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# Planning a Promise Neighborhood

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**PROMISE NEIGHBORHOODS INSTITUTE**  
AT POLICYLINK



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## Introduction

Inspired by the success of the Harlem Children's Zone (HCZ) in New York, you and your colleagues and partners have decided to create a Promise Neighborhood. In doing so, you are joining leaders across the United States to level the playing field for a generation of children in America's most impoverished urban and rural areas. Your efforts will be aimed at breaking a vicious cycle of inter-generational poverty by providing a cradle-to-career continuum of educational and community supports that gives poor children the opportunity to achieve long-term economic success.

Accomplishing your goals will take tremendous tenacity, resources, vision and commitment. But reduced to the essentials, you must do at least two things very well: you must develop sound and comprehensive business plans to guide your work, and then you must stay focused on executing those plans. *Planning* the work will no doubt be easier than *doing* the day-to-day work of serving and supporting children and their communities. That said, *the planning process itself is incredibly challenging.*

To help you meet the challenge, the Promise Neighborhoods Institute at PolicyLink turned to the Bridgespan Group to develop this planning guide. The document is based on Bridgespan's experience developing business plans with HCZ and other neighborhood initiatives that seek to improve outcomes for poor children. It also incorporates lessons learned from other comprehensive community-change initiatives across the nation, and Bridgespan's cumulative knowledge gained from helping hundreds of nonprofit leaders expand their anti-poverty, education and youth-development services. The Promise Neighborhoods Institute at PolicyLink funded the guide and provided feedback along the way, drawn from a decade of PolicyLink experience working with organizations and communities across the country.

Business plans are not just for those in the corporate sector. They're for anyone who intends to bring people together to create something of value, and something that will endure. The planning concepts outlined in these pages will illuminate the link between broad strategy and nitty-gritty tactics. They will help you ask and answer tough strategic questions about the specific impact you intend to have, and about which programs to provide, for whom, and in what sequence, in order to achieve that impact. They will help you address critical implementation issues by identifying the resources and skills you'll need and the ways in which you'll fund your work. They will also help you set realistic expectations about how you and your colleagues will engage with the other organizations joining your efforts, and with other stakeholders. Finally, your planning efforts should establish performance measures that will give you the information you'll need to track your progress, and, more importantly, to *understand what's working well, what's not, and why*, so that you can expand your initiative and reach more people effectively over time.

As you know, the U.S. Department of Education's Promise Neighborhoods program has committed funds for planning, and promises implementation funding (dependent on Congressional approval) to grant recipients

through competitive application processes. This guide is aligned with many of the selection criteria in the 2010 Promise Neighborhoods planning grant application. However, it avoids a direct overlay with the selection criteria because our intent is to help you develop a successful neighborhood initiative with a focus on education at its heart, *whether or not you have applied for and received a grant from the federal Promise Neighborhoods program*. We also wanted to include some thoughts on implementation planning and practice, based on Bridgespan client work and experience, though the criteria for implementation had not yet been published as of this writing.

To be clear, this guide is not meant to be a comprehensive tool for developing a Promise Neighborhood. Instead, it is designed to help you hone your decision-making process so that you can focus on the issues that matter most to your initiative's success. To that end, it is organized around five critical questions. They are:

What do we know about the children and families we want to support, and how should we focus our efforts?

What activities and programs do we need to provide in order to deliver measurable results?

How should our partnership be structured and what capabilities will we need to succeed?

How do we plan for our funding so that we can get the resources we need to achieve our goals and sustain our efforts over the long-term?

How will we reach *all* of the children that our initiative aspires to impact?

The questions may look simple if you're thinking about them in broad strokes. Answering them well, however, requires rigorous analysis and thoughtful consideration. The body of this paper will demonstrate why each question is important, illustrate the most important tradeoffs that answering each question will require, and offer specifics about how to marry values with data and analyses to inform your decisions. Wherever possible, real (though anonymous) examples will show how others have wrestled with these questions.

\* \* \*

If you applied for a federal planning grant, you will already have made many decisions about your initiative, including selecting a neighborhood and identifying key partner organizations. However, as you deepen the work that you and your partner organizations are doing, it will be well worth checking your decisions and assumptions, so that however you go forward (with or without a grant), you'll be well prepared for your next steps. Whether or not you are involved in the grant process, we hope you find this guide a valuable contribution to the ongoing dialogue among community leaders, and welcome your candid appraisal of its usefulness. We are also eager to hear about your experiences and lessons learned in real-time. Your feedback and insights will provide valuable guidance to others when posted on the Promise Neighborhoods Institute's PolicyLink website at [www.PromiseNeighborhoodsInstitute.org](http://www.PromiseNeighborhoodsInstitute.org).

## Engaging Authentically with Residents<sup>1</sup>

The initiatives with the strongest chance of success are those that truly embody the voices, leadership and energy of the members of the community. In order to achieve such a collaborative partnership, it is important for the leaders of the organizations involved—nonprofits, schools, public agencies, funders, etc.—to engage *authentically* with residents. (By “authentic,” we mean conducting honest, ongoing and respectful dialogues with community members, truly hearing what is said, deciding what to do based on what is learned, and involving residents in implementing the plan they’ve helped develop.)

Authentic resident engagement strengthens a neighborhood-based initiative on multiple dimensions. At the outset, for example, it helps the initiative’s leaders understand all of the unique needs of the neighborhood. Perhaps more important, it helps leaders identify solutions borne of residents’ own experience and innovation, or validated and refined through residents’ participation in planning and execution. Authentic resident engagement is also the key to sustaining the support, participation and leadership that the initiative will need to reach its goals over time.

The problem is, in the long history of community transformation, most efforts to engage residents have not worked. The reason is that there are real power dynamics and trust issues inherent to “bringing” change into poor neighborhoods.<sup>2</sup> Consider: Too often, civic structures have eroded to the point where there aren’t enough organized community groups to allow outside initiatives to gain any traction. In areas where civic structures do exist, “brand-new” efforts can be threatening to the status quo. Most of the time, the leaders of such transformation efforts come from outside of the community, and it’s clear to residents that they do not understand the context in which they’re trying to operate. And residents, who have witnessed and often acutely felt the effects of efforts that have failed in the past, are understandably leery of outsiders’ promises and naturally wary of new ventures.

How can an initiative’s leaders overcome these challenges? Historically, the most successful way to engage residents authentically has been to *empower them to identify the community’s needs—and the ways to meet those needs—themselves*. Promise Neighborhoods, by their design, may face challenges in this regard; residents will know that the lead organization, by complying with federal guidelines, has already defined the

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<sup>1</sup> More information about and experience with community engagement can be found in [“Sustaining Neighborhood Change: The Power of Resident Leadership, Social Networks, and Community Mobilization,”](#) a report published by Ann E. Casey Foundation and The Center for the Study of Social Policy.

<sup>2</sup> For many communities, the distrust dates back to horrific incidents such as the Tuskegee Syphilis Study of the first half of the 20<sup>th</sup> century or other academics who used community members to gather data but did nothing to ameliorate the problems they documented in published papers. Even those with better-intentions have tried to implement programs from outside the community and have failed.

initiative's goals and strategy. On the positive side, however, Promise Neighborhoods federal planning grants allow for a good deal of latitude in determining programs, setting the sequence of implementing the programs, and focusing the work on the specific needs of each neighborhood. The grants also *require* community engagement that extends beyond merely listening to the community. For example, the guidelines specify that at least one-third of an advisory or governing board must be representative of the geographic area being served, and that each initiative must demonstrate how residents will play an active role in organizational decision-making.

The following principles will help you engage authentically with residents in the community you have committed to serve.

***Make it easy for residents to engage.*** Create many different opportunities for residents to connect with the initiative, such as asking them to provide input on analyses or emerging recommendations, asking them to assess and help prioritize existing/potential programs, asking them to help develop and conduct surveys about the shape of the initiative, and asking for their help in delivering programs. Use a range of venues, times and formats. Enable participation by providing child care, transportation, meals and other supports that can offset the costs they'll incur if they volunteer their time to engage.

***Be up front about what has already been decided and where decisions still need to be made.***

Focus resident engagement on the open questions and show residents that their engagement truly matters by acting on their input when possible, and explaining your reasoning when you cannot incorporate their suggestions (due to funding or other resource limitations, grant requirements, or the need to set and honor specific priorities).

***Communicate frequently, but strategically.*** Identify residents who sit at the center of existing social networks, and give them the tools and resources they need to inform and engage others in their networks. Communicate with the broader population through a range of approaches. For example, don't hesitate to send out newsletters and brochures, knock on doors, set up information tables in public places, and make announcements through community institutions such as churches and mosques. And don't forget online neighborhood portals, email blasts, and other social networking technologies.

***Identify, develop, support, and, when appropriate, hire aspiring neighborhood leaders.*** They can provide ideas and direction, act as ambassadors and, in time, take the helm of the effort and even lead complementary efforts to improve the community. Investing in their future is both a means and an end!

***Reward residents for volunteering their time (beyond the obvious longer-term reward of helping the community transform itself).*** Provide small incentives (food, phone or gift cards, raffle prizes, volunteer appreciation parties), or offer some practical tools that are easy to deliver and won't stress the initiative's resources, such as child-appropriateness ratings for movies and video games, or nutrition-conscious meal planners.

***Join a formal community of practice*** so that you can share your thoughts on what's working in your neighborhood, learn about how other initiatives are involving residents, and try out engagement approaches that are working well for others. One place you can find out about such communities is via the Promise Neighborhoods Institute at PolicyLink.

