	\$ 0.51
Top-line revenue	\$ 3,495,452	\$ 3,668,771	\$ 5,143,611	\$ 5,525,438	\$ 5,693,760
Expenses (sub-total)	\$ 3,423,929	\$ 3,736,973	\$ 4,825,832	\$ 5,207,659	\$ 5,375,982
Reserve-building		\$ -	\$ 317,779	\$ 317,779	\$ 317,779
Projected	\$ 71,523	\$ (68,202)	\$ (0)	\$ 0	\$ 0

Summary (2019-2022)

- Rate of growth for # of affiliates = 6%
- Rate of growth for # kids served = ~40%
- Modest growth in sales, assuming increase in sales to existing affiliates
- RAR cost/ child remains very low compared to other providers, even after increased program supports
- Cost per child per year to increase slightly to strengthen program supports; majority of increased expense / child in 2020 and 2021 is attributed to non-staff, one-time expenses associated with the plan
- Staffing ratios stabilize to ~15 affiliates / 1 staff member

Projected Revenue Sources

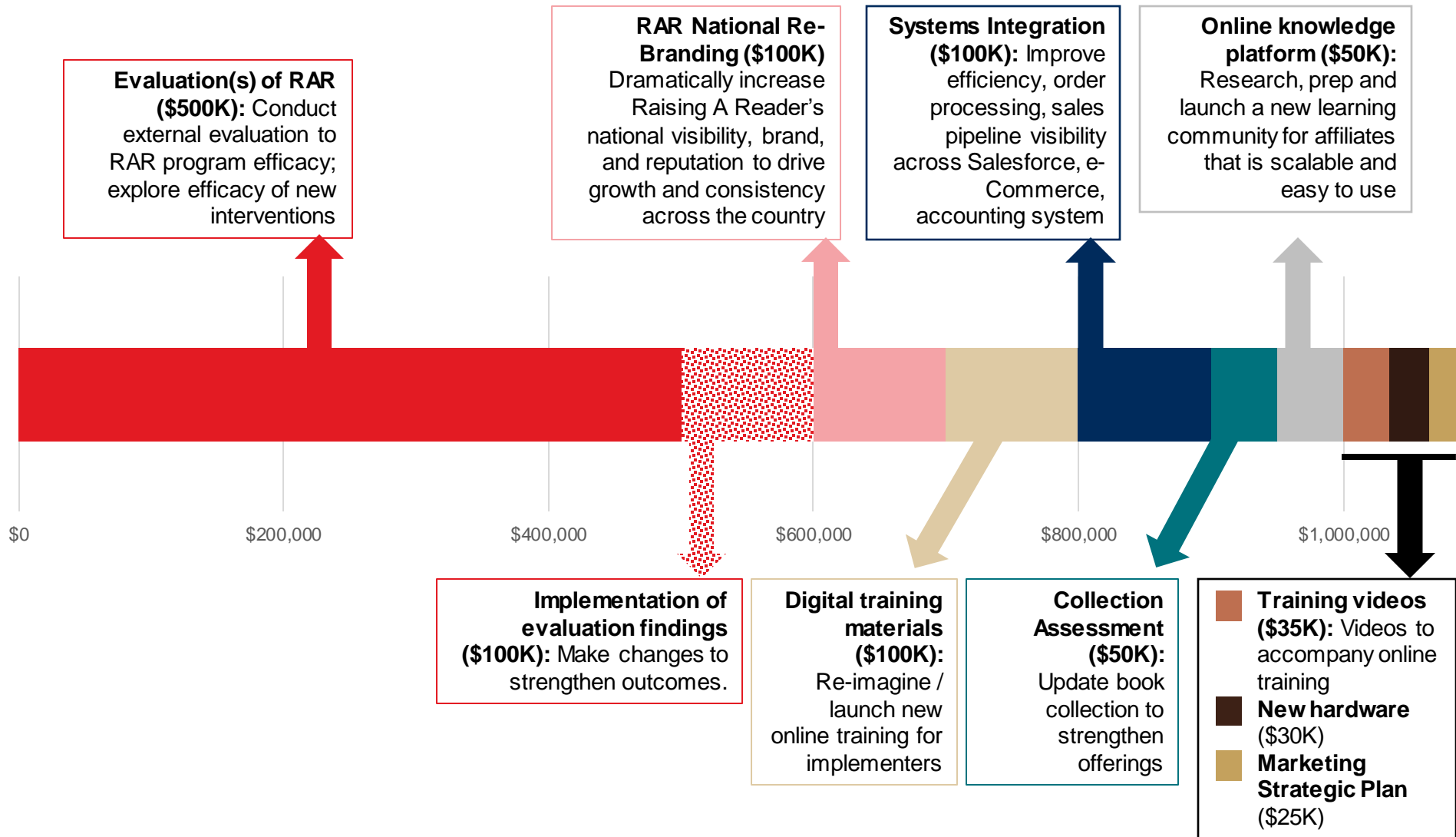


Note: Mix of restricted vs. unrestricted operating capital is estimated conservatively (i.e. toward assumption of restricted funding, per RAR's historical trends). Goal would be to attract increased % of unrestricted over time.



Revenue Sources	2019	2020	2021	2022	TOTAL
Sales	\$2,556K	\$2,986K	\$3,500K	\$4,285K	\$13,300K (67%)
Affiliate Fees	\$35K	\$40K	\$268K	\$287K	\$630K (3%)
Other income sources (GIK, interest)	\$127K	\$130K	\$134K	\$138K	\$530K (2%)
Unrestricted Operating Capital	\$179K	\$347K	\$351K	\$225K	\$1,100K (6%)
Restricted Operating Capital	\$716K	\$811K	\$526K	\$388K	\$2,394K (12%)
Growth Campaign <i>(see detail, next slide)</i>	\$55K	\$509K	\$425K	\$100K	\$1,090K (5%)
Reserve-building	--	\$317K	\$317K	\$317K	\$953K (5%)
TOTAL REVENUE	\$3,669K	\$5,143K	\$5,525K	\$5,693K	\$20,032K

Spotlight on growth / one-time investments: \$1.1M



Risks -> Mitigation

Risk	Mitigation
Contributed revenue falls short of projections (e.g. recession, challenges in fundraising, staff turnover, etc.)	Options: <ul style="list-style-type: none"> • Scale back staff growth and/or • Scale back growth capital and/or • Dip into cash reserve (board reserve policy needed)
