

E X P A N D E D W E B V E R S I O N



USING an **INVESTMENT APPROACH** to GRANTMAKING

**Lessons Learned from
the Casey Foundation's
Jobs Initiative**



THE ANNIE E. CASEY FOUNDATION

The Annie E. Casey Jobs Initiative is an eight-year, six-site demonstration effort designed to help low-income residents find jobs that pay family-supporting wages. All of the sites are managed by “entrepreneurial intermediaries” that represent varied types of organizations, ranging from a private foundation to a city agency. Information about the Jobs Initiative and new developments in workforce reform can be found at: www.aecf.org/jobsinitiative



The Annie E. Casey Foundation

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Using an Investment Approach to Grantmaking

by TOM DEWAR



The Annie E. Casey Foundation

CONTENTS

Introduction 1

Background 2

PART ONE

THE NATIONAL INVESTOR

- 4 -

The Beginning 4

The Givens 10

A Common Language 13

The Style 16

PART TWO

THE LOCAL INVESTORS

- 24 -

Getting Active, Playing a Role and Finding Partners 26

Governing Together 30

Getting Results 34

PART THREE

INVESTOR ISSUES

- 38 -

Local Capacity and Execution 38

Race and Cultural Competency 40

Getting and Using Good Data 40

Value of a Forum to Reflect On
What the Information Means 40

Challenges of Scale 41

Managing for Accountability 42

Employer Organizing 45

Politics and History of Each Site 46

Sustainability Has Been Hard 47

PART FOUR

SOME IMPLICATIONS OF THE INVESTMENT APPROACH

- 49 -

Moving Beyond Programs —
What Participant Stories Tell Us 61

Persons Interviewed in Each Site 63

References 65

■ INTRODUCTION

This is a report on how key actors in the Jobs Initiative (JI) of the Annie E. Casey Foundation (AECF) have used an “investment approach” in their work.

An investment approach is defined here as a way of thinking and acting that:

- Emphasizes accountability for specific outcomes;
- Requires direct engagement by foundation staff;
- Makes good use of data to monitor performance and impact;
- Enlists some private sector methods.

The most important of these private sector methods adapted for use in the JI are return on investment, continuous improvement, customer focus and strategic planning.

All initiatives of this kind have a history and evolve over time. Early in the history of this initiative the language and logic of investment was applied, and it has continued to play a central role. It has shaped the foundation’s role and conduct directly, as well as the work of the local organizations supported through the JI.

Acting as the “national investor,” the AECF and its staff have carried out their work for the JI in a different way from most grant makers and initiatives. The specific ways the AECF has done this will be described in Part 1 of this report. Similarly, the staff and boards of the local development intermediaries have acted as “local investors.” They also have implemented their strategies and projects in ways that can be distinguished from most other nonprofit practice, especially those typically used in the employment and training field.

Part 2 of this report will describe the work of the local investors. For each, there have been lessons to be learned and tensions to be managed. These investor issues are discussed in Part 3.

Finally, Part 4 presents implications of possible interest to grant makers, practitioners and policy makers.

This is not an evaluation of the work underway¹, nor is it an attempt to describe in detail what is happening in each site. Instead, this is an attempt to understand how the ideas and practices associated with an investment approach have influenced the work of the local site teams and the foundation.

To prepare this report, I interviewed a wide range of people. This report relies on what they told me both individually and collectively. It is not intended as any kind of final analysis nor authoritative statement about what an investment approach can or should look like.

It is merely an effort to discuss how various actors in the JI have applied this approach and if it appears to have some potentially useful implications for others. My fieldwork, interviews and file research show that this investment framework clearly has played a central role in how individuals and organizations involved in the JI have approached their work.

¹ Principal evaluators for this initiative are Abt Associates and New School University. See, for example, their “AECF Jobs Initiative Evaluation Report on the Capacity Building Phase” (March 1997-March 2000); or the “Cross-site Report,” Cambridge, MA: 2000.

Background

The JI is an 8-year, 6-site, \$30 million-plus effort to support local jobs projects and systems reforms that help low-income and low-skilled workers find, retain and advance in better jobs and careers.

The six cities are Denver, Milwaukee, New Orleans, Philadelphia, St. Louis and Seattle.²

Each site receives \$700,000 annually from the AECF, as well as technical assistance (TA), evaluation and special projects support. As of May 2002, about two years of AECF support remained for each site. The hope is that each site will find ways to sustain itself and some of its programs through other sources of support.

The JI has three phases — planning, capacity building and implementation.

After sites were selected in 1995, all six entered an 18-month planning phase in which the primary product was a Strategic Investment Plan that laid out how the work was to be organized and its goals achieved.

Next came three years of capacity building in which all six sites designed, implemented and evaluated many specific projects. These have focused on:

- Retention and advancement;
- Employer engagement;
- Connecting regional economies and neighborhoods;
- Building support networks.

Self-assessment and on-going analysis during the capacity building phase demonstrated which strategies, projects and partner organizations worked well, and which did not. The objective was to build investor/partner capacity by getting meaningful results, which would enhance the credibility and leverage of local investors and partners.

Although the sites clearly are moving at different paces, each has now entered the implementation phase. This phase involves building upon investor assets and newly acquired workforce assets to make targeted and strategic investments that change the way workforce systems support low-wage workers.³

To a varying degree, each site already has found opportunities to start promoting systems reform, which the JI defines as “reaching for quality, scale and sustainability.” In this third phase, however, one hopes that these systemic changes will become more strategic, intentional and effective.

Although AECF support to local sites has not ended, and the JI is not over yet, it is not too early to ask whether national and local investor experience can offer insight and lessons to others. That is the question addressed here. To the extent that being an “investor” represents a new lens for viewing funder and grantee behavior, this review will attempt to identify how – and how well – each has played his part.

² As of this writing, Denver has recently withdrawn from the initiative. However, it was visited and its experiences considered, along with the other five sites, in preparing this report. Thus, for purposes here all six original sites will be discussed.

³ The report, Extending Ladders, by Wendy Fleischer, provides a good update of JI accomplishments.

This is not a summary of these sites' accomplishments, nor does it do justice to the distinctive nuances and particularities each site.

I have re-entered the JI picture as someone familiar with its origins and someone who has been kept up-to-date on the way the work has unfolded at each site.

However, when I was asked to conduct this review, I had not yet looked at any progress reports, nor had I visited any sites to meet people and see for myself. In particular, I had not formed an impression on the investor framework and whether it is making a difference.

To prepare this report, I have drawn on a wide range of investor stories.⁴ I visited all six projects for several days each. I observed people, projects and partners, and I interviewed between 10 and 15 participants per site. (A complete list of people interviewed is presented at the end of this report.)

In addition, I interviewed advisers and consultants to the overall initiative, as well as to the local site teams. I have also read a wide range of material prepared by each site as part of ongoing planning, reporting and analysis. Finally, I have interviewed foundation staff directly involved in the JI.

In preparing this review, I did not try to determine if the JI is a true form or good illustration of venture philanthropy; that was neither my assignment nor goal.

However, while summarizing how the foundation and the local site teams have played their roles, I will try to show how the investment approach used here compares to what currently is considered venture philanthropy.⁵

This review may be suggestive for some readers, but it certainly won't be conclusive.

My role here is as an informed observer, conscientious reporter and commentator, not as an evaluator of the overall initiative or the local sites. Others have been engaged in that process, and with support from the initiative's leadership, have introduced some interesting new elements into the mix.⁶

⁴ In this report, the existence of this investor framework is taken as a given, although some readers may be interested in how this can be demonstrated. Among the most important documents describing this framework are the "National Investor Outcomes Outline," first prepared in 1996 during the start-up stage and revised in April 1999 during the capacity building phases; along with the various "Strategic Investment Plans submitted by each, along with their annual "Progress Reports." All this material, and more, has been made available to me.

⁵ See, for instance; Christine Letts, William Ryan and Allen Grossman, "Virtuous Capital: What Foundations Can Learn from Venture Capitalists,": Boston Mass.: **Harvard Business Review**, March-April 1997; or the Center for Venture Philanthropy, "Venture Philanthropy; Definition and History,": Menlo Park, CA: Peninsula Community Foundation, 2000. (See also www.pcf.org)

⁶ ABT Associates and the New School for Social Research are the principal evaluators for the project. In addition, Roberta Iversen and her anthropological team have done useful ethnographies in three sites and will soon be adding an additional two. In addition, some new elements have been introduced, such as the Participants Day at the Showcase Conference, held in Baltimore in early September 2001, during which a sample of those getting jobs through the local sites participated in a facilitated roundtable that gave them an opportunity to voice their concerns as well as reflect on their experiences. It also served to put those "running the sites" and the overall Initiative in a sustained and public listening and learning role.

P A R T O N E :

The National Investor

IN THIS SECTION, I describe how AECF representatives have carried out their work and interpreted their role as the national investor in the JI. A primary finding of this report is that the ideas, language, behaviors and expectations associated with an investment approach have shaped virtually all aspects and phases of the work. For grant makers with a relatively clear sense of the specific outcomes they seek, and with some current working knowledge of the relevant fields, it makes sense to adopt an investment approach. However, the decision to do so involves pros and cons. The following discussion clearly shows that one should adopt this style only if he is fully aware of the challenges that accompany it.