## Question 1: What do we know about the children and families we want to support and how should we focus our efforts?

You aspire to lift up an entire neighborhood. Where should you begin? Should you focus first on the neediest children and families, with the expectation that addressing their needs will have ripple effects on the entire neighborhood by “lifting up the base?” Or should you “lift from the middle” by focusing on residents with more moderate needs, in the belief that scarce resources will go further with this segment, and that achieving a critical mass of change will tip residents’ expectations throughout the neighborhood? What about taking a geographic subset of the neighborhood you’d like to serve and starting there?

Any one of those choices makes sense, and will naturally reflect your values and beliefs (and those of your partners). However, it is important to make the decision about where to focus your initial efforts early on, and to be clear about the rationale that backs it. The benefits are clear: Having a tight focus on place and population at the outset will make it easier for you to set clear goals and then measure achievements against those goals. You’ll quickly learn to “specialize” in addressing one critical need or population, and you’ll learn how to achieve greater impact for every dollar you spend. You’ll also be better able to clarify roles and responsibilities for everyone involved with your work. What’s more, if you’re concentrating your efforts, you’re more likely to be able to demonstrate results early on, and *demonstrated results are the nonprofit world’s coin of the realm and can help attract funding and support for expanding and replicating your initiative.*

Finally, having a tight focus will help you say “No” when you have to. There will be compelling reasons to include each group of potential beneficiaries in your first efforts. But, if you try to serve too many groups in the beginning, you’ll dilute your efforts and potentially endanger your initiative overall. You have to keep the big picture in mind. Which starting point will give you the best chance of success overall?

If you have applied for Promise Neighborhoods planning grants, you’ll have something of a head start with regard to picking an initial focus area because of the design of the U.S. Department of Education’s application. Nonetheless, making these choices will be emotionally challenging; when you’ve committed yourself to eliminating inequities, setting priorities will feel like a bad compromise, even though you’ll know why you need to do it.

Political pressures can also come into play. While you may seek to concentrate your initiative’s efforts where you have the most experience and community trust, political champions may try to shift your focus to areas where they have made commitments, or want to gain support. Since a significant portion of long-term funding will likely come from public sources, navigating the political waters will be tricky.

Discrete priorities can also be difficult from a practical standpoint; the world just doesn't present itself in tidy segments. For instance, if you focus on one particular group of children in a neighborhood or a school because they have greater needs, it will seem in the early phases of your efforts as if you are leaving others (who also live or study there) behind. These choices can force—and reinforce—a distinction between “haves” and “have-nots.”

Using data to ground and inform your choices can help lessen the pain of making these tough decisions, and help ensure that they are as objective as possible and make sense in the big picture. With accurate information at hand about the populations in your neighborhood, including their needs, and the scope, strengths, and weaknesses of the community's assets, you'll also have the firepower to push back against political pressures, and the ability to explain to yourself and others why the initiative has chosen its specific focus.<sup>3</sup>

This next section will discuss how you can use data to help you decide on your initial focus, specifically, your neighborhood selection, and the people you intend to serve.

### Picking a neighborhood

To pinpoint the geographic frame of your initiative, consider three factors: need, assets and established boundaries.

**Need** – Think in terms of the area of concentration of potential participants and their particular barriers to success. The U.S. census data on demographics of low-income youth and families by race/ethnicity, economics and family composition is one good source of data here. You also can create a geographic map using key child welfare indicators collected from public agencies, schools, and community-based organizations. A critical set of data involves student achievement gathered from schools, school districts, education reform organizations and local community-based organizations. These are essential to understand the academic need effectively. In addition, it may be important to assess other economic, housing, safety and health indicators.

**Assets** – Think in terms of foundational elements. What is in place already? Knowledge of school catchment areas and school feeder patterns can help you understand the assets you'll have to work with. (Since schools are the defining element of Promise Neighborhoods, we will devote extra detail to

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<sup>3</sup> The key is gathering accurate data. Often such information is either out of date or not available at the neighborhood level. In some instances, you may need to collect new data where the existing information is limited. You'll also have to be careful to balance your use of data with an understanding of its context and with local knowledge to put it in perspective; relying on data alone can lead to poor decision making.

selecting the right school partners for your needs below.<sup>4</sup> You should also consider resident stability (e.g., change of schools, tenure in current address, transience, home ownership), and community infrastructure (e.g., commercial centers, transportation, churches and nonprofit organizations). Community infrastructure assets are particularly relevant, since other nonprofit organizations can potentially contribute to your initiative's continuum of services or partner with you in other helpful ways. It can also be helpful to take political support or opposition into account as you consider assets.

**Boundaries** – Think in terms of the neighborhood's natural or well-understood community boundaries. Can natural boundaries be defined by tangible features like rivers, highways, or major thoroughfares? What about intangible (but no less real) boundaries, such as gang territories?

Once the outline of a neighborhood begins to emerge based on those three factors, the next most critical element to consider when selecting a neighborhood will be your *initial school partner*. Here, it's useful to consider *catchment areas*, or the geographic locales from which the students are drawn, and the *feeder patterns* of the area school system, namely, the way in which students move from elementary schools to middle schools and high schools.

This kind of data is essential and helpful, but it's also messy, and will require you to make some judgment calls based again on the values and beliefs of the initiative's partners. For example, many feeder patterns do not link elementary, middle and high schools crisply to one another, especially when there is "school choice" available. Perhaps more important than any of the geographic factors, you also will have to identify school leaders who are both collaborative partners and run schools that have a track record of increasing effectiveness, or are committed to the changes required to become effective. And, you will need to determine the specific grade levels of the school(s) with which to partner from the onset.

Partnering with *all* of the schools in a feeder pattern probably won't be practical at the outset, given the amount of resources needed to do so effectively. So, it will be important to consider the benefits and risks associated with each potential partner. The tradeoffs<sup>5</sup> depicted in Figure 1 can help you weigh your options for an initial school selection. (A similar logic would hold for the sequencing of early childhood and out-of-school-hours educational enhancement programs.)

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<sup>4</sup> We assume that, as your planning efforts unfold, you may revise and refine the decisions you've made regarding the group of schools you have proposed to work with in your Promise Neighborhood. For example, you might shift your focus within the group, revise the group or sequence your efforts within the group.

<sup>5</sup> This section separates approaches that start with elementary school, middle school and high school, respectively, since this is the dominant school structure across the United States. Neighborhoods with schools in other structures (e.g., K-8 or 6-12) will face an amended set of pros and cons.

**Figure 1: Initial school selection**

Approach	Rationale	Risks
<p><b>Start with elementary school</b></p>	<p>Participants will be less likely to fall behind expected levels of achievement if interventions begin early on                      The cost at later stages in the continuum will be lower, if much is accomplished in these early years                      Approaches to quality elementary instruction are better understood and less specialized                      Valuable connections can be established with early childhood and pre-K work that is already being done in the neighborhood</p>	<p>Broader impact on the neighborhood may take longer given the age of children being helped                      The current generation of young adults in the neighborhood may be left without near-term options                      Unless the middle schools and high schools in the feeder pattern are engaged and improved soon after the elementary schools, the gains achieved in the lower grades may not be sustained</p>
<p><b>Start with middle school</b></p>	<p>Middle school is where students develop the foundational skills they will need to succeed in college-ready high school curricula                      The transition point between middle and high school is often where the seeds of dropping out are sewn                      Approaches to quality instruction and remediation in the middle school years are reasonably well understood and less specialized</p>	<p>Unless high schools in the feeder pattern are engaged and improved soon after the middle school, gains achieved at the middle-school level may not be sustained                      Many recent major reform efforts have focused on elementary school and high school, so less is understood about middle school reform</p>
<p><b>Start with high school</b></p>	<p>High schools have high visibility in neighborhoods, and can help “headline,” or set the tone for, a neighborhood initiative                      High school students can be influential role models for younger children                      Starting with a high school immediately helps the current generation of young adults prepare for post-secondary education                      Promoting a college-going culture, for instance by engaging high school age youth with college programs, can have ripple effects throughout the neighborhood</p>	<p>It is more difficult to help young adults, who are often many years behind in their education, to catch up                      Near-term outcomes may be poor, jeopardizing support for the overall initiative                      Success will be challenging until the quality of instruction in elementary and middle school can be improved</p>

For example, if your efforts initially start with high school, you will want to think about how to set expectations about near-term outcomes. Experience suggests that high school students may show only modest improvements, particularly at the outset of school turnaround efforts, yet community expectations may be raised significantly by your initiative. If your initiative initially starts with elementary school, you will still have to set expectations for what can be achieved in the near term for older children in the neighborhood.

Consider the following example: Initiative A is led by an organization that has a long history of pursuing economic self-reliance and equity for underserved communities in its city. This organization's programs—focused on an urban population—range from Head Start to job placement services. Inspired by HCZ's success, the organization's leadership launched an initiative to turn around the prospects for young people in a pilot neighborhood by delivering best practice education, youth-service and family-support programs with partners. This group had programs across the city but had an historic connection to the city's Black community. To determine where it would focus its neighborhood initiative, the organization collected data on education, safety, housing, employment and health from three neighborhoods with significant concentration of poverty and a strong Black community. The organization also mapped the assets of each neighborhood, including community-based organizations (CBOs), schools, churches, political leadership and community leadership. Lastly, it assessed the relative strengths of its relationships and existing programs in each neighborhood.

One neighborhood stood out because the initiative's leaders had deeper relationships there, and more services already in place. This particular neighborhood had great needs in multiple dimensions, but it was not the most challenged of the three. Nonetheless, the leaders began to focus in on this neighborhood because they became convinced that their assets and the slightly less-daunting level of need there would allow them to more easily build momentum.

