

StanfordSOCIAL INNOVATION^{REVIEW}

Sponsored Supplement to *SSIR*

Partners in Impact

By Daniel Cardinali

Stanford Social Innovation Review
Spring 2014

Copyright © 2014 by Leland Stanford Jr. University
All Rights Reserved

Partners in Impact

By Daniel Cardinali

Communities In Schools' journey to scale holds lessons for funders interested in supporting growth.

In 1977 the organization that became Communities In Schools was one of many small, entrepreneurial nonprofits seeking to solve the dropout crisis among low-income students. Today we are serving 1.25 million young people and their families in 2,400 schools every year, in some of the most challenged communities in the United States. An independent evaluation concluded in 2011 found Communities In Schools to be the nation's only scaled-up dropout-prevention organization proven to both reduce dropout rates and increase graduation rates.

Of all the things that happened between 1977 and today to enable and support the growth and success of Communities In Schools, perhaps the most important was the relationship we developed with our funders. Our organization's journey holds lessons for foundations and other social investors interested in supporting large-scale, evidence-based change.

In Search of Early Investors

None of the nonprofits working on dropout prevention in the 1970s had the history or the heft to approach funders with a solution that was proven to work on a large scale. That left everyone with the same chicken-or-egg problem: how to attract investment to a workable solution, when investment is required to establish credibility.

When philanthropies have few data to go on, investment decisions often come down to leadership and personalities. Communities In Schools was fortunate at this critical juncture to have a founder, Bill Milliken,

Daniel Cardinali is president of Communities In Schools.



who could form and nurture philanthropic relationships as well as anyone in the nonprofit sector.

Two funders in particular understood Milliken's vision and offered critical support during the delicate early phase. At that time, Anne Cox Chambers, an owner and board member of media conglomerate Cox Enterprises, was the person who first recognized the potential of the program and offered significant financial resources. As a businesswoman, she appreciated the fact that young organizations need latitude and flexibility, and her support came with few strings, allowing Milliken the freedom to experiment and "fail forward." (Thirty years later, after several terms on the board, Chambers con-

Of all the things that enabled and supported the growth and success of Communities In Schools, perhaps the most important was the relationship we developed with our funders.

tinues to provide general operating support to Communities In Schools.)

With Chambers's help, Communities In Schools established a pilot program in Atlanta that showed great promise, and her imprimatur was the key to attracting the next round of investment. Lilly Endowment expanded the program to seven additional communities throughout the United States. As is typical of early-stage investments, four of the seven sites eventually failed, but Lilly Endowment continued to fund the experiment, allowing three sites to flourish. One of those sites, Houston, laid the foundation for the program's rapid expansion throughout Texas, the

single strongest state in the Communities In Schools network today.

Organizing for Maximum Impact

By the late 1980s, Cities in Schools, as it was called back then, began to grow. It had established affiliates in Florida, Georgia, North Carolina, South Carolina, and Texas. The early experiments were highly localized, and that led to some soul-searching about our national identity and structure. Should Communities In Schools be a centralized, top-down organization with national standards and practices, or a network of autonomous, local nonprofits sharing resources and support at the national level?

Once again, philanthropists were crucial to answering the question. Because education is an intensely local issue, Milliken and the leadership team decided in favor of local ownership of the initiatives, and Bell

South Foundation provided a four-year grant to establish state offices to support the local efforts in Florida, Georgia, North Carolina, and South Carolina. The decision in favor of local control opened the door to enormous financial and human resources in the communities where the program was working.

At the same time, the Communities In Schools network began to tap significant public dollars to blend with the philanthropic investments it received: public education funds; grants at the municipal, county, state, and federal levels; and legislative financing at the state and federal levels. For the most part, public dollars sustained

the core work of the organization, and philanthropic investments funded innovative programs. The net result was enormous growth throughout the 1990s.

The mix of public and private funding continues today. The Communities In Schools network currently receives 60 percent of its funding from public sources, and private donations (individual, corporate, and foundation) account for 40 percent. But dollars alone don't tell the whole story, because 80 to 90 percent of our human capital comes from our 70,000 volunteers and 16,000 community partnerships at the local level.

