Kids Inclusion – the case for leveraging relationship marketing in nonprofit branding

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ABSTRACT

The number of NFP organizations in the U.S. increased more than 15% between 2007 and 2012, and the nonprofit business sector represented the third largest employer category in the U.S. as of 2015 (“With Sector Growth,” 2015; Friesenhahn, 2016). With this impressive growth has come increased sophistication in NFP use of marketing tools once reserved for the for-profit business sector. This case asks students to apply branding and relationship marketing tactics, typically applied to for-profit businesses, to a novel marketing initiative by a successful nonprofit company.

Students will be presented with background information on Kids, Incorporated (Kids, Inc.), a nonprofit which offers a variety of youth sports programs for the Amarillo, Texas community. Jimmy Lackey, CEO and President of Kids, Inc., has been very successful in building the Kids, Inc. brand into one that represents a valuable service for Amarillo youth, making quality competitive sports programs available to all able-bodied youngsters in Amarillo. Now he wants to expand Kids, Inc.’s offering with a new program called Kids Inclusion to involve children with disabilities. Students will be asked to consider how Jimmy should approach the branding effort for Kids Inclusion, considering current and prospective stakeholder groups, and leveraging his impressive skill set for building and honoring relationships with benefactors and the community he aims to serve.

Keywords: relationship marketing, nonprofit branding, leadership, social entrepreneurship, management, nonprofit funding
INTRODUCTION

Jimmy Lackey, CEO and President of the Kids, Incorporated (Kids, Inc.) organization since 1995, considers Kids, Inc. more of a social experiment than a sports program. He explains, “We take kids from all parts of town and put them on the same playing field. We’re knocking down barriers and social stigma. These are kids. Let ‘em play.” Indeed, Amarillo, Texas is like many communities with “good” and “bad” parts of town. In Jimmy’s eyes, though, all kids deserve the same opportunity to play – not just in sports, but also in life. Jimmy believes that a child involved in sports develops interpersonal and leadership skills, a work ethic, and the ability to contribute to society. For the last two decades, it has been Jimmy’s purpose to give every kid the chance to play sports.

The Kids, Inc. mission statement makes clear the scope of the youth sports agenda and Jimmy’s desire for all kids to be able to play, as well as the organization’s intention to be accountable to its stakeholders:

It is the mission of Kids, Incorporated to be an organization of excellence by providing quality year-round sporting activities, while ensuring that every child who desires to participate has the opportunity to do just that!

Today, Jimmy’s attention is focused on launching the Kids Inclusion sports program, which aims to involve kids that have fallen through the cracks because of a disability. With the Kids, Inc. brand and his reputation in the Amarillo community, the question at hand is how best to leverage Jimmy’s leadership, stakeholder orientation, and relationship marketing skills to build the Kids Inclusion brand.

THE BEGINNING OF THE STORY: KIDS, INCORPORATED

In the Texas Panhandle, the name Cal Farley is synonymous with charitable programs focused on youth. Since 1939, Cal Farley programs have provided residential, educational, and community support services for disadvantaged youngsters (Cal Farley’s, n.d.). Kids, Inc. began in 1945 when Cal Farley asked his friend, Bus Dugger, to start a sports program for kids in Southeast Amarillo. The program began with those eleven kids that Mr. Dugger took each day to the Maverick Club to work out. More than seven decades later, Kids, Inc. now involves some 16,000 kids in the Amarillo and surrounding area each year (Kim Killian, personal communication, January 4, 2019).

Under Jimmy’s direction, the Kids, Inc. brand has come to be highly respected as one of only a few organizations in the country that offers a unique broad-spectrum program for various sports and abilities. Most other nonprofit organizations only have a specialization for one sport. What makes Kids, Inc. so distinctive is its strong working relationship with the Independent School Districts (ISDs) and with the City Parks and Recreation department (Kim Killian, personal communication, January 4, 2019).

Perhaps without even realizing it, Jimmy has exercised impressive skill in developing the Kids, Inc. brand and serving an array of stakeholders, including staff, benefactors, coaches, parents, and kids. Back in 1995 when Jimmy first joined Kids, Inc., the organization was suffering. Its facilities were inadequate and dilapidated, sports equipment was old to the point of
being unsafe, staff accountability was poor, and the company was operating without the benefit of computer technology and systems. Jimmy’s initial priorities were to build accountability with his staff and to purchase computers for the office. Productivity improved, as did morale among the staff. The change was obvious not only to the parents and to the kids, but to the Amarillo community.