As they narrowed their focus, initiative leaders became particularly distressed by the dismal high school results and extremely high drop-out rate. The high school had frequent leadership turnover and was being cited by city leaders as a focal point for urgent of reform. An analysis of safety data also showed that a string of fatal attacks on high school students was affecting the entire neighborhood. From these factors, the initiative's leaders decided that their initial point of leverage would be the high school, linked to a neighborhood-wide emphasis on safety.

Their next step was literally using a compass to draw a circle around the high school on a city map. After looking at the data about the population within the circle, they concluded that the total number of residents—which was somewhere between 80,000 and 90,000 people—was too large for the initiative to succeed. Using additional data, such as school feeder patterns, gang territories and jurisdictional boundaries, they were then able to define a smaller area that included 10,000 residents, of which 4,000 were under the age of 25.

Starting in the high school meant that the initiative needed a strong working relationship with the school's administrators (which the mayor facilitated), and a plan for helping to turn the school around, (which emerged through partnering with nationally recognized experts). The initiative's leaders also developed partnerships with the police department and the district attorney's office, and collaborated with a community-based organization focused on gangs to develop a comprehensive safety program for the neighborhood.

In the second stage of their work, they planned to move “up stream” to reach the children who would eventually attend this high school. The intent was to provide a true generational support system, starting with prenatal, early childhood and preschool supports, followed by high-quality experiences in elementary and middle school environments. They also envisioned programs to help improve the health of young people and their parents through a partnership with the county health department, the local hospital and a CBO focused on community health.

Leadership team members are now seeing reduced absenteeism, greater participation in college-preparatory courses, and improved scores on standardized tests at the high school, although these gains have taken several years to achieve. They have also seen a dramatic improvement in safety, which has created positive momentum for other elements of the neighborhood transformation effort. With their first-stage efforts bearing fruit, they are now hard at work implementing the second stage of their plan.

### Targeting participants

How do the needs of the neighborhood map against your initiative's mission, values, and ability to improve specific outcomes related to those needs? Answering this question is the key to figuring out who your initial target beneficiaries should be.

Conducting a needs-based segmentation analysis will help.<sup>6</sup> Such an exercise will reveal logical, differentiated clusters, or groups of individuals, based on clear indicators of need. For example, these might include family segmentation based on self-sufficiency or segmentation of children based on developmental measures.

It's true that needs-based segmentation analyses are often easier said than done because of the typical lack of relevant data. However, you can approach this challenge by working with entities with private data or by creatively using publicly available sources of data. Potential partners with useful data include schools, early-childhood programs, after school programs and such public agencies as human services and juvenile justice. These sources can provide data on key indicators—such as foster care or incarceration rates—that will help quantify need. Similarly, census figures, school test information and local reports (often produced by governmental entities) can provide robust data that track clear indicators of need. Indeed, with some creativity, these often can be used to identify and size segments. Yet while public data can often be useful at a macro level to identify and size segments, they will be less useful to segment particular children and families in a tighter geography.

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<sup>6</sup> Promise Neighborhoods planning grantees are required to conduct a needs-based segmentation analysis in their planning year.

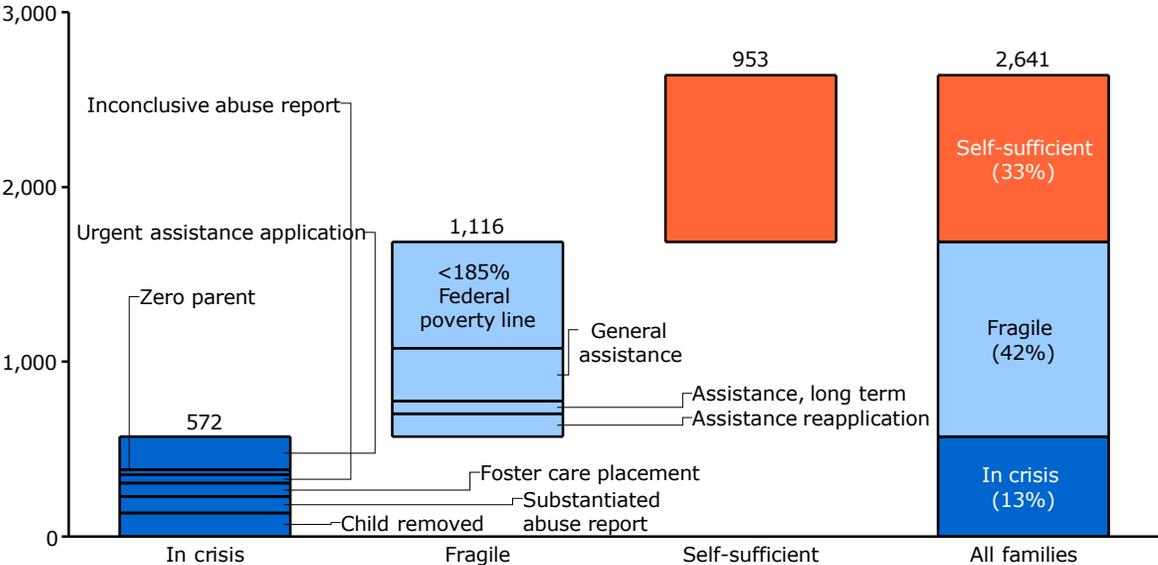
Consider the experience of Initiative B, located in an urban area in the western U.S., and focused on a neighborhood at the edge of a prosperous city. The neighborhood had been affected by a slow decline of economic activity after World War II and the closure of the largest local employer a generation ago. Many well-intentioned—and ultimately unsuccessful—attempts were made over the years to address poverty and declining conditions in the area. However, with the election of a new mayor and a spike in violence that galvanized political support, new energy, resources and approaches were brought to bear. Armed with a door-to-door survey of residents' opinions and needs, the mayor launched a neighborhood transformation initiative to enable better outcomes for families and children. Its success hinged on developing a fundamentally deeper level of cross-agency coordination, and due, in part, to its public sector leadership, initiative staff members were able to gather and combine data that were previously kept in separate public agency databases. Specifically, researchers were able to integrate data on families in multiple systems of care, drawing from the region's mental health, juvenile justice and foster care systems.

That analysis, depicted in Figure 2, helped identify the proportion of families, in a chosen neighborhood, who were "in crisis." This was partly defined from incidences of domestic violence or child neglect and, hence, involved families in multiple systems of care. The data also identified "fragile" families, defined, in part, as earning less than 185 percent of the Federal Poverty Line and being in a single system of care. And it identified stable families, partly defined as not being involved in any major systems of care and earning more than 185 percent of the Federal Poverty Line. By comparing and overlapping data across systems of care, the initiative was able to develop a holistic yet segmented view of its target population. This, in turn, helped them determine how to configure a continuum of services that was customized to the needs of specific segments of youth and families.

Initiative B decided to target the "in crisis" families with a multi-agency coordinated care model. They decided to simultaneously target "fragile families" with early childhood, youth development and job training programs. They chose not to invest in supports for self-sufficient families.

**Figure 2: Initiative B categorized families in its neighborhood using public agency data**

Families with children in neighborhood



There is no correct *order* to selecting a target area and selecting participants. You will likely need to draw and redraw boundaries and pick then re-pick segments to decide which children and families to focus on initially. You will need to make choices based on imperfect data, and those choices will challenge your values. At some point, the political context of the initiative—beyond the logic of data and analytics—will also affect your planning. Overall, the process will probably feel more like art than science. Nonetheless, it is crucial to emerge with clear answers. Getting the focus straight is the only way you’ll be able to identify, with confidence, the programs and activities you’ll need to pursue.

## Question 2: What activities and services do we need to provide in order to deliver measurable results?

This question reflects the heart of your initiative’s strategy. Answering it requires creating a tight logic—a “theory of change”—between the impact that your initiative seeks to create and the programs you undertake to achieve that impact. It entails articulating the rationale not only for how and why each intervention will work, but also for how all of your efforts will work *together* to drive success in both the near term and the longer term, as measured by appropriate performance metrics.

Building such a credible and comprehensive logic for your initiative will require you to engage deeply with your partners and to be precise in your shared vision. It may also call for you to make concessions about the scale and scope of partner organizations’ respective roles in the initiative’s theory of change.

Partners will need to have a high level of trust in one another in order to have the kind of open, honest and robust dialogue needed to get this done. And not surprisingly, this part of the planning process can be frustrating and contentious, even among partners with that high level of trust. Sometimes, leadership groups balk because they feel that they know exactly what’s needed, and that time spent in *planning* is time taken away from the *doing*. Other times, a theory of change can painfully alter the initiative’s existing relationships, as when it requires the complete or partial exclusion of a current partner or program. But in our experience, this stage of planning is what truly gets all participants on the same page—with expectations, with goals and with the steps that are critical to achieve those goals. The up-front investment in articulating a theory of change is inherently worth the effort by leaders. It provides the foundational logic for the overall initiative. This logic should be both compelling and simple: an initiative’s theory of change thus figuratively and literally puts participants on the same page; you should be able to depict it on a single piece of paper using a prose or flow-chart format.

### Articulating a robust logic (or theory of change) for the initiative

Promise Neighborhoods guidelines specify five categories of academic and five categories of family—and community—support indicators.<sup>7</sup> They also specify each initiative’s centerpiece: a continuum of cradle-to-career educational programs. This makes planning easier, but there are still important decisions to be made, such as: choosing which additional (non-prescribed) indicators to include; drawing the precise connections between activities and expected outcomes; developing the sequencing of changes that will lead to the ultimate impact goal; and defining how each partner in the initiative fits together to achieve the outcome. This chain of logic is called a theory of change.