Before I suggest that the investment approach used here represents a departure from customary grant making, I want to describe that approach in action.

Defined earlier as an approach that emphasizes outcomes, accountability, direct engagement between foundation staff and grantees, as well as with consultants enlisted by the foundations, the investment approach uses at least some of the tools and methods typically associated with the private sector. These include:

- A serious and sustained effort to develop a management information system to monitor progress and determine impact;
- Strategic planning;
- Return on investment;
- Continuous learning.

This section will describe how this translates into a distinctive style with real consequences.

Together, the features that make up this style express a way of talking, thinking and acting that have been central to the work.

The Beginning

Since its establishment in 1948, the central mission of the AECF has remained the same: To improve the well-being and life chances of disadvantaged children, youth and families. When planning for the JI began in 1993, the foundation was in the process of deciding what its new program area, called “Income, Opportunity and Work,” would do. This added a sense of anticipation and importance to the launch of the JI.

From the outset, the JI has demonstrated a combination of both structure and openness. Staff and advisers working on the initiative's design envisioned some key elements that they sought and found in selecting local intermediaries.

At the same time, AECF staff was willing to be open or flexible about how local sites approached their work. These approaches, according to the initiative's early definition, were to be based on local knowledge of each regional economy and on what specific practices and policies would help move disadvantaged people in those places toward greater opportunity and increased family income.

Along with this flexibility, there was also an important commitment to accountability. That is, the JI committed to demonstrate through performance data whether and how the work it supports over its 10-year term benefits children and families directly. This commitment to accountability was widely recognized inside the foundation at the time the JI was approved.

In adding jobs and income to its agenda, the AECF also was building upon previous work in using data and public information in support of strong advocacy and policy change. This previous work included Kids Count, as well as support for "system change" efforts in child welfare, juvenile justice and family services.

For example, in describing the purpose of Kids Count on its website, the AECF says, "By providing policymakers and citizens with benchmarks of child well-being, Kids Count seeks to enrich local, state and national discussions about ways to secure better futures for all children. It is intended to gauge the seriousness of problems facing children and to guide policy trends and goals on behalf of children. Put simply, Kids Count exists to measure child outcomes and contribute to public accountability for those outcomes."

Beyond this previous history and the associated commitment to focusing on outcomes, the use of the investment approach in the JI was understood and agreed to by all levels of the AECF, including the program staff, management and board.

Clearly, the Casey Foundation cannot subsidize the creation of workforce experiments or new linkages between disadvantaged communities and employers all across the country where better connections are needed. But we wanted to make an investment ... an investment which was going to be long enough and deep enough, long enough in duration in our ... sites so we really could learn what might work. ... We wanted to create models and learning from this that would inform the field more generally, and ... deep enough ... to allow us to accumulate the evidence and experience about those things that did work. (Interview for Film: Doug Nelson, president, AECF, 7/01.)

It isn't that the JI uses this investment logic, and the rest of the foundation refers to it in some other way. Rather, a consensus has emerged at the AECF about the value of being an investor through the JI. In the process, AECF staff is learning how to do their

⁷ Interviews with both Doug Nelson, president of the AECF, and Sandy Gibrell, director, have reinforced this point. Although outcomes are often sought, the ability to actually compare performance against goals and assess the comparative effectiveness of different strategies in different places is usually hampered by incomplete or inaccurate data. Bob Giloth also emphasized it in describing his job of delivering on the expectations and "investment logic" of the Jobs Initiative.

grant making in this way. This consensus within AECF is related to the expectation that the JI and its outcomes would be closely watched and analyzed. This has led to higher than normal levels of interest and engagement in the progress, impact and lessons to be learned from the JI.⁷

Although obviously not perfect — not all of its goals have been or will be realized — this commitment to accountability by the JI has set a new standard for how the foundation's work might be designed, carried out and evaluated. It also has set a new standard for how to translate an interest in certain outcomes into a set of practices that promote discussion, modification and ultimately judgments of ongoing performance in comparison to the initiative's own stated goals or the demonstrated results of other programs and approaches.

Thus, the JI's initial design and proposed style fit well with the existing style the AECF had established. In addressing a new grant-making field for the AECF — jobs and income — it also promised a more explicit use of an investment approach.

Although focused on just six sites, the JI built on this history and had an ambitious goal for the range and number of job opportunities it sought for low-income people. Remember, this initiative began when the U.S. economy was still working its way out of a major slowdown and had not yet entered the “booming” 1990s. The economy's potential for growth was often noted when the JI was starting, making sector strategies and employment brokering, for example, seem reasonable.

There were jobs to be found. The question was whether the residents in these targeted communities would get some of them.

There is widespread agreement about what matters in work like this. Data about placement, retention and advancement are widely accepted as a fair way of establishing whether programs are working. Thus, the emphasis on outcomes in the JI also took on new significance since the primary goals of this work could be so clearly (and fairly) summarized.

These three measures — placement, retention and advancement — began as the agreed-upon heart of this work and remain so today. Among other important qualities, these three measures are widely viewed as relevant and realistic ways to track progress and describe impact of employment and training. This sense of fairness is important because the emphasis on outcomes in other fields is often resisted because measures used are viewed as unfair.

In crime prevention, for example, it is difficult to establish clear cause-and-effect relationships. Standard measures, such as crime rates, are clearly influenced by a range of factors other than the prevention program activities being supported. Thus, it is hard to make claims that decreases in crime are caused by prevention activity or that increases in crime reflect their failure.

Compared to these other situations, it seems quite reasonable to use good employment and income data about participants and their jobs. Still, this kind of data is notoriously difficult to get on a scale sufficient to make useful judgments about program quality. When it was available for other employment and training programs, it tended to show little or no results. So seeking good data here was going to be risky and difficult. Everyone understood at the outset that this commitment to gather and use good data would be a major challenge; experience at the sites has confirmed the difficulty.

In addition, the JI was launched at a time when such large initiatives often were criticized (and still are) for being insufficiently focused on results and largely unable to document lasting impact. This charge was directed at work supported by a range of foundations, not just the AECF.

So, for a variety of reasons both inside and outside the foundation, outcomes were viewed as an important way to focus and strengthen the work and make all participants – grantees, AECF, other supports — more effective. Designers of this initiative believed that all involved would have to become more disciplined about how they defined, measured and evaluated outcomes.

At the same time, as noted above, the initiative’s designers believed local grantees should have as much choice as possible about how they would accomplish the agreed upon goals. The ends were clear, while the means were left open.

So a balance was sought.

In those early discussions, the AECF debated what issues the foundation should decide and require, and what should grantees and their local support and advisers decide for themselves? Put another way: What qualities should this new initiative look for and promote in all sites, and what qualities should it be open-minded about?

True, this connection between jobs and family well-being seemed plausible at the time, and in fact had been compelling enough to get the foundation’s management and board to move into a brand new program area. Lack of economic mobility had already emerged as one of the most significant factors holding back or limiting the success of other work supported by the foundation. Still, the connection would have to be demonstrated.

Politically, the JI had some additional pressures to endure. Although the AECF and others talk about the pressure to produce results, few find themselves in situations where results would be so openly discussed and debated as they would be in this case.

The AECF vice president responsible for the work and income area, Jim Hyman, knew he wanted a new JI director who had some particular skills and experiences. Bob Giloth fit the bill and was hired in 1994 as the initiative’s first (and only) director. He brought with him substantial relevant experience in economic development, organizational capacity building, policy advocacy and coalition politics.

In addition, the initial design drew on fieldwork commissioned by the AECF that was intended to identify key “ingredients of effectiveness” based on exemplary projects in employment and training across the country.⁸ During the planning stages, AECF staff and their advisers remained flexible about how these key ingredients would be combined and turned into active, operating local projects. At the same time, they were clear and consistent about the central goal for this new initiative: The JI should find ways to improve the way urban labor markets work for low-income, inner-city residents. If they managed to do this, it was thought, they would also have key practices and knowledge worth sharing with others.

Early in the JI planning stages, support emerged within the foundation for thoroughgoing documentation and an evaluation component as part of the overall strategy for approving and launching the initiative.

⁸ Tom Dewar and David Scheie, **Promoting Job Opportunities: Toward a Better Future for Low-Income Children and Families**, Minneapolis, MN: Rainbow Research, 1993; pp. 61-86 (especially.)

Debate then ensued about what else to require.

They asked if enough was known about what worked in economic development, employment and job mobility to require some specific strategies or approaches to be used at all sites?

No, it appeared not.

Was enough known about what type of local intermediary would be best suited to the role of local implementer at all sites?

No, it appeared not.

It seemed that a variety of strategies and groups had been effective and had shared certain qualities. For example, many of these groups “engaged employers” and demonstrated a “market orientation.” Many also had established close and credible ties with the community and were often considered at least partly and genuinely “community-based.” They also demonstrated an “entrepreneurial style,” pragmatically preferring to go with what worked, rather than sticking with the conventional wisdom. Last, but surely not least, all were “results-oriented.”