Jimmy’s next order of business was to increase funding. He launched a $750,000 capital campaign to relocate the organization from its inadequate facility at 8th & Adams to a much more spacious building located at 27th & Osage. The campaign was launched in December of 1997, and on August 26, 1998, Kids, Inc. opened for business in its new facility, The Kids, Incorporated WareHouse. Jimmy was able to successfully complete the campaign with the new facility completely paid for and no new debt on the books. When asked how he was able to do this, Jimmy explains, “Kids, sports, and a man named Farley. I can sell that all day long. People generally do not say no to kids if its packaged right, and you do what you say you’re going to do.”

Jimmy is much more than a salesman, however. He is authentic in his desire to build community relationships, and he honors those relationships. The Kids, Inc. offices proudly display the pictures and contributions of many influential community partners. Buildings and meeting rooms bear their names, while promotional videos and commercials explain their generosity. More importantly, though, they are all Jimmy’s personal friends. He explains, “It’s not fundraising, it’s ‘friendraising.’ I would rather make 10 friends than take $10 from somebody. $10 goes real fast. Make 10 friends, they will figure out I’m genuine, and they will tell 10 more friends. There’s a residual effect.”

In Jimmy’s 25 years with Kids, Inc., his relationship approach has benefitted Kids, Inc. with approximately $15 million in donations. Jimmy isn’t boasting in saying this, though. For him, it’s all about the kids. “If we didn’t fundraise, fees would have to go up 40-50%. That would make our programs inaccessible, particularly for the kids that need it the most.” Kids need more than low fees; they also need safe equipment. The Kids, Inc. board was unprepared for Jimmy’s first $24,000 purchase of 300 helmets. He bought 1,000 helmets that year and continues to buy 250 per year. Jimmy’s Assistant Programs Director, Traci, elaborates on the story, “We had never seen new helmets. Jimmy was going to do business on what’s best for kids. That’s what we got when Jimmy started.”

Traci has worked at Kids, Inc. for 30 years, and she remembers well the early chaos. “We were scared when Jimmy came,” she explains. “The old director didn’t know what we did. He was never there. He didn’t take calls. Then, Jimmy comes in – moves his office to right across from the front office.” Jimmy took the time to understand each staff-member’s job, and he demanded accountability. Staff roles were cross-trained and the original turf wars ceased. It was not long until Kids, Inc. ran like a well-oiled machine. In return for excellent job performance, Jimmy pays for all employees’ health insurance, and employees have received a pay raise every year except for one since Jimmy joined the Kids, Inc. organization. “That’s the best benefit I can provide, and it makes Kids, Inc. competitive with other companies,” he explains.

Jimmy’s attention goes beyond benefactors, kids, and staff to coaches and parents, as well. Jimmy recognizes that coaches are volunteering their time, and he is careful to keep the pressure down. He asks coaches to concentrate on spending time with the kids. He reminds them of the potential influence they can have in a child’s life. A lot of the kids do not have adult mentors in their lives, and a coach can make a real difference. This is his message to coaches. Jimmy’s approach in communicating with parents is different. For this group of stakeholders,
Jimmy is careful to provide consistent value and to not waste their time. Kids, Inc. maintains a database of some 17,000 active parents. Jimmy leverages current technology to keep all these parents informed. “We don’t send junk. If we send something out, it’s with a purpose,” he explains.

Early in Jimmy’s tenure, Kids, Inc. started collecting statistics on everything, from the kids (their ages, where they live, etc.) to program and operational statistics, and even on benefactors. Jimmy can tell you the amount of financial assistance Kids, Inc. gives to kids participating in its programs ($30,000 to $40,000 a year), based on sport, zip code, or any other numerous demographics. With access to this kind of detailed information, Jimmy can provide parents with meaningful feedback on their investment. He can also paint a very persuasive picture when explaining Kids, Inc.’s value to the community.