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<sup>7</sup> Applicants had the latitude to suggest additional indicators of impact but were required, at minimum, to address the academic and community support indicators outlined in the application guidelines.

You can start creating that logic by naming the indicators your initiative will initially seek to affect. The educational measures in the federal Promise Neighborhoods Notice Inviting Applications (NIA) are non-negotiable but you can still decide where you will start with your educational continuum. From there, you'll need to determine the order in which you will take on additional educational indicators, and develop the rationale behind the sequencing. Similarly, as you consider the community indicators that are suggested in the RFP, you must choose which of those to target, in what order and why? You may also consider adding additional measures. If so, now is the time to name them, and determine the order in which you'll take them on.

To make these decisions, you will have to rely not only on your own experience, but also on the experiences of others who have come before you in the long history of neighborhood revitalization efforts. The data and analyses you used to choose your neighborhood and target resident groups should also help you here.

As you pull the various threads together, try to start creating that short, one-page narrative (no more than a paragraph to begin) or drawing a flowchart diagram that captures your logic. This document should describe the chain of outcomes you seek in your neighborhood *and* how these outcomes are dependent upon one another ("if this happens, then this will happen"). Consider these three "starter" examples:

...If safety improves in our neighborhood, our young people will attend school regularly...

...If our young people are engaged in a high-quality educational program from elementary to high school and establish a connection to a caring adult, they will achieve academically and be prepared for a post-secondary education...

...If our children are born healthy and if they receive high quality early childhood education, they will enter first grade ready to learn...

With that chart or narrative in hand, you can begin to flesh out some detail, stating precise and credible links between your target outcomes (near term, medium term, longer term) and the programs and other activities you will deliver. This part of the process will require you to make sure that your initiative's stated goals (as reflected in the indicators you've selected) are connected to, and sequenced with, one another. This step will also help ensure that your *overall* goals are aligned tightly with the planned complement of programs.

Consider the following example, which synthesizes the experiences of several community-based efforts. Initiative C (as we'll call it) has an overall goal of ensuring that youth graduate from high school ready for college and career. Here's what an "if/then" narrative might look like for this initiative:

If there is long-term commitment and partnership for change among residents, community-based service organizations, and public agency leaders...

...And if public and private resources can be focused on revitalizing the neighborhood...

...Then the leadership and resources for community change will be in place.

And then if families and residents who are most in crisis are stabilized through deep, sustained and integrated supports (such as multi-systemic therapy, mental health, substance, parenting, reintegration services for the formerly incarcerated, etc.)...

...And if the physical infrastructure of the community is revitalized...

...Then, community expectations will improve and the conditions will exist for broader strengthening of the community.

And then if every child in the neighborhood starts school ready to learn through early childhood development and education...

...And if the elementary, middle and high schools in the neighborhood provide quality instruction that is rigorous and relevant in a safe environment...

...And if all young people in the neighborhood have academically rich experiences in the out-of-school hours...

...And if parents have skills and expectations to support children's educational development...

...Then young people will graduate from high school with the skills to succeed in college and a career.

After articulating that logic, Initiative C's leaders would then link it with outcome measures. They would also define the programs that would deliver each of the expected outcomes. For example, suppose the initiative was relying on resident leadership as a necessary element of its theory of change. We would expect Initiative C's leader to implement a program, based on successful models in other communities, to create and empower a new cadre of resident leadership in their target neighborhood. We would then expect them to measure their progress against those expected outcomes.

While Initiative C's theory of change may seem a bit overwhelming, it is indicative of the scope of the change (and the need for strong partnerships) needed for neighborhood transformation to succeed. And although it will often be difficult to show that specific outcomes will result from specific interventions, such demonstrations are

vital in the planning process. Stipulating the indicators that your programs directly influence will also help you hone your decision about the change you will hold your initiative accountable for.

Here, you can again bring data to bear to help you. Look into existing documented results from formal evaluations of programs implemented elsewhere. Also consider academic research that proves the effectiveness of individual program elements, and less formal data drawn from the experience of other practitioners.<sup>8</sup>

Sometimes it's difficult to construct a universal theory of change within which all of the partner organizations can fit comfortably. However, through the process of developing such a comprehensive view of the effort, you'll gain the clarity you need to be explicit about what each partner organization will be held accountable for. You, and your partners, will be able to see which indicators your cumulative efforts can directly influence, which you can touch indirectly, and which you cannot control or influence at all.<sup>9</sup>

For Promise Neighborhoods applicants, developing a theory of change linked to activities has an added wrinkle. You will have already chosen to partner with certain schools in a given neighborhood, so you'll need to identify ways in which you will provide programs for the children who fall into your initial target groups but do not attend those schools. Consider what HCZ does (keeping in mind that HCZ is the exemplar, and has expanded its services over the years). The number of school-age children HCZ reaches via programs outside its Promise Academy charter schools overwhelmingly exceeds the number of students it serves within those schools. In fact, HCZ provides extensive supports to all the traditional public schools in the zone (both during and after school as well as summer programming and health initiatives) and all the children and families in the zone can also access additional services not offered directly at their school such as preventive foster care, community building, financial, legal and benefit counseling, and free tax preparation. In addition, while all of the traditional public schools in the zone are elementary-aged, HCZ offers after-school and weekend programs for middle and high school students as well as services through its community centers.

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<sup>8</sup> As initiatives implement their own programs—regardless of those programs' evidence-based provenance—they will need to evaluate their own results via formal evaluations, which are essential to the long-term credibility (and funding) of initiatives.

<sup>9</sup> For example, depending on its planned programs and services, a given initiative might claim direct influence over student outcomes (and any other indicator addressed by the lead agency and its collaborators), indirect influence over safety outcomes such as gang incidents, but no influence over housing outcomes.

## Planning a sequence for launching programs over time

From a tactical perspective, the right sequencing allows an initiative to conserve its precious resources in the early stages of its launch and at the same time, use those resources to its greatest advantage. If you plan out the order in which you'll launch programs, and thoughtfully (and realistically) estimate a timeline for those launches, you'll also give yourself (and your partners) much-needed running room to learn from your early experiences. Perhaps most important, getting started well allows an initiative to establish "quick wins" that set the right tone for its work. A good start is vital to build credibility among all stakeholder groups, especially among neighborhood residents.

Think again about Initiative C. Ideally, after articulating its theory of change, Initiative A's leaders would recognize the importance of clearly defined launch phases. For each of their first stages of work, they would then set distinct objectives:

**Pre-launch:** Laying the foundation. This stage would include holding community meetings and developing partners.

**Phase 1:** Building credibility and optimism through quick wins. This stage would involve such activities as rallying community support on key issues and launching small-scale pilots to demonstrate traction. These pilots would engage both parents and students. Select pilots would include expanded after-school, teen-employment, gang-education and trauma counseling services with partners.

**Phase 2:** Rolling out successful pilots and refining the approach. This step would include evaluating the success of the earliest efforts, using that data to figure out how to improve those pilots, and then launching improved pilots and foundational programs on a broader scale.

**Phase 3:** Reaching target scale for each initial program and activity. This stage would entail tracking results and refining and expanding the programs, based on ongoing results.

### **Question 3: How should our partnership be structured and what capabilities will we need to succeed?**

Answering this question forces initiatives to bridge from strategy to execution—from analyzing needs (question 1) to creating a theory of change and aligning programs (question 2) to designing the organization and the partnerships required to achieve your goals. In answering this question, you will tackle the issue of structure, and describe the roles, capabilities and staffing required to bring your strategy to life. You will also describe how the partnership will work, and set clear expectations for what each of the partners will do.

Organizational and partnership design is too often given short shrift in planning processes. But an elegant strategy won't matter if you don't also have a strong organization and partnerships capable of making good decisions and bringing the right people together to execute on those decisions.

At this stage of planning, many initiative leaders face three major challenges. First, choosing partners is a complicated process that's often fraught with politics. Second, change is inherently unsettling, especially when it often requires adopting new roles, adding capabilities or hiring or changing staff. Third, such initiatives are often operating in high-stakes environments for either funding or political support.

You may have already designated lead organizations and determined an initial set of partners. In our experience, an important initial step for each organization is to assess those partners' desired role(s), and current ability to deliver on those roles (the partner organization's capabilities and capacities—that is, staff, expertise, bandwidth, and resources). This process should reveal each organization's respective roles to the entire initiative team; it should also uncover and specify any new capabilities and additional staffing requirements that the partnership and/or a specific organization may need to add.