No one group or strategy demonstrated all these qualities, but they typically excelled at two or three.

In addition to these qualities, scouting suggested that all groups and strategies faced some common barriers that, once recognized, had to be faced head on. These barriers included:

- Ongoing and sometimes virulent racial discrimination;
- Low or out-of-date skills among the job seekers who approached them for help;
- An often widening spatial mismatch between where job seekers live and where the good jobs were to be found;
- Social networks among job seekers that were not well connected to good employers and decent jobs, nor able to credibly “certify” that these people were job ready or worthy.

Effective groups approached these barriers in some common ways. None tried to serve everyone or solve all problems at once. They were focused, often relentlessly so. They usually chose one or two things they knew would make a difference and put their energies into doing those things very well, consistently well.

In this way, these groups gained a reputation for performance that set them apart from the majority of other employment and training programs, which were not trusted by either employers or job seekers. Their success created a certification process: If job seekers came through a program known to be reliable and substantial, employers would seriously consider them for actual jobs.

The scouting also showed that while employers were disillusioned with existing programs, they also were wary of wasting their time trying to fix them. As a result, both workers and employers were skeptical.

Strong programs developed ways to “win” these people over.

- They made good first impressions.
- They focused their resources and people on getting relevant results.
- They followed through on their commitments.

Approaches used by these groups varied according to the problems they chose to address. For example, to deal with the disconnect between workers and employers, some groups developed employment “brokering” projects that connected employers to job seekers.

Other groups tried to help grow the local economy in ways that would benefit workers they had trained and wanted to place. The groups selected certain sectors — for instance, health care, auto repair, construction or electronics – and developed relationships and marshaled resources that would provide infrastructure, education and market research support to strengthen the sector for the future. Thus, the prospects of employers and workers became joined.

Other groups facing the spatial mismatch between outlying jobs and inner city workers promoted accessible transit to move eager workers to available good jobs.

Another type of program pursued business formation and economic development: They started or grew businesses that were more likely to hire selected workers.

While pursuing these various strategies, all projects demonstrated a deepening knowledge of both the regional labor market and local business climate, as well as a widening net of employer, educator, policy maker and community ties.

Senior AECF staff maintained ideas about how the initiative should be designed, but their preliminary vision left plenty of room for other insights. Local invention and ownership also would be essential to success. Thus, the JI message also included the desire to see local groups develop, adapt and manage their own distinctive approach.

Indeed, the foundation expected candidate sites to bring to the mix their relevant insights, track records and experience. The hope was that these sites would not be starting from scratch, and experience has shown they clearly were not.

Although several programs were considered for full program replication at the time (such as Project Quest in San Antonio, STRIVE in New York City, the Center for Employment Training in San Jose, Focus Hope in Detroit, and the Cleveland Jobs and Workforce Initiative), none was adopted as the model because it was felt that local ownership and the variability of local circumstance were too important to ignore.

Instead, JI staff and advisers pinpointed some key design elements that would have merit and relevance to the initiative and asked the leadership in each site to consider them.

A site selection and early planning process was developed that featured a “design replication” process in each location that sought to identify key questions to address and offered answers that had been effective in other settings. This distinction between a design replication and full program replication was implicit in the way the AECF set up the JI.

As we will see, this distinction sometimes seemed clearer to JI staff than to site leaders, especially in the early stages of planning.

To a great degree, the diverse JI sites were fashioned to be a controlled experiment, a learning laboratory that produced focal points for innovation, continuous learning and system change. Sites would accomplish this by:

- Analyzing local assets;
- Engaging allies and organizing a base of support for stated goals;
- Choosing strategies that made sense in terms of the regional economy and labor market;

- Communicating program specifics and goals to their local community and policy makers.

The Givens

The idea of givens came from the Rensselaerville Institute and is defined as non-negotiable goals and outcomes.

A number of these givens have been designed into the JI and have remained untouched. Several site leaders interviewed for this report recalled some early “testing” of whether these givens were strongly held or not. Each reported getting the message “loud and clear” that some things were not open to question, that they were “too central” to what was sought and could not be changed or eliminated.

On the basis of my own subsequent reading and fieldwork, the following six ideas appear to have been the most important JI givens.

1. Job quality is key. Participants should get jobs that offer pay and benefits sufficient to be considered “good jobs.” More placements in jobs of unknown quality is not enough. Varying local economic conditions changed the definition of “good jobs” across the six sites. But the beginning average wage for the JI’s more than 6,000 job placements was \$9.13.

2. Retention and advancement are more important indicators of impact than placement. Having a job worth keeping, and knowing how to keep it, are both valued.

3. Employers and disadvantaged job seekers are viewed as equally important participants. Since both traditionally have been left out from and badly served by these kinds of efforts, both are considered critically important here. Their personal experience, motivation and direct involvement must be increased for this work to be effective. It is understood that neither employer nor job seeker will easily or quickly trust these efforts. Nevertheless, to help design responsive programs and build credibility, employers must be engaged early and continuously both as firms and part of industry sectors; and job seekers must be persuaded that their participation in employment and training programs will, in fact, lead directly to good jobs and career ladders.

4. Sites must be built around existing organizational and personal capacity. Although not explicit at first, experience made this an obvious given. The selection process looked for capacity when 11 different regions each sought to become a JI site. In four of six sites selected, the organizations that would act as development intermediaries already existed, and thus brought their experience and expertise to the table. Consequently, the initial challenge was not to get something going from scratch but to find ways to increase capacity and give it strategic direction. The initial organizing question became, “How do we turn that local capacity and history into a vehicle to move everyone toward specific goals and outcomes?”

A given in all six sites was that the project must draw on the leadership team assembled in each community, tap their knowledge, relationships, experiences and skills.

5. Each site must focus its energy on a target community, a finite part of the metropolitan area where a significant number of low-income people live. This designated area was supposed to be the source of at least 50 percent of the total participants recruited for jobs projects. The idea was that targeting a community would ensure that much, if not most, of the good jobs would benefit the most disadvantaged people. The projects would not follow the path of least resistance and serve many who were more well off, a process called “creaming.”

This given also promotes the value of place-based strategies believed important when the JI began. More than other strategies, these focus a greater part of their attention on particular places and on the employers, organizations and prospective employees in them. Others argued that such place-based work was too constraining and would limit the prospects of those “left behind” in terms of work and income. By refusing to accept this as an either-or choice, the JI made an informed compromise. It included the “target community” as one of its design elements, but it also included other elements that derived from different explanations of how to benefit disadvantaged people (such as strengthening sectors wherever it was needed or promoting job preparation and certification programs that would draw workers from all over the city, rather than just the target community.)

As it turned out, the target community was the one given adjusted by most sites, although not Thirty to forty percent of JI placements through the end of 2001 have come from targeted neighborhoods, and this rate continues to improve. Sometimes this “short-fall” has been due to problems with local capacity and collapsing partnerships; and sometimes it appears due to the way the AECF’s reporting process used outcomes – insisting that local sites keep focusing on areas where too little real connection and progress seemed to emerge.

Job quality is the only other given that has been adjusted. The AECF staff has tried to hold the line on income and wage levels, but has been more flexible about retention.

6. A final given is systemic change, which AECF staff defined as “reaching for quality, scale and sustainability.” This means making changes to ensure that local labor markets benefit disadvantaged job seekers and workers; that local human services (both public and private) are more integrated and more accountable; that local training and education are more responsive to employers; and that resources are allocated on the basis of performance, rather than history, bureaucratic claims or territory, or corrupt politics.

System change was expected to emerge late in the process after sites had the chance to determine what they would need and what was politically possible. In practice, it has come earlier as sites take advantage of opportunities and new allies. Not all sites chose the same systems or policies to change, but most have already begun the process. However, as these local sites mature, they will have more ideas, experience, credibility and, ultimately, clout with which to influence local, state and national policy on developing urban labor markets that benefit low-income, inner-city residents. Some sites already have

begun pursuing opportunities and achieving real systemic changes, suggesting ways in which the rules of the game, institutional practices and resource allocation should be changed.

Reflecting on this early period in the program's development, Bob Giloth recalls that the AECF staff struggled with how to describe the JI and its goals. They discovered, through conversations with a variety of interested people, that their assumptions would have to become clearer.

At some point, we came across Rensselaerville Institute and "outcome funding," and that seemed a good fit. ... We engaged them, and it helped a lot. The main thing I learned from them was the value, the absolute necessity of first clarifying our own assumptions. We had no chance ... of getting other people into the work, onto the frameworks we were developing at the time, unless we first were clear ourselves. That was hard. But it was as important as anything we did. ... A side learning early ... was not to focus on the discipline per se but on the goals and framework, and then be steady and consistent. The groups you are investing in are your customers ... and so the point is not compliance or (what) we wanted; it is ultimately dependent on their buy-in. ... So that's how you have to proceed. (Interview: Bob Giloth, 7/12/01)

Once established, these outcomes and assumptions were communicated early and often. Outcomes and assumptions were repeated at each national meeting with five or six people from each local site. Even before they fully realized the significance of these givens, the local teams were learning the JI approach and point of view.