Kids, Inc. has benefitted from Jimmy’s relationship-building skills, certainly, but this is not the source of its brand strength. In Jimmy’s words, “We’ve got to give them the product. When you’re dealing with somebody’s kid, you better have your business together.” Kids, Inc. offers more than 20 sports programs year-round, providing caring coaching and skills development to children and families in Amarillo and the surrounding communities. This is the foundation upon which its reputation has been built, and it’s a great foothold from which to launch the Kids Inclusion program, an effort that is near and dear to Jimmy’s heart.

**A NEW OPPORTUNITY: KIDS INCLUSION**

“We’re all human beings. Can we just all play on the same field? I don’t care what games they play. Are we giving every kid a way to get out there and play?”

(Jimmy Lackey, 8/8/18)

The goal of Kids Inclusion is to put able-bodied kids on the same playing field with children with disabilities. In the Amarillo area, there are hundreds of disabled kids who cannot participate in sports, and they are currently falling through the cracks. Children with special needs represent one stakeholder group for the Kids Inclusion program.

A second group of stakeholders is the able-bodied youth component. Jimmy believes there are able-bodied kids that will be interested in the Kids Inclusion program, perhaps junior high kids that did not make the team but want to be around sports or kids with a desire to help others. Kids Inclusion can develop skills with these youth that may serve them well in potential future careers, be they in speech pathology, working with children with autism, coaching, or other capacities.

Jimmy sums up his societal goals for the Kids Inclusion program as follows: “We need people that know how to deal with the disabled and that will advocate for special needs kids. AND, we need disabled people that can make a contribution.”

Jimmy has in mind structuring one-day events or possibly a brief season with 3-4 games, such as for flag football. Pricing for the Kids Inclusion offering has not yet been fully determined. Jimmy originally thought to make it a free program but eventually rejected the approach. He explains, “If somebody hands you something for free, you don’t put as much stock in it as if you put your own blood, sweat, and tears into it.” Still, the program could be low cost, maybe $20 per event.

The mission statement for Kids Inclusion has not yet been written. Jimmy understands that the mission statement will drive the Kids Inclusion brand and, for this reason, that it is
important to articulate it well. One thing Jimmy does know for sure is that he wants the brand to be about building leaders, which is a distinct difference from the vision in the Kids, Inc. mission statement.

While Jimmy’s experience and reputation equip him well to launch the Kids Inclusion program, there are many details to be addressed in making it happen, perhaps beginning with the constructing of a clear and succinct mission statement for the program.

**NONPROFIT MARKETING ORIENTATION**

The marketing discipline has struggled to define the right term to appropriately encapsulate the marketing agenda for NFP organizations. Wymer, et al. (2015) defined *nonprofit marketing* as “an organized, planned set of activities carried out in order to attract support for the brand object (e.g. nonprofit organization or charity).” Thus, the focus on appealing to supporters is a primary objective for NFPs. Groups that may be targeted with NFP activities range from particular population segments or groups to public officials and the general public to contributors to the NFP such as volunteers, financial donors, and businesses. Support for the NFP may come in the form of a financial donation, time volunteered, a vote on an election ballot, a purchase, or something different from any of these. Consequently, the set of stakeholders typically tended to by NFPs is diverse, further complicating the marketing effort in comparison to the marketing effort of the typical for-profit company (Wymer, 2015).

In order to appeal to supporters, nonprofits need a persuasive story to tell. For nonprofits, the story elements involve a developed brand and demonstrated NFP performance. Wymer et al. (2015) proposed the term *nonprofit marketing orientation* to capture both the branding concerns of a nonprofit and the performance outcomes to which the nonprofit is held accountable.

Branding is the intentional process of building an identity for a product or a company. With respect to for-profit companies, a brand has been defined as “a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or group of sellers and to differentiate them from those of competitors” (Kotler, 1991, p. 442). When marketers can create a favorable reaction from consumers for a brand, it has been shown that consumers are willing to select that brand over competing brands and to pay a premium price for that brand (Keller, 1993; Holden, 1992; Farquhar, 1989; Aaker, 1991).

Branding has more recently been applied similarly to nonprofit entities (Faircloth, 2005; Venable et al., 2005). For nonprofits, the “product” that needs an identity (brand) is the mission or cause of the nonprofit. When the nonprofit mission is recognized and respected by a target group of supporters, the nonprofit brand is more likely to benefit from its support. Communication of a nonprofit’s cause and communication of the nonprofit’s performance are, therefore, necessary to build a strong nonprofit brand (Wymer et al., 2015; Merk, 2014).