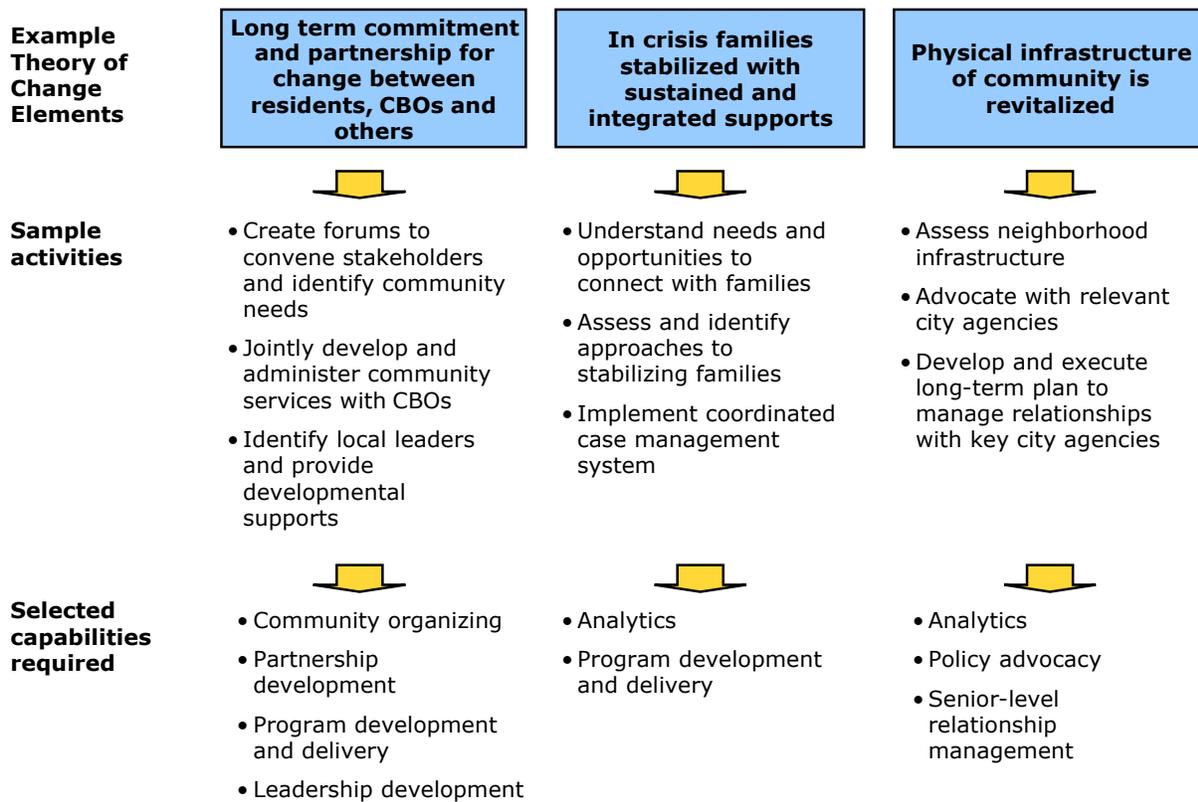
Partnerships also require explicit planning to clarify expectations around data-sharing requirements, fundraising requirements and guidelines, shared performance targets and processes for addressing underperformance. In this part of the process (still well in advance of getting started on the work), you should also ensure that the initiative is clear about how decisions will be made. Each of these topics is covered below. We discuss two other preconditions for effectiveness—authentic community involvement and navigating the political environment successfully—in the sidebar entitled “Engaging Authentically with Residents” and in Question 4.

## Defining roles, capabilities and capacities

One way to flesh out the required roles, capabilities and capacities of your organization and your partners' is to create a roadmap of the activities required to bring your theory of change to life. For each role, you will need to determine the capabilities and staff capacity required for success. Then you will need to assess the potential of the lead agency and all the partners to meet the initiative's needs. Take care to identify the skills needed to deliver programs, *and also* the skills needed to keep the initiative going, including general management, fundraising, cross-initiative coordination, strategy revision, evaluation and administration.

Figure 3 illustrates the connection between a theory of change and the needed capabilities for Initiative C.

**Figure 3: Identifying needed capabilities**



Identifying the needed capabilities and capacities for both program-specific and initiative-wide operations ultimately ends up being an iterative process. You will need to take into account the relative assets of the lead organization and its partners. You will also need to balance a “make or buy” tradeoff and decide whether to develop needed skills within the current set of organizations (“make”) or to include new organizations that possess these skills in the initiative (“buy”).

As you weigh adding a new partner, you will also want to consider other important factors, including that potential partner’s ability deliver on programs, and ability to operate as part of the initiative. To assess the organization’s ability to deliver on programs, consider its results to date, and the cost to deliver those results.

**Results:** Does the organization have a track record of delivering results; in other words, do they have evidence of success? Have they delivered those results for the target population or a similar one?

**Cost:** Can the organization deliver its programs at a reasonable cost? Are the costs “competitive” with providers? Are they justified given the magnitude of the planned outcomes?

To assess its ability to operate as part of the initiative, consider its track record in terms of collaboration, its credibility, and its stability:

**Collaboration:** Has the organization demonstrated that it can collaborate effectively with other organizations, including the lead organization?

**Credibility:** In the eyes of neighborhood constituents, funders and political champions, is the organization known, trusted and respected?

**Stability:** Is the organization financially and operationally stable?

### Getting Clear: Lead Agencies Must Lead

In the case of HCZ, a single agency runs the vast majority of its programs; few comprehensive community change initiatives are likely to do the same. Most Promise Neighborhoods applicants, in fact, are building partnerships across multiple agencies. That said, each initiative has a lead agency, and that agency *must* step up to the task and be a compelling leader.

Our experience suggests that effective lead agencies embody three traits: they demonstrate credibility; they emphasize accountability; and they show tact and humility.

It's no surprise that the hardest role is that of the leader. Lead agencies must listen, learn, counsel, cajole, arbitrate and moderate, all while modeling good behavior—to say nothing of actually executing the work. To be effective, they must set a high standard of credibility, which can only come from demonstrated success in doing similar work before. Having such credibility will be critical to both community engagement and the ability to lead other partners.

Lead agencies must also model and enforce a culture of accountability for performance. Neighborhood revitalization initiatives are about getting results: giving poor children the opportunities to succeed. Lead agencies must be able to hold themselves and their partners accountable for fundamental improvements in the lives of children, as demonstrated in the data. As one senior initiative manager we know says, “Trying hard just isn’t good enough.” Accountability will mean having tough conversations, making tough decisions and having a clear plan and process to address underperformance (Please see the section below, entitled “Building partnerships and collaborations” for more detail). One anecdote in particular brings this point home: HCZ leader Geoffrey Canada says that when he meets groups of aspiring initiative leaders from other communities, he asks which one of them does the firing of the others when things go wrong. He notes that very few groups have a clear answer. Effective lead agencies will be able to answer that question.<sup>10</sup> Their leaders must have the resolve to do whatever it takes to create a culture of accountability for performance.

Finally, lead agencies must have the capacity to collaborate productively. This means that lead executives will need to have the soft skills critical to forging deep relationships—within the partnership, within the community, and across all kinds of stakeholders. Those skills include active listening, the ability to cajole and sufficient humility to share the limelight.

It is at this point that your theory of change begins to gain traction in a very practical sense. By thoughtfully making decisions about capabilities and capacities, you are starting to bridge from what you *aspire* to have happen to the readiness to *make* change happen.

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<sup>10</sup> More information about HCZ and its culture of success can be found [“Whatever It Takes,”](#) a white paper published by HCZ.

## Building partnerships and collaborations

Successful partnerships don't just materialize. They are the product of thoughtful planning and careful execution. They start with clear expectations; they measure progress by monitoring performance against those expectations; and they take corrective actions when expectations aren't met.

Agreeing on clear expectations depends upon effective communication and mutual candor. Conversations should focus on impact goals and the related theory of change. Coming to agreement may amount to a simple meeting of the minds or require complicated negotiations. In any case, the final form of the agreement should be written out as a formal document.

The kinds of topics covered by this documentation should detail such things as organizational roles and responsibilities (based on understood capabilities), commitments to deliver a particular volume and quality of services, targeted outcomes, the means for sharing data, funding and pricing terms and approaches to addressing problems.

Some may object to the "extra effort" required in time and paperwork, but documentation makes things crystal clear. It provides a framework to align efforts, avoid confusion and mitigate problems in the future.

Place special emphasis on the timely, transparent, and easy sharing of data. By definition, creating a continuum of educational opportunities means that, over time, young people will be moving from the programs of one provider into the programs of others. With good data, "downstream" organizations can understand a child's needs, can address them quickly and, where necessary, can provide specialized supports. Moreover, the very viability of the initiative will hinge on having accurate data on performance. It's critical for identifying areas of weakness and success. We suggest creating a specific attachment to your partnership agreement that sets out the specific data-sharing expectations.

Inevitably, some things will go wrong. Successful partnerships formally acknowledge leadership and have clear plans to address underperformance. They establish well-understood remedial supports and penalties. From the outset, your initiative should have clear accountability for results and a plan in place for addressing unsatisfactory performance. This plan should include the specific process by which accountability for performance is enforced. Typically, as the lead agency, you will assess each case of underperformance. However, a final review of the case and enforcement of the plan should be conducted by the initiative's key governance body. To be taken seriously, the plan should be vigilant to performance issues and have the power to terminate a partnership, if needed.

Initiative D, which includes a variety of public and private partners, has a foundation as its lead organization. The initiative provides educational, housing and recreational programs to an urban neighborhood. The various

relationships among its organizations are governed by Memoranda of Understanding (MoUs) that enumerate the quality, quantity, data tracking and handoff of participants between programs at the various agencies. The foundation owns the facilities used by all the program service providers, giving it the ability to remove organizations or partners that aren't performing.

When Initiative D's leaders determine that a partner is not delivering as expected, they have a process of successive interventions and supports to help the partner get on track. If that doesn't work, the partners are clear that removal is a consequence of continued underperformance. The lead organization also controls the funding flow to most of the partners, which enables more effective alignment and accountability. It is worth noting that this initiative's leaders believe that contract relationships are not sufficient to build a strong partnership. Rather, they are deeply committed to developing a highly collaborative and relational approach among partners. Among approaches that work to build such unity of purpose are the inclusion of partners in weekly operating meetings and the publication of success stories about individual partners.<sup>11</sup>

### **Agreeing on decision making**

Once the organizations are identified and clear expectations are set, you will need to define how decisions will be made. Good decision-making is at the core of an effective organization or partnership. Everyone needs to know the rules about how decisions are made. Beyond being explicit about how decisions get made, effective initiatives institutionalize these rules with a supporting infrastructure of good communications and documentation.