As a participant in several of those early meetings, my notes reported, "The goals are still the same as those issued in the first call for sites to come forward." Later, in observing a subsequent national gathering, I noted that the "desired outcomes and givens are stated at the beginning and end, and sometimes repeated for emphasis."

Site workers and advisers heard about these givens in each meeting with JI staff and read about them in each successive piece of correspondence or program material. In both public and private, the JI staff reinforced the central importance of the givens.

As the work unfolded and the results started to appear, the AECF staff and advisers periodically revisited these givens. It is clear they have thought long and hard about which should remain unchanged, and which modified or dropped. All the givens described above — job quality, retention and advancement, co-equal priority for employer and job seeker involvement, the value of building on local capacity, serving a target community, and aspiring to strong system change — remain in place. The only given adjusted to any degree has been the "target community," which has now been loosened: The goals initially set for serving residents of lower income neighborhoods have been difficult to meet.

A Common Language

As the work unfolded, the JI has tried to use a common language. Starting with the selection process and continuing through all three subsequent phases of the initiative, the AECF has referred to itself as “the national investor,” to the development intermediaries as “the local investors,” to the goal of good jobs as a “return on investment,” and to the relationship between itself and local grantees as one of “investor to customer.”

Some advisers to the JI, such as the Rensselaerville Institute,⁹ already promoted and used this language. Others, such as Abt Associates, Jobs for the Future, and Metis had to learn how to use it in practice.

All involved, including consultants and TA providers, were encouraged to use a common language. Ultimately, the goal was not merely common terms and definitions but a shared way of thinking and acting – all in support of a shared framework.

This socialization process was slow going at first. It was resisted, and people grumbled openly about it. Gradually, though, it started to become a set of common goals, concepts, procedures and issues. Two site directors, both representing site teams with an independent orientation, offered the following observations on language.

I remember some of those early meetings featuring this new set of terms. Since I knew something about the issues already, I could follow them and get their meaning. But, at first, I didn't appreciate how much this new language would come to be seen as the way to talk to JI staff and even to each other, as time went along. Sure, we still have our own take on things, and we feel that we do have our own vision and theory of change – it relates well to the JI frameworks, but it expresses our values and goals in ways that we think make sense here in Wisconsin. (Interview: Laura Dresser, site director, MJI, Milwaukee, 3/14/01.)

We largely agree with the way the JI talks about the work ... as an investor. At DWI, we think of business people who are involved with us as customers and not partners ... We try to develop and deliver good products in a timely, effective way ... We think of some of our products as tools for getting into the door with educational institutions, the city, others. Ultimately we are looking for a good return on our investment in terms of the time, money and expertise we have put in these products and strategies. (Interview: Carol Hedges, DWI staff, Denver, 12/4/00.)

People involved with the Milwaukee and Seattle sites began their JI involvement armed with their own analysis of their local labor market and regional economy. Several other sites were specifically familiar with an investment approach (Denver and Philadelphia) and even thought of themselves as “investors” before AECF and the JI came along. Along with this experience also came a language and set of issues they were comfortable with and skilled at articulating. The language was different from the one the JI used.

⁹ See especially Harold Williams, Arthur Webb and William Phillips, **Outcome Funding: A New Approach to Targeted Grantmaking**, Rensselaerville, N.Y.: The Rensselaerville Institute, 1996 (third edition).

Yet, even for those with substantial prior experience and a language of their own, the common language introduced in JI materials and regularly spoken at joint meetings and site visits gradually came to be used more and more.

Largely, the goal of a common language has been achieved. This common language allows all players to talk in a clear, consistent way: AECF staff talking with sites and site leaders, sites talking with each other, sites talking with TA providers, and finally TA providers talking with advisers.

I see that the people from the JI see this whole thing like it is a business. And they keep using a language that I am not used to ... but it brings with it some ideas, some practices. For example, I believe ... performance-based contracts have been very important here in New Orleans; and the idea that we are developing products ... for our “customers” to use is very important. It makes it clear we are not doing this as a charity, which unfortunately is what people are used to, and this is part of the problem. We are making an investment here, ... in people, in our communities, and in the businesses that work with us. (Interview: Cynthia Wiggins, New Orleans, president, Citywide Tenants Association, 5/11/01.)

The JI staff encouraged this communication style and shared framework from the start. It is obvious that each site team had (and still has) articulate and thoughtful people who can clearly express themselves and their ideas in ways that make sense and can be understood by others. In practice, of course, many of them do this all the time.

While this is valuable and even recognized as an example of the local ownership and invention praised above, the AECF staff felt that too many individual lexicons could create a communication nightmare.

These individual and site-specific descriptions and accounts make it harder to:

- Follow through on agreed-upon planning and implementation of goals and tasks;
- Keep track of data about outcomes and impact;
- Report to local governing boards or the AECF itself;
- Enable projects to learn about their own progress and difficulties (much less learn from others working elsewhere about theirs);
- Engage people consistently and deeply over time.

These aspects of the work are hard enough to do within the context of a given local site and its numerous individual projects, much less attempting to do across all six. Thus, a concerted effort has been made to promote this common language and a common framework through written materials, joint meetings, data systems, newsletters, follow-up conversations and site visits.

First, written materials distributed during each phase of the JI describing what is sought, discussed and decided are remarkably consistent.

Several of those interviewed mentioned that in past dealings with other funders they had often had to learn how these funders thought about and described their work. In fact, they seemed to consider this a normal part of being a grantee. Much more

frustrating, though, were those instances where the language and priorities kept changing, reflecting new directions within the foundation that current or prospective grantees could either adapt to or choose to ignore at their own risk.

When I came on board, I actually found the JI language very difficult at first, but I also came to appreciate the fact that it was not changing each year, or for each phase. It kept us on the same page, in some ways, and it provided the basis for exploring some common ground across sites, projects and people. (Interview: Tom Rhodenbaugh, St. Louis, SLRJI site director, and 1/26/01.)

A common language also was promoted through a “management information system” (MIS) and through procedures for data collection and reporting.¹⁰

The JI pressed early and often for information, helped sites set up a data system, and perhaps most surprisingly, reporting protocols. AECF-supported consultants have been available since early in the planning phase to help sites develop these information and data systems. The consultants provided workshops, TA and trouble-shooting on information technology, database development and management, and quarterly outcome reports on recruitment, training, placement and retention.

An important challenge here is how to make this a unified and coherent initiative. To promote this coherence, JI staff and site leaders have worked hard. For example, all initiative-wide meetings bring delegations together from different sites. But the people in each delegation change each time. The pace of the work and the amount of impact it appears to have also vary. Participants gradually learn the language and how to talk about their site and the important elements of its emerging story. In the face of all this variety, some common terms and goals are very helpful.

Furthermore, in site visits and follow-up communications, these common elements are consistently used. Gradually, this allows both more coherence among those in the JI, as well as clearer messages between the local sites and their local “publics.”

The AECF staff’s almost relentless attention to process, while being a source of considerable irritation at times, also has contributed to establishing common ground. The idea is not to impose agreement or force similarities across sites. Rather, this attention to language was intended as a tool for better planning, implementation and communication. To some extent, it helps define the integrity of the overall initiative.

Clearly, not every site is doing the same thing. Through this common language, sites are encouraged to think of one another as closely related, if not the same; as doing some very similar things (such as soft skills training or case management) while still pursuing other distinctive strategies and local projects, such as sector strategies.

The dynamics in each site represent a complicated mix of players, perspectives and pace, which can lead to a “pulling apart” as sites become more and more different from one another. This risks the creation of six separate initiatives, rather than one overall initiative

¹⁰ Staff from Metis Associates have served as the consultants in this area. The individuals most involved have been Robert Harrington and Simon Rah.

with six variations. The AECF has played its role as national investor by ensuring that all six see themselves as part of a whole, as important elements in a national portfolio of strategies and projects. The message has been, “The parts are important, but so is the whole.”

Forming and using a consistent language was not its own goal, but it was pursued in order to develop a shared framework. A common or shared framework is powerful in several ways.

- It names specific activities and outcomes that can be tracked across time and place.
- It enables participants to communicate with each other clearly and consistently.
- It enables knowledge to be developed and shared.

Without a shared framework, the centrifugal force of local difference erodes the commonalities and patterns that exist at the six sites. My sites visits and interviews found that this common language has encouraged people to think of themselves as being part of an overall group. A shared language has enabled them to communicate with one another about issues that could be hard to interpret across local cultures and remarkably different local contexts.

The Style

AECF staff members have demonstrated a distinctive style in their work with the JI.

- They have been engaged.
- They are up to date on site progress and future plans.
- They hold regular initiative-wide meetings.
- They visit sites several times a year for face-to-face conversations on key issues.
- They participate in problem solving.

In effect, AECF staffers have been fully preoccupied with these six sites. And while staffers have other work to do, they send the message that the JI is all they are worried about, especially as the initiative moves into this later stage.