A Pause to Reassess

By the late 1990s, when I arrived at Communities In Schools, the network was in its most explosive growth phase. In the middle of that decade, we were serving fewer than 500,000 kids nationwide; by the early 2000s, the number had grown to nearly 1.5 million.

Even as we celebrated our success in reaching more students, doubts began to emerge about the efficacy of our efforts. With a significant investment by Cisco Systems, we established a performance management system that offered our leaders much deeper insights into the daily operations of the network. In reviewing the new data, we realized that growth for its own sake had become the primary goal of the program. Once we realized this, we began to recalibrate our goals and temper growth with an increasingly strong commitment to quality.

Philanthropy, once again, was a powerful partner at a time when the stress of rapid growth was beginning to expose the cracks in our foundation. Fixing those cracks was not the role of public funders; we were completely reliant on private investment to help us reimagine our capabilities, articulate our vision for how the Communities In Schools model could improve public education, and establish standards of evidence that would justify future growth. Without funding partners willing to take risks and provide capital to learn from our mistakes, Communities In Schools' eventual success would have been impossible. Five private funding partners were particularly instrumental in helping us through this phase.

- The Knight Foundation provided \$350,000 to fund a two-year, third-party evaluation jointly designed and administered by national experts and

Communities In Schools network leaders committed to high-quality evidence.

- The Atlantic Philanthropies provided \$5 million for a five-year longitudinal evaluation and an additional \$1 million of general operating support to ensure financial stability at the national office.
- The Gates Foundation provided \$2.5 million to support the national office's efforts to drive organizational change throughout the entire network.
- The Omidyar Foundation (now Omidyar Network) provided \$750,000 to fund a consulting contract with the Bridgespan Group to reorganize both the Communities In Schools network and operations in the national office.
- The Robertson Foundation made a \$1 million general operating grant based

Communities In Schools built trusting relationships with our funders that enabled us to be open and honest with them as we went through the transformation process.

on one condition: that Communities In Schools national had to halt growth and focus on organizational development.

Taken together, these efforts were nothing less than transformational. For the better part of a decade, we embarked on a program of deep organizational change that focused on stabilizing the national office and network, developing a performance management system, initiating the five-year longitudinal evaluation, and preparing every part of the organization for extensive quality improvement based on our evaluation findings.

For an organization accustomed to success and rapid expansion, this was a period of painful self-examination and humility. Fortunately, we had built trusting relationships with our funders that enabled us to be open and honest with them as we went through the transformation process. We were forced to acknowledge our shortcomings, rein in our growth, and refocus our efforts to better support our mission. Private philanthropy was pivotal in helping Communities In Schools reshape itself into a financially strong, cohesive, quality-driven network positioned to lead transformative system change on a national scale.

Renewing the Drive for Scale

Armed with a better understanding of what works and a better way of measuring the work of our affiliates, Communities In Schools is now poised to resume our previous growth trajectory while maintaining verifiable standards of success. This, of course, will require new funding, and our philanthropic partners have responded enthusiastically.

In 2010, for example, we were named by the Edna McConnell Clark Foundation (EMCF) as a member of its Social Innovation Fund portfolio through a public-private partnership with the Corporation for National and Community Service. EMCF has become a critical partner because of its expertise in aggregating philanthropic capital and facilitating organizational change. EMCF brought The Wallace Foundation to

the table in a matter of weeks, establishing a \$12 million investment pool that enabled Communities In Schools to invest significantly in its next phase of organizational development and targeted expansion.

Communities In Schools also worked closely with EMCF to launch a three-year, \$75 million capital campaign in 2011 to accelerate our growth. Through extraordinary board leadership, corporate and foundation philanthropy, and a host of individual donors, we exceeded our fundraising goal by the end of 2013.

Communities In Schools plans to double its reach over the next ten years. But even with that level of growth, our services will reach only 2.4 million students at a time when approximately 11 million children in K-12 public education are living in poverty. We are working on plans based on this realization to empower a much broader spectrum of organizations to provide the integrated services that have been crucial to the success of Communities In Schools. This represents a new strategy with a new series of challenges and opportunities—and we hope it will attract a new set of private funders willing to partner with us in seeking to end the dropout crisis. ★