Consider the following example, adapted from one initiative's experiences in "deciding how to decide." Initiative E is a partnership of organizations working together to improve outcomes for children across multiple communities. Early on, those partners recognized that they needed to understand how decisions should be made among themselves so that the initiative's business could operate smoothly. To that end, they articulated in detail, a series of key activities—from service provision to fundraising—that required their cooperation. Drilling deeper, they also identified critical elements and sub-elements for each.

For example, the critical elements for the fundraising activity included funding and resource strategy, prospect engagement, proposals, relationship management and reporting. For the funding and resource management element, the partners called out five sub-elements: identifying needs, determining likely sources for needs, setting guiding principles, setting multi-year goals and short-term targets and determining partner roles and responsibilities, including staffing.

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<sup>11</sup> Another resource on collaboration success has been published by [Fieldstone Alliance](#).

They then identified the partners who were required to play decision-making roles for each element using a decision framework called RAPID.<sup>12</sup> Doing so established clear leadership and accountability for all types of decisions.

The RAPID acronym stands for:

- **Recommend** – gather relevant facts and apply judgment to recommend a decision or action
- **Agree** – approve a recommendation (often done by a steering committee or by leaders at various partner organizations). The nature of the required agreement can be formal or informal, depending on the partnership
- **Perform** – execute action once the decision is made. When more than one entity is performing, each organization will do its respective work, as agreed
- **Input** – provide insight to a recommender to help form a recommendation, as well as to the decider to help make the decision
- **Decide** – make the final decision to commit the organization; own the overall sub-process (depending on the type of decision, this may be done by the lead governance body for the initiative, by the lead agency, or by individual partners)

R-A-P-I-D is not intended to dictate the sequence of the decision-making and execution; it's just meant to create a helpful acronym. In fact, one frequent version of the process goes from Input to Recommend to Agree to Decide to Perform (I-R-A-D-P). Each initiative will have its own balance of whom to engage at which point for the process to be successful.

Figure 4 illustrates how one process—fundraising—mapped to the RAPID framework for Initiative E. (Fundraising processes will vary according to the needs and assets of each initiative.)

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<sup>12</sup> The specific roles noted above were adapted from a framework that was originally developed by Bain & Company. [More information on RAPID](#) can be found on Bridgespan's website.

**Figure 4: Using the RAPID framework for fundraising decision-making**

Activity element	Activity sub-elements	RAPID roles
<b>Funding and resource strategy</b>	<ul style="list-style-type: none"> <li>• Identifying needs</li> <li>• Determining likely potential funders</li> <li>• Setting guiding principles</li> <li>• Setting multi-year goals and short-term targets</li> <li>• Determining roles and responsibilities (and staffing needs)</li> </ul>	<ul style="list-style-type: none"> <li>• Lead partner <b>Recommends</b></li> <li>• Core partners <b>Agree</b></li> <li>• All partners <b>Decide</b> (via vote at initiative Board meeting)</li> <li>• Assigned partners <b>Perform</b></li> </ul>
<b>Engagement with potential funders</b>	<ul style="list-style-type: none"> <li>• Identifying potential funders and resource providers</li> <li>• Developing funder-specific strategies</li> <li>• Meeting with prospects</li> </ul>	<ul style="list-style-type: none"> <li>• Once prospect is assigned, designated partners <b>Recommend, Decide and Perform</b></li> </ul>
<b>Proposals</b>	<ul style="list-style-type: none"> <li>• Developing value proposition</li> <li>• Communicating value proposition</li> <li>• Drafting proposal materials</li> <li>• Tracking and following proposal processes</li> </ul>	<ul style="list-style-type: none"> <li>• Once prospect is engaged, designated partners <b>Recommend, Decide and Perform</b></li> <li>• Lead partner <b>Agrees</b> (to maintain consistency across “asks”)</li> </ul>
<b>Relationship management</b>	<ul style="list-style-type: none"> <li>• Maintaining contact with current and potential funders and resource providers</li> </ul>	<ul style="list-style-type: none"> <li>• Designated partners <b>Recommend and Perform</b></li> </ul>
<b>Reporting</b>	<ul style="list-style-type: none"> <li>• Providing required data and updates to funders and in-kind contributors</li> </ul>	<ul style="list-style-type: none"> <li>• Lead partner <b>Recommends</b></li> <li>• All partners <b>Agree</b></li> <li>• Involved partners <b>Perform</b></li> </ul>

By using a commonly understood framework—one that was both documented and well communicated—the partnership established an effective launching pad for its work together. It is worth noting that community engagement in a RAPID-driven decision-making process can occur at any stage in—or even throughout—the process. For example, community members could have decision-making authority via a governance board, or community members could be directly involved in the performance of work such as program delivery, either as paid staff or as volunteers.

## Question 4: How do we plan for our funding so that we can get the resources we need to achieve our goals and sustain our efforts over the long term?

To ensure that you have the financial support you need to achieve your goals, you'll need a holistic plan for managing your initiative's finances—a plan that will tell you what your initiative will cost and how you will fund it, now and over time.

Several external resources are available to help initiatives and organizations better understand their costs (both direct and indirect), and we also anticipate that you either have or can get the expertise needed to build a comprehensive and dynamic view of costs and the factors that influence them.<sup>13</sup> So we will not explore a complete view of costs in this guide.<sup>14</sup> Instead, we will focus on the revenue side of the financial plan: where to get the money.

A well-thought-out approach to revenue is essential to sustaining initiatives and increasing their impact. However, we often find that leaders do not focus on revenue planning as intensely as other areas. Fundraising is rarely a passion that motivates leaders to do their work—they are more often motivated by the impact of their programs and therefore understandably tend to focus their attention there.

The best way we've identified to organize your thinking about revenues is to consider three separate questions:

1. How do we pay for this, and what is the right funding mix?
2. How do we fundraise across the partnership (individually and jointly)?
3. How fast can we grow (sustainably)?

### Determining the “right” funding sources and funding mix

In some sense, there is no “right” answer to this funding question; we haven't yet seen a single, easy and irrefutable approach to determining the optimal plan for funding a neighborhood transformation initiative. The approaches adopted by the Promise Neighborhoods initiatives over the medium to long term will reveal a great deal about this topic. In the meantime, though, we can offer some experience-based ways to minimize your risk and better your odds of attaining ongoing support.

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<sup>13</sup> One resource, called the [Nonprofit Cost Analysis Toolkit](#), can be found on Bridgespan's website.

<sup>14</sup> Ibid.

The overarching idea is to balance your initiative’s needs with funder priorities and restrictions in ways that ensure the reliability of a given funding source. Start by distinguishing between the different types of funding you need. Figures 5a and 5b lay out a framework that differentiates between two kinds of funding: “growth” funding required to get your initiative up and running (by supporting the development of your infrastructure and programs); and “ongoing operations” funding required to *maintain* a viable infrastructure and keep your programs strong over time.

**Figure 5a: Funding needs**

<b>Funding needed for:</b>	<b>Growth (Examples)</b>	<b>Ongoing operations (Examples)</b>
<b>Infrastructure-related</b>	Identifying, customizing and installing a data tracking system Recruiting and on-boarding a CFO for the lead partner Developing IT systems for data collection and analysis for the overall initiative	Assessing performance data and developing improvement plans Preparing financial reports  Operating and maintaining IT systems
<b>Program-related</b>	Identifying, customizing and piloting an evidence-based program (e.g., afterschool) Developing a resident engagement approach Hiring an advocacy leader	Delivering an evidence-based program  Engaging residents in the development and leadership of the initiative Engaging with key policy stakeholders

Then begin to match different types of funding sources to your needs. Certain funding sources are typically better suited for certain needs, as shown using the same framework below.

**Figure 5b: Funding sources**

<b>Sources of funding for:</b>	<b>Growth (Examples)</b>	<b>Ongoing operations (Examples)</b>
<b>Infrastructure-related</b>	Private donations with unrestricted use Government (like USED) or foundation sources that target capacity building Corporate partners that may understand the critical importance of infrastructure	Private donations with unrestricted use (to fund what can’t be recovered via program funding) [Infrastructure costs should be built into the full-cost of operating programs, though too few funders allow full-cost recovery]
<b>Program-related</b>	Private donations with unrestricted use Government (like USED) or foundation sources that target capacity building Corporate partners who may want to be associated with a specific program	Dedicated public funding streams Private or corporate donations from sources whose focus areas of interest match those of specific initiative programs

As you identify sources for operating funding, it's helpful to analyze each individual source for its reliability and flexibility. A deep understanding of each funding stream will help you assess the stability and risk associated with your overall planned portfolio of funding. This analysis will also be a valuable input as you create and assess different scenarios for growth (as described below).

It's critical, at this stage, to consider *how much you will rely on public funding streams* to support operating needs.

All neighborhood initiatives rely on public funding to a considerable degree because government sources are often a "natural match" for the types of education and human services programming that they provide. (Examples include: Head Start; state and local departments of education, youth and/or health; and housing authorities.) But we have seen two distinct ideological camps with regard to how much an initiative should count on public funding, and both have merit.

On one end of the spectrum are those who think that relying too much on public funding jeopardizes an initiative's sustainability and independence. The thinking is that public funding jeopardizes sustainability because it is subject to political processes and shifts in tax revenues, and that it jeopardizes independence because it comes with programmatic restrictions and because it's harder to engage in advocacy to change public systems when you are beholden to those same systems for funding. On the other end of the spectrum are those who believe that public funding is the only source that can be amassed in the quantities needed, and that public funding sources are specifically meant to fund the types of programs that neighborhood transformation initiatives offer.