Unlike many program officers who are perceived as spread too thin or being slow to respond to queries or reports about progress, the AECF staff has been fully aware, direct, responsive, candid and accountable. This level of direct engagement by foundation staff has distinguished its work. Pete Plastrik, a JI consultant, observed:

My first involvement was ... in the planning stage. I helped design and facilitate the initial meeting with new sites. From that first meeting, two things were clear. First, Casey intended to play a convening role with the sites, to keep them involved. They did this because they had some ideas about what to do, and because they thought this would help promote learning and effectiveness. Second, it was clear that the sites needed JI staff to talk to them about what kind of relationship they would have. JI staff were challenged around how much they were going to alter the traditional grantor-grantee relationship.

I would say Casey introduced its role as long-term, committed, engaged, willing to be flexible, but all within limits. This was the important message, and it made

some people nervous. There were some givens. The grantees wanted to know what those were, and how they would be translated into process, goals, and so forth. (Phone Interview: Pete Plastrik, 7/14/01.)

Clearly, this degree of funder involvement with grantee planning, governance and implementation is unusual. The willingness of AECF staff to share with sites their ideas, reactions, connections and experiences was welcomed by some and resisted by others.

In this respect, the foundation staff is similar to venture capitalists who share “their connections and depth of relevant experience”¹¹ with the enterprises they invest in.

This direct involvement is not done to control or intrude. It assumes, of course, that those involved have relevant experience and relationships. While the connections and experience of JI staff may not always have been as directly applicable to site teams as the expertise of venture capitalists is to the enterprises they invest in, they have been made fully available. Along with this experience has come some good thinking from JI staff about how to enhance existing assets and develop new ties that would serve local projects well.

Part of the national investor’s contribution has been knowing how local capacity grows and having some useful ideas about how to nurture this process. The national investor has generously fielded questions about allies that share the JI goals and about institutions that can or should make a direct contribution to local solutions. Such allies include employer and industry associations, groups representing residents of the target communities, community colleges, city governments and local foundations.

I asked Susan Gewirtz about her role as AECF staff for the JI.

TD: How do you feel about the role you have been asked to play with the local sites?

SG: Pretty good. You have to learn when to listen and wait, and when to act. ...

It is hard in some ways and quite different than what most other program officers talk about doing ... It’s much more involved and, in many ways, more substantive. Once you have some personal relationships and some sense of the dynamics of each site, for they are all different, then you can be as firm or flexible as the situation requires. It’s not as if we know exactly what to do, contrary to what some people may be telling you. It is more that we feel we know what to keep asking about, focusing on, and sometimes, it’s true, pressing people about. ... We are working with very capable, lively teams in each site, and our contacts are often mediated through one or two people primarily. This means you have to be pretty careful and not jump to conclusions. And your relationships had better be more than one-person deep in each site. Being this involved may contribute to our losing perspective sometimes. We get so close. But I feel we are also able to be much more responsible, by virtue of being so present ... also more of a potential resource.

¹¹ Christine Letts, William Ryan and Allen Grossman, “Virtuous Capital: What Foundations Can Learn from Venture Capitalists,” Boston, Mass.: **Harvard Business Review**, March-April, 1997.

Once people know you are in this with them and for the long haul, it helps a lot. I think it has been good that Bob and I have stayed on, have been the only people sites have had to ‘figure out.’ Because people do change and sometimes leave the local projects – sometimes they are key people. I think this has happened some in every site. It always throws things off for a while and sometimes creates a new dynamic or pattern to deal with based on the new people. ... It is a good reminder how much this work is based on personal relationships and trust. (Interview: Susan Gewirtz, St. Louis, 1/26/01.)

Thus, a dynamic was set up early; AECF staff was in regular and substantive contact with site leaders. They didn’t just ask, “How’s it going?” and then not listen closely to the answer. Rather, this contact reflected a deeper interest and some appreciation of the mutual learning underway. The question, “How are we going to do this?” was always on the table and open to discussion, while the desired outcomes and other givens were not.

Often this contact was friendly and constructive, but occasionally it became curious, cautious and even critical. In many cases, there was uncertainty about what JI staff meant or really wanted, and this led to extensive early dialogue. While some site leaders recalled this early stage as a bit frustrating, they also said it was essential.

This investment in “upfront clarification” made the shared framework clearer and more genuinely shared. In these cases, staff did not go away and leave leadership at the sites to “figure things out for themselves.” They followed local discussions closely, expressed themselves and checked back in. This willingness to play different roles was valued. JI staff was variously listening, responding to questions but holding back, or directly entering into the discussion – as the situation required.

It is interesting to see JI staff play the role that they do. Sometimes they just listen; sometimes they join in. ... Sometimes they see the “elephant sitting in the corner” and point that out. They have been pretty critical at times, but there’s also a grudging recognition of the value ... of having a tough partner from out-of-town who is willing to be less well liked. In some ways, the JI staff have pushed SJI to be stronger and more decisive than they would otherwise have been. In this case, for example, it is not that they figured out how to do performance contracting. It is rather that they pushed for more results and for more accountability ... and one useful tool to go after those results is performance contracting. Under a more normal grantee-funder relationship, I doubt that SJI would have felt as much pressure to get more out of the local CBOs (community based organizations.) It is more likely that they would have ended up with less to show and to have disappointed themselves, as well as their funders in the long run. (Interview: Bob Watrus, Seattle, local evaluator, 3/21/01.)

The national investor did not always decide what should be done or override local sentiment. On the other hand, it was not silent and often raised tough or troubling issues. The local sites found they were more able to stand up to this pressure with time, a grow-

ing record of local accomplishment and more confidence in its people and choices. A number of site leaders had interesting observations about the value and peril of this kind of funder role.

For their part, AECF staff does not claim they have all the answers. They are willing, however, to stand their ground regarding meeting goals, incomplete information, poor performance and lack of follow-through on commitments.

In effect, the JI staff spotlights areas that need attention. They know they can't fix them from the outside, but they can try to play the role of constructive critic.

Site leaders think this involvement is a strong plus, although they sometimes complain about this degree of direct knowledge and engagement. "I sometimes feel," as one put it, "that we are all a bit too close. There are times when I feel we can't breathe, can't get space to find our way, take a second look or relax. But then I also see that we are all on the same side, pulling together, and the mix is a big plus, even though it gets too much to deal with at times." More than one site leader has noted that in these moments they and their local peers have wanted a "time out" period.

Not only did the local staff comment on the AECF style, but the leadership of site boards expressed themselves as well.

Casey has been a useful push on some things. ... I give them credit for having a point of view and for being willing to express it. But sometimes it just gets to be too much. ... We have sometimes been frustrated with the nature of the help given by Casey and their TA people. ... The foremost reason to give good TA in a situation like this is to strengthen the local work, not to make it always fit a national framework. ... If you can send a message to Casey for me, tell them to lighten up a little." (Interview: Larry Gibbs, president, Gibbs Construction, New Orleans, 5/11/01.)

This level of staff presence and direct engagement is also a bit risky. For in addition to putting pressure on sites, it also puts JI staff on the line and in the face of sites that are struggling. It would be much safer and less stressful to sit back and see what happens; in effect, to let people work it out on their own. One site leader, Linetta Gilbert of New Orleans, compared the risky and the safe approaches.

We complain bitterly sometimes. But, you know, if you compare this to being allowed to do something the foundation thinks is wrong and then hearing about it much later, or worse, compare this to having someone who might have some good ideas or experience to share who just sits there and watches us go flat on our faces, this is really much better. It is not easy, but it is better.

Just like venture capitalists, staff interest from the national investor has been relatively constant over time. Once investors are "in," they are very attentive. Program officers have organized their jobs so they can concentrate most of their energy on these six sites.

JI staff can reach this level of engagement because this initiative is their primary responsibility. They have the time and desire to find out as much as they can, keep current, use their connections and experience, follow-up and pitch-in.¹²

Learning to live with this level of engagement is the site directors' responsibility. They are the designated point or contact person for JI staff, and for the most part, they are the people in charge of submitting the quarterly site reports required by the JI, forwarding requests for information and assistance, and trouble-shooting.

When I asked several site directors to describe their relationship with JI staff, one said it was

“... kind of like having a supervisor, except you have more say and are democratically accountable to your teammates at the site.” Another suggested it was “like having a swimming instructor who often wanted you to show them you could do something, when you thought you could do it on your own and would rather just go off and do it your own way. ... At some level, you knew why they were asking, and you even understand why they were asking what they were asking; but it was still a pain in the neck a lot of the time ... and not always easy to manage in terms of timing or the dynamics of your local site.”

The national investor is like a teacher who must decide at the beginning of the term how tough to be, how to relate to people and how to communicate expectations about what is expected.

Once the national investor is sure that people get the message, he can back off a little.