NFPs need to be concerned with multiple categories of performance outcomes because they are appealing to multiple groups of stakeholders for support. NFPs attempt to achieve Supporter-Related outcomes, Staff-Related outcomes, and Mission-Related outcomes. Regarding Supporter-Related outcomes, different supporter groups may have different desired outcomes for the NFP. Nonprofits need to be aware of the collection of desired outcomes from different stakeholder groups and may need to be intentional about which ones to pursue. With respect to Staff-Related outcomes, an effective nonprofit operation depends on dedicated staff involvement. As a result, retaining staff is a concern with related goals for positive attitudes, motivation,
commitment and behaviors amongst the staff (Wymer et al., 2015). Finally, regarding Mission-
Related outcomes, nonprofits are held accountable to perform the activities lined out in their
mission statements (Mulligan, 2007). A clear and actionable mission statement is, therefore, a
prerequisite for achieving Mission-Related outcomes (Drucker, 1989; Merk, 2014).

Arguably, the NFP’s mission statement is the cornerstone for developing its brand. The
nonprofit’s ability to articulate for its multiple stakeholders the NFP cause and objectives depend
on clarity. An effective nonprofit mission statement conveys 5 important pieces of information:
(1) the NFP mission, (2) the NFP’s stakeholders, (3) the values of the NFP stakeholders, (4) the
NFP’s plan, and (5) the NFP’s desired results (Drucker, 2001; Merk, 2014).

RELATIONSHIP MARKETING

Leonard Berry introduced the concept of relationship marketing in 1983 with the for-
profit business sector in mind. He noted that most organizations’ marketing efforts were intended
to attract new customers, and marketing efforts to keep existing customers were minimal (Berry,
2002). Berry saw there was an advantage to devoting resources to maintain and take care of
existing customers (Berry, 2002). Thus, relationship marketing is defined as the effort to
“identify and establish, maintain and enhance relationships with customers and other
stakeholders, at a profit so that the objectives of all parties involved are met ... [and] that this is
done by mutual exchange and fulfillment of promises” (Gronroos, 1994).

An organization seeking to develop customer relationships must first provide a product or
service that a customer considers to be of value. Only then will a potential customer initiate a
business relationship with the organization (Tadajewski & Saren, 2009). To learn what is of
value to customers, organizations must interact with customers to determine their needs and
wants. Likewise, when a company seeks their customers’ viewpoint(s), the organization’s
business activities are catered to the customers’ perspective, rather than the organization’s
(Tadajewski & Saren, 2009). This will help begin the process of forming mutually benefiting
long-term relationships.

Initiating relationship marketing starts at the top of an organization with its leadership.
Consequently, management must decide how they are going to change their operations to focus
on customer loyalty with the goal of acquiring lifelong customers (Berry, 2002; Reichheld,
1993). To do this, it is essential for an organization to find the appropriate mix of marketing
strategies and programs that offer customers such amazing value that they wouldn’t think of
choosing a competitor product (Berry, 2002). The result of successful relationship marketing is
lifelong customers.

Bearing in mind that relationship marketing is traditionally a tool of for-profit companies,
most relationship marketing strategies involve collecting customers information for several
reasons: (1) to attract and retain customers, (2) to create value for customers, and (3) to increase
organizational profitability (Ashley et al., 2011). The information collected enables organizations
to offer programs for their customers that “create or enhance mutual economic value at reduced
cost” (Parvatiyar & Sheth, 2000). There are numerous relationship marketing programs that
organizations can utilize. Some of the more common include loyalty card programs, company
credit cards, personalized direct mailings and emails, online newsletters, and rebate offers
(Berry, 1995; Bolton et al., 2000; Noble & Phillips, 2004).

There is significant value in for-profit organizations adopting relationship marketing into
their business practices. First, relationship marketing programs positively enhance customers’
overall trust, commitment, and satisfaction with the organization (Palmatier et al., 2007). In addition, these programs increase customers’ promotion of the organization via word-of-mouth as well as their intention to continue or even expand their business relationship with the organization (Faroughian et al., 2012; Geiger et al., 2012; Palmatier et al, 2009). Finally, when customers feel as though organizations have made genuine efforts to build strong relationships with them, they are usually less interested in finding substitute goods, services, or conducting business with a competitor (Geiger et al., 2012).