You'll also need to consider your location. Simply put, some places do not have as many private funding sources as others. Initiatives therefore may not have the ability to proactively determine the levels of private funding they receive.

Consider the following two examples:

HCZ's budget has two-thirds private funding because of the flexibility it affords. The New York-based organization uses a mix of public and private funding to support most of its programs, such as its charter schools, Head Start program, and several programs targeted at youth and families. But, by design, its leaders have limited public funding to less than 30 percent of its total budget (based on 2008 Form 990 filings). They have achieved this by, among other things, systematically pursuing more flexible sources of funding such as multi-year, unrestricted grants from foundations and individuals. These flexible funds are tied to mutually agreed upon outcomes with funders. Of course, HCZ has also been blessed with a talented and charismatic CEO, a compelling vision, and a board that can bring tremendous private funding sources to bear.

HCZ's leaders recognize that the organization's situation is unique, but they signal their concerns about overreliance on public funding in the advice they give to aspiring Promise Neighborhoods initiatives: Limit funding from government sources to less than two-thirds of overall funding because of the risks related to public budget cuts, especially during economic downturns.

Initiative A, by contrast, has taken a different approach. Its leaders have sought to fund their programs largely through dedicated public funding sources. These include Head Start and city funding for early childhood development, state funding for afterschool programming and Workforce Investment Act monies for adult job training. Separately, Initiative A has aggressively sought corporate funding to support customized programs of particular interest to corporate sponsors, such as industry-specific job training and health promotion for children and families. Importantly, like HCZ, Initiative A's leaders have sought flexible funding at every turn. For example, Initiative A used funding from foundations and private individuals, when other sources couldn't be found, primarily to grow its infrastructure and to pay for indirect and overhead costs that couldn't be recaptured in funding for program operations.

### **Working with Policymakers**

Policymakers, both elected and appointed, are an important constituency for support. Seeking bipartisan support provides a shield from the political winds of change. Garnering support from diverse civic and religious leaders adds additional security. The support of bureaucrats, both those appointed by politicians and career staff, is also important and another means to protect current funding and build support for expansion.

Connecting with policymakers can actually be quite simple. They and their staffs are usually interested in successful programs in their area and want to understand why the program was established, who it serves, what it delivers and its cost. They also want to understand the connection to policies and public funding streams. Invitations for visits are usually accepted and can become the beginning of longer-term productive relationships. Developing a relationship with policymakers—both elected and appointed—can cultivate champions to guard against budget cuts and to help make the case for expansion.

### **Establishing an approach for independent and collective fundraising**

Partnerships can dramatically extend your fundraising reach. It's important however, for the partners to agree on a few very important points in advance of any initiative-oriented fundraising work. One critical tradeoff you'll have to consider in collaboration with your partners is whether to fundraise predominantly for operating needs as individual organizations or collectively as a partnership. The choice you make early on can significantly affect the degree of influence that the lead agency can have over the work of its partners over time.<sup>15</sup>

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<sup>15</sup> Our sense is that universities may provide instructive examples for initiatives since universities fundraise simultaneously for their overall institutions as well as for departments and/or programs within those institutions.

You'll also have to weigh the merits of different fundraising scenarios. For example, suppose the locus of fundraising remains with individual partners, who would raise funds specifically for their own initiative-related work, just as they would for their traditional work. Those funds would flow directly to the agency that raises them. (The lead agency might choose to fundraise for growth-related or even some collective operating costs, and then distribute those resources to other partners as needed.) In this scenario, the initiative partners might also agree that a percentage of funds raised by an individual partner would flow to the overall initiative.

Fundraising in this manner increases the risk of overlapping or competing "asks" across the initiative to the same funders. However, it may make the most sense when individual initiative organizations have deep relationships with specific funders and limited need for centralized fundraising capacity. Importantly, since organizations would not be dependent on partners for initiative-related fundraising, the lead agency (on behalf of the initiative) may be less able to influence and control the work of individual partners.

In another scenario, the partnership would raise funds collectively for operating needs, with the lead agency orchestrating the campaigns. The funds could flow directly to individual partners if the "ask" to the donor stipulates a specific recipient. Or they could flow to the lead agency, which would then distribute them out as needed. Fundraising collectively in this manner may make the most sense when you think that there is a potential for bigger "asks," or when there is a risk of overlapping or competing "asks," or if the initiative has sufficient capacity to fundraise centrally. Fundraising collectively also vests the initiative with the authority to disburse funds and therefore gives the lead agency (on behalf of the initiative) a greater ability to influence and control the work of initiative partners.

Consider how Initiative E handles fundraising. Initiative-led fundraising, spearheaded by the lead agency, focuses on capacity and infrastructure, since those costs relate to the initiative as a whole. For example, the initiative-led fundraising raises capital to support full- or part-time staff dedicated to the initiative's leadership in each major partner organization. Individual partner-led fundraising, by contrast, focuses on programs that the partner has committed to deliver, since each partner is in the best position to describe and report on its own programs to funders. By fundraising for some of its activities centrally and funding leadership roles directly, the lead agency of the initiative has retained some control over the work activity of designated staff and has leverage to ensure that partners deliver what they promised to the initiative.

Regardless of your approach, any initiative-wide fundraising will require clear structures and regular communication. You'll need to approach funders and develop relationships with them in a coordinated way. No funder would want to be contacted by multiple organizations from the same initiative. You'll also have to take into account policy and political considerations. Take the time to draft clear rules of engagement that outline distinct roles for each partner, and communicate them broadly among partner organization leaders and staff.

Further, the leaders who are responsible for fundraising—independently and collectively—should meet routinely to share insights and coordinate their activities.

It's also important to establish a clear process to *manage* fundraising, and to decide how the initiative plans to support its fundraising efforts. At many initiatives and organizations the Bridgespan Group has studied, the senior-most leaders spend a significant amount of their time fundraising. However, it is almost never the senior-most leaders who raise the money single-handedly, but a high functioning team including key staff (and an effective set of processes and systems supporting them). In the context of an initiative that includes multiple partners, fundraising capacity should most likely be developed at the lead agency. This capacity can start with the composition of the board, whose members typically play important roles in fundraising for nonprofits. Board members can bring to bear their own financial resources as well as activate their networks for fundraising. Building capacity for fundraising can also include hiring key staff such as a chief development officer or government grants managers to work directly with funders, or a chief operating officer to free up the time of the executive director so that he or she can focus on fundraising. (Please see the Bridgespan Group's [Nonprofit Chief Operating Officer resource center](#) for more information.)

You'll need to take into account central policy and political questions when planning your fundraising strategy as well. Each public funding stream is tied into a complex web of policy and politics. Success depends on understanding both. What kinds of policy reforms are being discussed and might be adopted with an impact on program operations and size? Moreover, does the data from program operations highlight the need for specific policy changes? If adopted, would these policy changes affect the growth or long-term viability of the initiative or components of it?

Policy can be dramatically impacted by politics, so developing scenarios also requires factoring in potential political changes. What might happen to public funding if politicians were to not be re-elected? What kind of impact could a change in bureaucratic leadership have?

Beyond establishing an approach to fundraising for growth and operations, your initiative may be able to take advantage of certain “one-time” fundraising efforts. Leading thinkers, such as the Nonprofit Finance Fund [NFF], have pioneered an approach to raising growth capital for nonprofits that you may find useful. This approach is based on a few unique circumstances—where growth capital needs are truly “one time” and can be bundled for a fundraising campaign—and where funders can be assured that there are sustainable sources of funding to support the ongoing operations of the nonprofit. NFF calls this approach a “sustainable enhancement grant;” more information is available on [NFF's website](#).

## Planning for the pace of growth

As soon as your initiative demonstrates even the earliest indicators of success, you will likely feel a dramatic increase in pressure to grow your efforts quickly—to broaden your reach, demonstrate increased results, show your relevance in the political sphere, sustain funder excitement and build confidence and momentum in the neighborhood. Your growth *path* will have been set out in your theory of change. But, the *timing and pace* of growth will hinge on a combination of human resources (do we have the capacity and capability to grow?) and financial strength (do we have the flexibility to fund growth in a sustainable way?).

Beyond the fundraising capacity noted above, planning human resources will mean making sure you have the right staff in key roles that help facilitate growth. These roles include support functions in the “back office,” such as finance and IT, which help set the foundation for growth. They also include key program staff who possess the ability to grow with the organization.

Even if you have the perfect staff in place, you will also need financial strength. For us, financial strength means having the flexibility to grow as you see fit. We have observed that organizations and initiatives develop this flexibility by carefully balancing their in-year needs with their medium-term and long-term priorities. Specifically, you can develop financial flexibility in several ways. One way is to create an operating reserve, which can be added to annually. Building an operating reserve is hard work. To build one, initiatives can rely on interest income on grants (only possible after an initiative is launched and grants are flowing in), on unrestricted fundraising, or on reserve-specific fundraising. In addition, your initiative can build in flexibility by carefully developing relationships with private donors, who tend to be more willing than other funders to provide unrestricted funding. Finally, the holy grail of flexibility for many nonprofits is a substantial endowment, which affords those who have one the ability to respond to both opportunities and challenges without the delays and hurdles of additional fundraising.

Building flexibility for financial strength is much easier said than done. However, financial strength is a key factor to consider as you plan for growth.