The site directors interviewed all appreciated consistency, which they felt had been “pretty good.” One project director said they almost always “knew where things stood,” and in most cases could get from JI staff “some good ideas and reactions to proposed solutions along with expressions of worry or impatience. ...”¹³

A willingness to “take the heat” is also part of the style used here by the national investor. This goes hand in hand with the deeper level of engagement. As Bob Giloth has noted,¹⁴ the national investor must be willing to “play the part of the bad guy.” When probing questions must be asked or bad news delivered, the AECF staff sometimes must become the messenger that site workers can shoot. This helps local staff maintain the appearance of fully siding with local workers and concerns. AECF staff's directness also prevents local directors from appearing to “sell out” to the funder and becoming marginalized or suspect.

¹² All of these qualities are similar to how good venture capitalists operate, according to Alan Okagaki, an expert in enterprise development and community economic development, as well being a consultant the JI. Interview, July 9, 2001.

¹³ Margaret Berger Bradley, Site Visit, 1/23/01)

¹⁴ Bob Giloth, Interview, July 12, 2001; in Chicago.

Here, the pattern of interaction between AECF (the funder) and local site teams (the grantee) unifies local teams to a greater degree than might otherwise have been the case. In some cases, it brought them closer together early on; and in most cases, continues to remind them they must rely on each other.

By underscoring the importance of their common plight or situation, this pattern of being called upon by the JI to produce plans and products may have helped sites bridge differences and relieve tensions that might have been difficult to overcome. Several site leaders commented that their leadership group, in particular, came together in this initiative in a cohesive way that grantees did not often experience.

Often, staff know there are problems but have a tough time figuring out how to bring it up and press the issue. The local boards are not just a bunch of people; they are clusters of relationships – some new and some old. Some relationships are with people you don't want to alienate or anger, but if there is a problem, you may have to. When funders are not acting as firmly as they often are here, it is easy for a staff-versus-board split to develop within grantees, with some interpreting how the grantee should be acting in relation to funder expectations based on much less clear and explicit information. People start squabbling about what is going on. ...
(Laura Dresser, MJI staff, Milwaukee, 3/15/2001)

The implicit message in this style is that “we are all accountable.” The AECF has not only expected its local site teams to actively monitor performance and make appropriate corrections, it has been willing to wrestle with mistakes itself, adapting as necessary and reexamining its givens based on actual experience.¹⁵

This interactive process has been full of fits and starts. First, problems occurred with setting up, running and using the data system. More recently, national and local staff wrestled with decisions about ending program elements that don't seem to be working. This meant taking a hard — and often early — look at whether projects were realizing their stated objectives.

Not only was this willingness to evaluate and act upon performance rare, it also happened earlier than most expected. This showed that the foundation wants to be deliberative. Certainly, the national investor is willing to take a wait-and-see attitude, but only for projects performing at reasonable, if still lower than expected, levels.¹⁶

Certainly, aspects of the national investor's style and practice here are different from most grant maker manners. When they have been worried or alarmed, AECF staff has acted early and decisively, a departure from typical foundation staff, which might be critical from a distance or lose interest in new proposals and ideas.

¹⁵ According to several knowledgeable people, this willingness to make themselves accountable, along with those they are investing in, may be the single most characteristic of effective venture capitalists. George Kalidonis, Interview, June 8, 2001; Alan Okagaki, second Interview, July 13, 2001.

¹⁶ See, for example, the “givens” discussion in the National Investor Outline.

This common foundation style may give grantees greater freedom in the short run and more time to work things out “on their own.” And some practitioners and observers see this as entirely appropriate and argue that the funder should not have that much power over grantees.

Yet, funders do have power in this situation and may become disgruntled or unhappy in ways that affect the grantee.

In my experience, when program officers change their stance, become more or less engaged, or more or less supportive, grantees become worried and frustrated.

When their stance remains relatively constant, however, when they do what they say they will do, or stay out of things as promised, grantees benefit.

By staying the course and being active, engaged and explicit, the AECF staff has tried to troubleshoot and solve problems through ongoing, direct interaction with local teams. This prevents the inevitable “bumps in the road” that call into question the AECF’s long-term commitment to funding the sites and their various jobs projects.¹⁷

This style has not changed significantly throughout the initiative’s different phases, although some feeling and evidence exists that AECF staff has gradually backed off and given sites more freedom.

Along with a long-term commitment, the AECF has demonstrated an in-depth presence. In these various ways, the overall style adopted by AECF in its role as the JI’s national investor has signaled a way of thinking and acting that reinforces stated goals and outcomes, while promoting a spirit of practical innovation and continuous learning.

This has helped maintain the sense (and the reality) that the JI is one initiative with six local sites each “finding their own way” toward common goals and outcomes, rather than six individual projects each increasingly “going their own way.”

In summary, the JI is distinctive as a grant-making or investor strategy in the following ways:

- It has been committed to developing capacity in places and regions, not to supporting individual, exemplary projects regardless of location.
- It has promoted accountability for outcomes as a way to change workforce systems.
- In choosing these particular six cities, it deliberately chose a diverse set of labor markets and intermediary types, and it gave local investors room to develop and try their own strategies. In the process, they were allowed to fail, adapt and set new directions.
- It has invested heavily in real-time learning and dissemination.
- It has invested heavily in long-term knowledge development.
- The message has been clear and consistent. Although many complained about having to learn a Casey jargon, it was adopted and became the means for communicating across time and place.

¹⁷ As the JI entered the implementation phase, the Denver site chose to drop out. The stated reason for this was that it didn’t want to be constrained by Casey givens and expectations any longer. Of all the sites, Denver has been the one with the best alternative source of funding, for its host organization is itself a foundation.

- It has made a commitment to accumulating data and accountability.
- Staff has been more deeply involved and present than is customarily the case.

These factors have created a dynamism in JI projects that is hard to find in other initiatives of any kind. Each local site team was pushed early and hard to decide what they needed to achieve their goals, try things out, see if they work, then move on.

Jobs projects or partners that fell below expectations were modified or put on notice. Successful programs were built up, moved to greater scale and rewarded with more people and resources.

This set of givens and outcomes, this style and level of accountability by the national investor have set a tone that has shaped the way local site teams play the role of local investor.

Local teams were invited to be realists, opportunists, pragmatists, inventors and leaders; and they accepted the challenge. Although frustration and friction may have been greater, potential satisfactions and, most important, actual accomplishments have been greater, too.

P A R T T W O :

The Local Investors

AN INVESTMENT APPROACH also has shaped the way local sites have carried out their work. Just as the AECF and its staff's overall approach represents a departure from most national grant making, the local sites' ways of operating represents a departure from customary nonprofit practice. This departure is especially apparent when compared to most employment and training efforts employed during the past several decades to serve disadvantaged people.

Although they differ in many ways, each local site has important elements in common. Among other elements, these local "development intermediaries" have adopted a set of policies and practices that:

- Attempt to engage employers early, often and in meaningful ways;
- Form or strengthen links to community residents and organizations they trust;
- Look for, find and reward quality and results from those they enlist as partners;
- Govern in ways that strike a balance between a short-term goal of establishing a presence in the local scene, demonstrating innovation and following through on commitments, and the necessary long-term goal of building capacity, connections and credibility for the future.

For the local development intermediaries, an "investment approach" includes some of the same elements mentioned above for the national investor. Interestingly, the way the local sites describe their approach and style is often different from the AECF, as well as different from the other six sites. In effect, local sites talk about some of the same things, but they say it in their own ways. Importantly, they all describe their work and philosophy as based on:

- A results-orientation;
- A pragmatic style of trial-and-error (or what the AECF staff and materials call "continuous improvement");
- Planning based on a clear sense of local assets and opportunities (or what the JI calls strategic planning);
- An emphasis on satisfying its "customers," primarily defined as job seekers, employers and policymakers who might use site ideas, and others who might use site tools or products.

Although not explicitly intended, this investment language and logic has been reassuring to many business and employer participants on local boards. For these private sector people, the investment framework has been familiar territory. For most other site team participants, it has been quite new and sometimes rather "foreign." Several commented that they thought the investment approach favored business interests over community

interests; and although they could see its value from the point of view of employer engagement, they worried about the investment approach as an underlying value.

I feel sometimes like all this investment talk and the emphasis on customers, business plans and all the rest – it runs the risk of minimizing the community side, ... the fact that we are dealing with a set of issues that are the result of the way the current economy is organized ... the result of where business to date has not been willing or able to go. So on occasion, all this investment stuff gets in the way of meeting everyone on his or her own terms. I think it plays into the hands of the business people and tends to make them more dominant on the local boards and committees than they otherwise would have been. ... (Interview: Sheila Cochran, MJI, 3/14/01.)

Within this investor framework, local development intermediaries can be seen as the AECF's "customers," while the end users — those residents who are seeking good jobs and those employers seeking good workers — become the dual customers for the local investors.

The tendency to use general terms in this report, such as "development intermediaries" or "local investors," tends to blur or minimize important local variations and critical characteristics. In each local site, either an anchor organization or cluster of stakeholder interests has played the role of "development intermediary" described in AECF; but these groups have been quite diverse.

In four cases, a pre-existing organization served as development intermediary: An operating foundation in Denver, a development finance nonprofit in Philadelphia, a city economic development agency in Seattle and a regional transportation and planning agency in St. Louis.