The application of relationship marketing concepts to nonprofit entities is a relatively recent phenomenon, but with substantial potential benefit. According to Boenigk, “Nonprofit relationship marketing is defined as all strategies and instruments to systematically recruit, retain, and/or reactivate new or lost donors and volunteers” (Boenigk, 2014). With that, nonprofits are looking for financial and non-financial support in order to successfully address society’s needs and problems. When nonprofits adopt a relationship marketing approach to their fundraising efforts, they are typically looking at the long-term views of donors, their life-time value, and their retention (Moon & Azizi, 2013; Sargeant, 2001; Sargeant & Hudson, 2008; Waters, 2009).

**KIDS INCLUSION: THE ROAD AHEAD**

Two major aspects of the Kids Inclusion future bear consideration:

1. Jimmy is well-aware that the Kids Inclusion program must deliver value to its stakeholders. Less clear are the stakeholders that should be attended to and their most-desired outcomes for the program.
2. While developing relationships is very natural for Jimmy, the relationship programs he creates for Kids Inclusion deserve consideration as they have the potential to optimize the program’s reputation and the perceived benefits for specific stakeholder groups.

Jimmy suspects these two points will drive the development of the Kids Inclusion program in the years to come.

**TEACHING NOTES**

This case affords a teaching opportunity for traditional marketing concepts as well as the opportunity to extend these concepts to the non-profit business realm. One teaching approach, therefore, is to first ask students to explain the marketing terms involved in the Case Questions from the for-profit business perspective. From this theoretical platform, the discussion could then be juxtaposed against the non-profit business perspective, in general, and more specifically applied to the Kids Inclusion program. Alternatively, students could be assigned some or all of the Case Questions as an in-class or homework assignment, followed by class discussion of the differences between branding and relationship marketing tactics for nonprofit and for-profit organizations.
Case Questions

1. How is Jimmy applying relationship marketing theory to nonprofit operations?

Student responses should address core principles of relationship marketing such as understanding value from the customer perspective, leadership that is focused on developing loyalty with stakeholders, and/or gathering stakeholder information for the purpose of enhancing stakeholder value. On the first point, Kids, Incorporated has built a reputation in the Amarillo community for providing a wide array of youth sports programs that develop sportsmanship and leadership skills in addition to athletic ability. Additionally, Jimmy understands that a lot of the children (primary stakeholders) participating in the sports activities need and want an adult figure who will simply spend time and listen to them. This idea is ingrained with the coaches. On the second point, relationship marketing starts with the leadership of an organization, and Jimmy is the epitome of a leader promoting relationship marketing. Jimmy honors his word to develop loyalty and trust among his different stakeholders; he continually finds ways to recognize Kids, Incorporated’s important community partners and donors; and he develops friendships with everyone he encounters, creating goodwill, a strong reputation, and positive word-of-mouth among members of the community. On the third point, Jimmy’s practice of collecting participant information and program statistics is instrumental in facilitating donor support and program funding. Also, Jimmy’s e-mail communication with the approximately 17,000 children’s parents has a distinct purpose, which is to keep them informed of important dates and events. Therefore, parents know to pay attention to his messages and will not disregard them.

2. What sorts of relationship marketing programs can Kids Inclusion develop to solidify relationships with stakeholders?

Student responses will vary. Particularly with nonprofits, relationship marketing programs aim to build trust and commitment with stakeholders, which allows students great creativity with their ideas. Students may present variations of loyalty programs, bumper sticker, or t-shirts giveaways to promote allegiance to the Kids Inclusion brand, scholarships and clubs, and/or on-line blogs and other communication vehicles. Virtually any promotion idea is acceptable if the student can tie it to a relationship marketing objective.

3. What supporter-related outcomes might be expected from Kids Inclusion? Can Kids Inclusion deliver all of these? Why or why not?