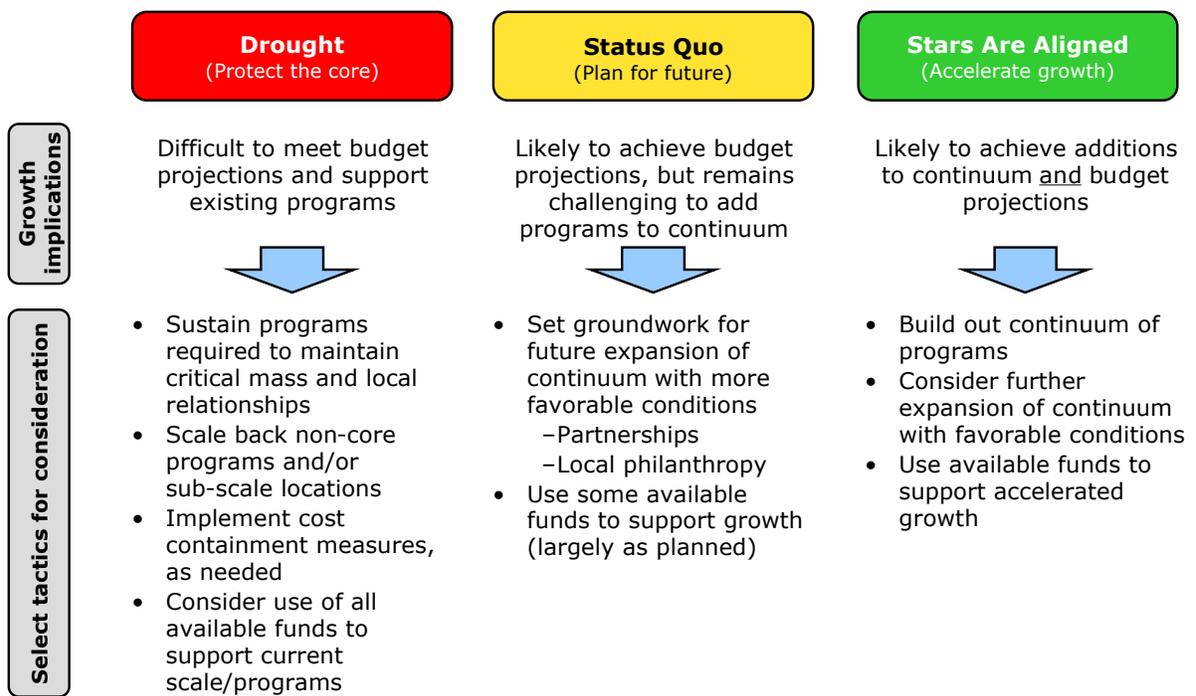
For initiative planners interested in developing a detailed revenue forecast in an environment of inevitable uncertainty, it’s useful to create a “most likely” case around which you can plan your work. The experience and judgment of initiative leaders can help develop this “most likely” view. You can also develop and compare the implications of different growth scenarios for your initiative. Scenario-based planning isn’t exciting, but experience shows that it is a useful tool for planning in an uncertain environment when planners seek a detailed understanding of the implications of different factors on their plans.

When constructed well, each planning scenario can articulate a credible growth trajectory for the initiative aligned with its theory of change. Each presents an alternate reality and a reasonable choice based on that

reality. In addition to developing the core budget, you may want to consider a “stretch” scenario and a “delayed” scenario to help you think about how you might accelerate or decelerate growth given a significant new funding stream or a funding shortfall. While the scenarios need not be mutually exclusive, they need to be sufficiently different from one another to have valid programmatic, organizational and financial implications.

In the face of the recent recession, Initiative F used scenario planning to understand how uncertainties might affect future uses of its endowment and expected funding. The initiative laid out multiple scenarios based on “best case” and “worst case” possibilities, which are depicted in Figure 6:

**Figure 6: Initiative F evaluated three distinct scenarios**



Initiative F’s leaders talked through each scenario in detail, trying to identify the actions they would take in response to each potential reality. Based on this exercise, they also decided which leading indicators they would track in order to try to identify any given scenario as it started to unfold. Many initiative leaders believe such awareness techniques will help them make vital operational and strategic decisions in the future.

(Several resources on sustainable funding can be found on the website for the [Promise Neighborhoods Institute at PolicyLink](#).)

## Question 5: How do we reach all of the children that our initiative aspires to impact?

High expectations are at the core of the Promise Neighborhoods movement. To achieve these expectations, Promise Neighborhoods must first and foremost deliver comprehensive results to an entire community of children and families. This is a daunting process, but it's important to look ahead, even now, because once you have achieved your initial goals, you will be in a position to grow. We've seen three basic approaches to growth, which are not mutually exclusive. We suspect many of you will consider pursuing some combination of them, though not with the same intensity.

The three approaches are:

- **Deepen your work in the existing neighborhood.** You can add to the current continuum of programs for the populations you currently reach, expand to reach new populations in the existing neighborhood, or focus on improving the quality, scale and integration of existing programs. This enables a deepening of community engagement as you reach more people in the same place. For example, if you have been concentrating on increasing college-ready high school graduation rates, you might consider adding a program to reengage young adults who have dropped out of high school. Another route is to broaden your reach to other populations in your neighborhood.
- **Expand your program model to new geographic areas.** There are multiple ways to do this. For one, you can extend the boundaries of your current neighborhood to incorporate more participants. You might also consider taking responsibility for replicating your model in other communities. Or, you might choose to train or assist others to replicate your model in other communities. Regardless of your path, you will need to re-do many of the elements of planning—such as the needs assessment—to take on new geographies. You will also need to adjust your strategy and approach to the unique conditions that present themselves in a new neighborhood.
- **Use your experience and evidence to influence policy.** You can influence public institutions and policymakers who, in turn, can disseminate your principles and practices to affect more neighborhoods simultaneously. Public policy change is often thought of in terms of legislation. But there are also powerful examples of comprehensive community change initiatives influencing city, county and school districts to change their approach to policies; for example, influencing a county health department to revise its approach to foster care referrals, or influencing a police department to take a new approach to gang issues, citywide. Initiatives can also work to influence the development of new policy.

Each approach has distinct risks and benefits as captured in Figure 7.

**Figure 7: Benefits and risks of different approaches to growth**

	<b>Deepen work in existing neighborhood</b>	<b>Expand to new areas</b>	<b>Leverage systems change</b>
<b>Benefits</b>	<ul style="list-style-type: none"> <li>• Leverages existing assets</li> <li>• Reinforces and/or strengthens outcomes through continuum</li> <li>• Deepens community engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Leverages program model</li> <li>• Taps new funding sources that might only be focused on the new area</li> <li>• Expands impact to other neighborhoods</li> </ul>	<ul style="list-style-type: none"> <li>• Leverages evidence</li> <li>• Institutionalizes impact</li> <li>• Expands impact to other neighborhoods</li> </ul>
<b>Risks</b>	<ul style="list-style-type: none"> <li>• May slow path to broader geographic impact</li> <li>• May narrow relevance (in the broader policy context)</li> <li>• May increase complexity and risk of effective implementation</li> </ul>	<ul style="list-style-type: none"> <li>• Could distract or spread organization thin:               <ul style="list-style-type: none"> <li>– Jeopardizing impact in existing neighborhood</li> <li>– Delaying transformation of existing neighborhood</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• May distract from program work</li> <li>• May require unpalatable compromises</li> <li>• May be more susceptible to political shifts</li> <li>• Requires engagement of leadership, additional resources and different set of staff skills</li> </ul>

HCZ's experience provides an instructive example of different approaches to expanding impact. HCZ's growth trajectory in Harlem has taken place in three phases. The first was strengthening its work in the initial 24-block neighborhood and the other two phases involved expansion to an incremental section of the 97-block zone while broadening its programs. The incremental growth occurred in phases defined and projected in the organization's original business plan. For example, in its initial phase of growth (2000-2004), HCZ focused on its original 24 blocks to strengthen its continuum and to deepen its management capacity. A focused approach also afforded HCZ the opportunity for refining its programs. And, in 2004 it embarked on its second expansion phase, which added 36 blocks plus such additional programs as the HCZ Promise Academy Charter schools. HCZ is in the final stage of rolling out Phase III, which will extend its reach to its full 97-block focus area, as depicted in Figure 8.

Figure 8: The Harlem Children’s Zone 10-year growth plan

## The Harlem Children’s Zone 10-year growth plan



HCZ's leaders have also been fully aware of the initiative's ability to help other organizations interested in its model. For example, HCZ shares its experience via its Practitioners Institute, which hosts leaders from various communities interested in learning about the agency's experience. HCZ has also had an effect on policy-makers. A prime example is President Barack Obama's interest in the model when he was a candidate, which led to the current federal Promise Neighborhoods program. HCZ's leaders have been actively working to share information about their initiative's experience to help shape that effort, through their partnership in the Promise Neighborhoods Institute for instance.

## What to Do Next

The contents of this guide should give you and your colleagues a useful foundation for planning your initiative. We hope that you'll use these materials as food for thought to introduce critical issues associated with planning a neighborhood initiative to your partners and team members. We also hope that you'll take advantage of the specific questions and trade-offs outlined here to structure key discussions and working sessions.

If you wish to learn more about specific issues noted in this guide, or if you seek guidance on issues not mentioned herein, we urge you to access the many other resources offered by the Promise Neighborhoods Institute at PolicyLink. These resources range from focused webinars to broader discussion forums, all linked to good practices from current and prior efforts.

The frontier for learning in this movement is constantly moving and the collective wisdom of practitioners will continue to be the most valuable resource for initiative leaders. Join the dialogue and help other neighborhood initiatives succeed by participating in a community of practice. No guide or webinar can replace the value of that sort of real-time, real-world communication. To give children an opportunity for real long-term economic success, it will not be enough to pursue independent successes in specific neighborhoods around the country. Broad change will come when the leaders have found a way to extend beyond the bounds of specific places and connect the dots between neighborhoods.

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