In two other cases, no one organization existed to play that important role. In New Orleans, the initial grant was made to an existing organization, which worked with a newly formed community-oriented coalition of public housing, church and civic organizations. Together, they formed an independent New Orleans JI (NOJI). In Milwaukee, a collaboration of organized labor, employers and some community groups formed that city's JI.

In both New Orleans and Milwaukee, the team that brought the JI to town and oversees each site is more like "clusters of stakeholders" than single organizations. Nevertheless, they have been asked to play the same kind of role as those operating in sites with a pre-existing organization acting as the designer and implementer of the local JI.

In all six cases, the local group has played the role of local "investor" in the same way that the AECF has played the role of national "investor." But while local and national investors share some challenges and opportunities, it is clear from site visits that local investors also face some very different issues.

There is urgency, for example, involved in deciding whether to run programs yourself or get others to do it. Similarly, when working in your own hometown, achieving "system change" may mean rocking the boat, making trouble and becoming visible in ways you might not previously have been or wanted to be.

Each local intermediary was chosen because of its existing strength and capacity. This is important in several ways.

First, as noted above, it means this initiative was not a typical start-up; an organization did not have to be created from scratch in each city. Each case maintained effective people, structures, relationships and track records to build on. In some cases, an organizational identity and positive reputation already existed.

Second, this initial identity has persisted, which has good and bad points. Adding people and partners to the mix after projects get going seems easier said than done. This is not an argument against the value of building on what already exists. Rather, it is a cautionary point — we will return to in the final section on implications — that demonstrates how hard it is to change existing projects in ways that will enhance the way the local intermediary is perceived, guide how it acts, and reexamine what it takes for granted.

Getting Active, Playing a Role and Finding Partners

What have these local development intermediaries faced?

What roles have they played?

All have worked hard to become players in the local workforce and economic development scene; this has built credibility and added value. While some policy makers, practitioners and advocates welcomed the news that the JI had chosen their city, others clearly did not. They were either dismissive or threatened by the claim that these new efforts would make a significant difference for local employers seeking good workers and for lower-income residents seeking good jobs.

Each city and its history represented a distinctive set of challenges. Each site team, consistent with the AECF planning, had to learn about the regional economy, labor market and strategic opportunities. Clearly, this education enabled site leaders to add value to the local conversation and policy scene well beyond their own planning and program development activity.

One of the things that is important to understand is that SJI entered the picture with a strong connection to the city, and as such, it was viewed by some as merely being an extension of what had gone on there. It was typecast, in a sense. The really interesting thing to me is how SJI has grown beyond those expectations and has now demonstrated its knowledge of the regional economy, its connections to a range of institutions that are important to workforce development — such as my own, a community college — its value to employers and sectors, etc. We are a player. Sure, SJI needs to do more, lots more. But it takes time to overcome your origins and the expectations that people have of you, which are both a strength and a weakness. (Interview: Suzanne Griffin, President, South Seattle Community College, board chair, SJI, 3/21/01)

In Philadelphia, you have a policy scene with lots of predictable people trying to protect their interests and stay in the game. In a sense, there is often no time

or patience for new vision, for new ideas. But that is ... what we have tried to do, to bring a vision about how to link regional economic growth to low-income people. We have done this in ... specific ways, with loans, with the Customer Service Institute, and so on. But broader linkage is the real issue. ... If we manage to do this, I think our impact will extend well beyond our own programs, however much they may be working or not working. It will open up some new ways of thinking and lay the groundwork for a new policy “system.” (Interview: Jeremy Nowak, CEO, TRF, Philadelphia, 1/23/01.)

In addition to developing their identities as important players in the workforce development field and becoming knowledgeable about the regional economy and labor market, these local intermediaries played an important convening role. Not only did they bring together and strengthen communication among their diverse governing leaders, they also fostered public discussion of poverty, workforce development, economic development and institutional change.

I have been involved in employment and training for a long time. The thing that is different here (with DWI) is the mix. The table is more diverse. I now see that I spend too much time in relatively homogeneous groups, such as employers or Latinos. That’s important to me, but it doesn’t move things forward. You need to take risks to make progress. You need to go to different places, participate in different forums. ... I have made new relationships (at DWI), and by listening to others as we work things through and decide what we are going to do, I have learned a lot. (Interview: Ron Montoya, president and CEO, Plasticom, Denver, 12/5/01.)

Additional partners were brought in who added their points of view and also learned from others. The table was larger and more diverse than is often the case in this or most other fields. A striking theme emerged in my interviews with these local partners who stressed how much they valued being brought into the ongoing circle of discussion, planning and implementation for these JI sites.

I see that I have partners on the board. ... That means people who pull together, not just on their own things, but in support of what I am doing here (at the community college) and even in support of some new and common things that have grown out of NOJI. ... They each work their networks, ... try to make their part of the picture work. ... So, it is a division of labor. We complement one another. ... Our variety strengthens us. ... NOJI has brought people together who would normally not be. It has built bridges. Some of this has been very difficult, ... but bridges matter even more when things are difficult. (Interview: Margaret Montgomery, provost, Delgado Community College, NOJI Board, New Orleans, 5/11/01.)

For many employer participants, their presence at the local JI table meant breaking with “business-as-usual” and represented a level of involvement that went well beyond hir-

ing or supporting a particular training program at their community college. Many non-staff site leaders reported that before the local JI projects existed, they often criticized local employment and training efforts; but they also were tired of “just complaining all the time.” This new opportunity represented a way of moving beyond this pattern toward taking concrete and constructive steps to solve the problems they knew “only too well.”

We know what the problems are. ... For small manufacturers like myself, it is hard to afford any extras. We spend a lot of time and money on our on-the-job training, and we know we are hurt by high turnover among lower-skilled people. We don't trust the majority of employment programs out there. ... And even for the new ones that are supposedly “state-of-the-art,” our own experience tells us that their claims are just not believable. In addition to needing new hires that are really job ready and motivated to learn, we have some good people in our workforce but don't know how to move them up the skill ladder. Often these people don't have time for off-the-job, full programs. They have family and personal commitments that make it very hard. So how do we break out of the impasse? We don't need more studies. We need some innovative programs, ... ways of funding them ... that will make a difference for entire sectors, not just one or two isolated businesses on a hit-or-miss basis. (Interview: John Moyski, president, Ponderosa Industries, Denver, 12/04/01.)

I know it is “tired” to talk about applicants being “job ready,” but that is a huge issue. ... And the problem is not getting people just any old jobs. It is getting them into a process, into a pipeline, so that when they come out we can count on them. ... So that we, or someone we trust, can vouch for them. These folks need a kind of “stamp of approval” from a trusted source that says to employers they are ready, willing and able. Otherwise, in all these programs, we just spin our wheels. (Interview: Larry Gibbs, president and CEO, Gibbs Construction, NOJI Board, New Orleans. 5/11/01.)

An important first step for each site was to give these and other non-staff leaders a chance to be heard. But even more important, many board leaders reported, was that their involvement with the JI represented a chance to broaden their contacts and knowledge. Local sites also created forums, places where participants spoke their minds, learned to listen and disagree, and (sometimes) decided to do things together.

Another challenge faced early by each local site team was how to overcome informed skepticism. To some extent, they face this still, despite the progress they have achieved.

Low expectations are common in workforce development, in particular, and system reform, in general. Breaking through this fatalism and caution takes time, persistence and performance.

What factors originally drew people and engaged them?

What keeps them involved?

Before I got involved with MJI, I was pretty disgruntled, pretty disillusioned. The key things for me were: They had a message, they listened, they followed through, and the program worked for me. It really paid off. The message from them was that placement is much easier than retention. “We want to help you build a strong workforce,” they said. They asked how they could do that. What would help? I told them I needed help with the people coming in to my workplace directly off of welfare. I needed help with training, but I needed it to be directly related to the shop floor (we make batteries). I needed the training to be designed — not canned and delivered. Plus, I needed real follow-through, a system of peer advisers, eyes and ears to stay with them, keep things moving. They listened to all that, and then, to my surprise, they called and said come on over and help us pick the instructor. You should interview them yourself, you will know who you want. I couldn’t believe it! They listened. ... They followed through, they shared power, they delivered. That’s what got me involved. What keeps me involved is (wondering) how this can be done for entire sectors, with parts of the city that are ignored or neglected. I can see that it could be translated into policy and budget proposals that would really strengthen this entire region, and with it, my own business. (Interview: Sherry Kopka, C & D Industries, Milwaukee, 3/15/01.)

What got me involved? My church belongs to one of the grassroots networks that sponsored the creation of NOJI. They asked me to get involved, said it was important to have employers involved. I saw there was an opening. Worth a try. True, I had low expectations. Lots of nonsense and false claims in employment and training. You learn to be careful. Keep your guard up. But in our industry, (small machine shops) there’s no good training, so I figured I would try. With others I rounded up some contacts in the sector, put together a training that was good. The first class was good, got jobs and mostly kept them. I could also see what they (NOJI) were trying to do this with other sectors as well (such as construction). What keeps me involved ... is the prospect of a business payoff, a way of getting and keeping good hires, a way of making my business stronger. It’s not charity or my church anymore. I can see that it might actually pay off despite all my doubts. ... (Interview: Barbara Waller, Laitram Machine Shops, New Orleans, 5/11/01.)