Growth of # children served is slower than expected	
Sales / child / year fall short	
New program support model does not meet affiliate expectations or needs	Invest in strong programmatic leadership; elevate role of national affiliate leadership council (to ensure ongoing affiliate input); explore secondment of affiliate leaders to help develop strategy
A few of the existing, large-footprint affiliates (e.g. the top 20 affiliates that serve 70% of kids) leave the network	Continue to invest in strong account management; consider deeper and more expansive relationships with largest-footprint affiliates (e.g. multiple points of contact at the affiliate)
Partnerships prove more challenging to manage in terms of brand, implementation	<ul style="list-style-type: none"> • Ensure partners are aligned with criteria • Ensure strong MOU before starting the relationship • Start as pilot site(s) vs. large-scale from get-go • Seek local affiliate role (to support on the ground)
Lack of board involvement in support of the plan	<ul style="list-style-type: none"> • Specificity on the board's role in the plan (give / get) • Potential growth/expansion of the board • Build on SVCF partnership to make introductions

Managing & Monitoring the Plan

- Revenue and sequencing milestones to be integrated into **scorecard**
- **Annual operating plan** to identify and track cross-team projects
- **More detailed strategic plan updates** at October / December meetings
- **Ongoing board support:**
 - Continuation of Strategic Planning Ad Hoc Committee through end 2019
 - Finance Committee to spearhead reserve policy
- Focus on **board development**

Strategic Plan Approval

- Intended Impact: Focus birth to age five + K-readiness
- Three pillars of RAR's strategy
- Growth projections | 3-year pro forma
- 3-year philanthropic revenue strategy
- Commitment to ongoing monitoring and adjustments