Potential Kids Inclusion supporters include the parents of the children involved, both able-bodied and disabled, donors and benefactors, and community organizations and leaders, among others. Student responses should identify potential Kids Inclusion supporter groups and the likely expectations of these different groups. The intent behind this question is for students to understand that there may be conflicting expectations between different stakeholder groups, and it may not be possible to serve the interests of all parties involved. For example, the parents of able-bodied participants may want the program to allow coaching opportunities for their children, whereas the parents of disabled participants may expect coaches to be trained professionals with credentials for working with disabled children.
4. What should the Kids Inclusion brand image be?

This is something of an open issue, as the Kids Inclusion mission statement is yet to be defined. For this reason, it’s also a good opportunity for students to articulate what a brand image should be. Student responses should demonstrate an understanding that a nonprofit brand image should convey an identity for the nonprofit organization, and it should elicit a favorable response from consumers. Students may highlight the Kids Inclusion focus on disabled children and the opportunity to create community with this group. Alternatively, they may focus on leadership skills that participants can develop in the program or perhaps they emphasize Jimmy’s simple premise that all kids deserve the chance to play.

5. What should the Kids Inclusion mission statement be?

Students’ answers will vary. Students should take into consideration the purpose of Kids Inclusion, its primary stakeholders, and the impact that Kids Inclusion will have on its stakeholders. Students will also want to keep in mind that mission statements tend to be short and concise. Furthermore, mission statements need to inspire or motivate people and organizations to donate their money, time, and other resources. Finally, mission statements set the tone for the organization’s culture, influence employees’ behavior, and provide guidance to the organization’s board when making decisions.

Epilogue

As he did with Kids, Inc. 23 years ago, Jimmy has jumped in with both feet in promoting the Kids Inclusion program. He is feeling his way around, building alliances and relationships, and telling his story to everyone that will listen. The Kids Inclusion program does not yet have a mission statement, but Jimmy’s vision for the program is crystal clear and the kinks are working themselves out.

Calling the program “a middle of the road” adaptive sports program, Jimmy launched Kids Inclusion in partnership with Amarillo’s Turn Center in the summer of 2018. (Collier, 2018). The Turn Center represents an influential partner in the success of the Kids Inclusion program. Currently serving nearly 1,000 children with special needs in the Amarillo area, Turn Center offers a variety of therapy services, including speech, physical, and occupational therapy. Their clientele fits perfectly with Jimmy’s vision, and they have a reputation for providing outstanding therapy with unmatched commitment and care for the children (Turn Center, n.d.).

There is no mention of “disability” in the marketing for Kids Inclusion, intentionally so. Rather, able-bodied participants are the “traditional kids”, and participants with a disability are the “Inclusion kids.”

In September 2018, Kids Inclusion held its first ever decathlon with kids of all abilities competing in a variety of track events. The event was promoted by the local news as a groundbreaking event, breaking down barriers with communities with disabilities and building friendships and self-esteem for both the traditional and the Inclusion kids. The decathlon was heralded as a huge success (Pace, 2018). Since then, Kids Inclusion has organized a soccer league and a bowling league with another track competition currently in development. Cost for each event has been held to $20.
Word about the Kids Inclusion program is getting around in the Amarillo area. A program that is inclusive and open to all children of all abilities has been very well received. Parent testimonials mirror Jimmy’s visions for the program:

“Kids Inclusion has been a blessing!”

“We enjoy that the kids can just go out and PLAY, there is no pressure to win and parents encourage and praise each player, no matter the team they are on. It’s a great environment for any kid who just loves sports or for the kid who is brand new to the idea and wants to be able try it out without any pressure!”

“It’s never too early to teach kids how to include everyone. In a world where so many lines are drawn, Kids Inclusion is an awesome way to blend all levels of development together while having fun.” (KidsInc, n.d.)

Clearly, the parents are pleased, and they represent an influential and potentially powerful advocate for the program.

New relationships will continue to develop. Just next-door to Amarillo, in the town of Canyon, Texas, another alliance is building with the Athletics program at West Texas A&M University. Jimmy envisions WTAMU college athletes choosing to serve as coaches and that they will appreciate employment opportunities as game officials.

Pieces of the puzzle are coming together in Jimmy’s mind, and the Kids Inclusion branding story is taking shape. Time will tell what the final picture will be, but it’s likely to be a pretty one for the Amarillo community.
REFERENCES