A range of stakeholders — anyone with a vested interest in the quality, cost and sustainability of the local workforce — is important to the long-term viability and success of this work. Employers, of course, are the most obvious and important stakeholders, but they are not the only ones. Key interest and support may also come from other institutional leaders, local officials and community leaders.

These stakeholders often put substantial time, energy, money and commitment into improving the local workforce and the systems that affect it. But their participation depends on concrete action, for most have been lost to frustration, anger or worry that not enough is being done to develop jobs worth having and to prepare people to take and keep those good jobs.

As suggested above, some stakeholders are quite open about their fears and frustrations. If they invest at all, most do so in a cautiously self-interested way, focusing on what they think will benefit their own firm or institution.

Governing Together

Developing an effective structure and style of governance is one of the most important tasks for these sites. All sites started with a diverse group drawn into the work during the planning stages. To some extent, these people represented the interests and ties of the host or anchor institution — the development intermediary.

Over time, this governance table has been enlarged to include others whose perspective and influence is important. These people and relationships don't all need to be members of the board for the work to become well known and coordinated with others. In most sites, this additional recruitment has focused on employers. The goal is to find and engage them and develop ways to respond to their concerns.

We keep working to try to get more employers involved and keep them involved. But we are not the only game in town. They are busy, first of all, with their own businesses. Then beyond that, they are inclined to be involved in other things. There are civic groups, the Philadelphia Workforce Corporation (formerly the Private Industry Council or PIC), many business associations, and there's our Regional Workforce Partnership (with 80 percent of its members being employers.) Thus, it makes sense that they would be cautious about us. Their past experience has not made it any easier for us to recruit them. Many have been turned off by previous attempts. It's also true that serving on these boards and committees is not the only, nor often the best, use of these people, their ideas and their time. There are other ways to engage them. ... Development of relationships with employers takes time; their buy-in takes time. ... Most will say they are not interested in meetings; they are interested in results. And this is true. But if they can see that you are listening, that you are serious about doing something that will be strategic or relevant, and if they believe their involvement will make a difference, they will do more. (Interview: Fred Dedrick, president, Regional Workforce Partnership, Philadelphia, 1/23/01.)

In addition, as the work progresses and partnerships develop, other names emerge. Other voices are sought. Some are people with broad civic ties, as well as ties to their particular industry, sector or institutional arena.

I have been involved in many things over the years in Milwaukee, and I can honestly say this is the first time I feel that labor, business and community interests are really all at the same table – all working on some common issues and projects. Labor and business, sometimes. Labor and community, sometimes. Business and community, not too often. ... But here you actually have all three. Most of us wear several hats. I am a labor union woman, an African American

with strong community ties and leanings, and a board member of the community college. ... That variety is true of quite a few others. When things come up, ... when we see how screwed up the PIC or WIB are, when we hear of an opportunity at the state capital or Washington, we don't have to be persuaded ... that our role is to use our various connections. ... We do use them, and often ... with some good results. ... (Interview: Sheila Cochran, Milwaukee County Labor Council, MJI Board, 3/15/01.)

If I aspire to be a leader in this community, I better not just sit back on my high horse and wait for people to come to me. I had better make it my business to be involved with others who want to make changes, and find out about their points of view, their agendas and where we might have some common ground. I may even be able to help some of them in their work, and later, they might help me in mine. So, it's not just the work of the JI that glues us together on this board, although that is central; it is our appetite to learn about what others are up to. (Interview: Margaret Montgomery, New Orleans, 5/11/01.)

Other partners operate quite independently. Rather than join the governing boards or become program operators under contract, they become allies. System change will depend on having some of these trusted allies. While having their own independent agendas and bases of support, they share the core goals of the local JI sites and may be willing to cooperate and (sometimes) strategize together to realize them. This is what AECF staff means when they talk about "leveraging the local civic infrastructure."

We are involved in an effort to look at ways to revitalize the regional economy by strengthening existing business and economic assets. ... We want to understand the key drivers for investment decisions that directly affect these sectors. Our initial analysis has identified 20 business clusters, of which 16 have strong ties to the inner city. We have chosen four (business clusters) to work in, (areas) where St. Louis has historically been very strong and is still well positioned – if the right kinds of investments are made. These sectors are: transportation and logistical services, metal manufacturing, construction and commercial services. In each case, we have identified a champion, someone from the private sector but with strong civic ties and influence. Of the various factors, we think the training and education infrastructure in the region is very big. We are going to be making recommendations for how to strengthen existing assets for these sectors. We (ICCA) are completely private, housed at the chamber of commerce. I know the St. Louis JI and think our work is very complementary. The sectors we have selected overlap, and ... the trajectory of our projects will no doubt intersect. But just as there is value in the convening that the St Louis JI is doing, there is also value in our work. It is not necessary, or even wise, to put all this under one big tent. We need to know about and work with one another, coordinate, actively support one another. But there is also value in having both bases, ... (which) contributes to the overall goal of revitalizing the regional economy and putting more people to work at better and

better jobs. (Interview: Kevin Cahill, executive director, St. Louis Inner City Competitive Alliance, 1/25/01.)

In addition to “setting a larger table,” which has been critically important according to most non-staff board leaders interviewed, power is being shared.

People who came to these tables found they had a say. Although not everyone got everything they hoped for, especially early on, they often stayed because they appreciated the opportunity to “get in at the ground floor,” to “shape and influence something.”

For all six sites, 75 “partners” have been brought in during the first five years either as part of the governance or as local implementers. Of this total, about 20% have since dropped out or have been asked to leave.

This clearly shows how important the local context is, and how repercussions of decisions, performance and alliances play out most forcefully at that level. For example, local site leaders had to deal with the political consequences of how the projects were first set, especially in terms of who was invited and who was not. These kinds of tensions affect personal relationships and reputations directly. This mix of people, interests and organizational histories creates a dynamic and sometimes politically charged local scene. The situation is further complicated by the perception that the size of AECF support is large and attractive. Thus, to be left out, in this case, is hard because a large amount of money is at stake, and because people can worry about why they were not included or even approached.

Governing together also has been a challenge. The JI’s intent was to create laboratories for innovation and learning. To a considerable extent, this is starting to happen, the result of big ideas and small projects.

In these first years, we have gotten a few things down well. We found a way to be reassuring to the doubters ... (show) that we can provide a quality training experience and job candidates worth hiring. This quality assurance challenge has been central, and facing it has been made easier by the fact that we approached it a little at a time. First, we did it in construction, in classes that weren’t too big. We fine-tuned the training and made it better. We didn’t put all our eggs in one basket and expand too quickly or into areas we know less well. We have been helped by the scale of the effort to date. Now, we have to find a way to expand our impact, to enlarge the pipeline for job seekers coming through without throwing out the valuable things that have come from this smaller scale project. (Interview: Mack Slan, director of training, NOJI, New Orleans, 5/9/01.)

These small projects have been paired with big ideas and ambitious goals, which are a source of inspiration and direction. The AECF initially offered compelling givens and goals. But local sites teams developed their own take on those goals and communicated their ambitions to their local community in a way that reflected a sense of history and context, which only local people can offer.

For SJI, a critical step was when we went through a process to identify our core values. We interviewed around 3,000 stakeholders that ranged from individuals active in certain community groups, to job seekers, to employers, to policy people in city government, and from all that we developed our four values. We want to place people in decent jobs that make a minimum of \$8 an hour with benefits, and working at least 30 hours per week. We want long-term retention so we look to see where people are at one and two years. We have a dual customer focus, serving both employer and the job seeker. If you privilege one over the other, in the long run, you won't have a successful program. We think both must be satisfied with what happens, or we haven't really done our job. Finally, we believe people need human service supports along the way. It may be childcare, or bus passes, some unexpected expenses. We have made provisions for this. These are now adopted as our core values. They have been an important element in our taking this project and making it our own here in Seattle. Sure, AECF helped set the stage and laid out some important givens – as they call them. ... But at some point, we have to own it ourselves, make it ours. So, the core values help with that. ... We try to bring them up all the time wherever and whenever we can. (Interview: Dianne Hanna, site director, SJI, Seattle, 3/20/01.)

Small projects contribute to learning because they are easier to get going and modify. Also, the diverse array of jobs projects operating at any one time means that local sites are not voting for or against just one model. Rather, they are considering a variety of local groups and approaches. This means they can be both more welcoming and more patient if the evidence shows that programs are starting to work. This means that many interests and priorities get actively addressed early, which sends a powerful message about the value of staying involved. Those who don't get what they want at first should stick it out and see what comes next.

These various projects require different kinds of investors; some participate from the beginning, some are sought out, and others come on their own. Each is looking for a credible response to their particular definition of the problem. These definitions vary and evolve over time.

Finally, small projects also cement the involvement of potential allies or partners who might disengage or drop off boards, task forces or committees because their immediate concerns aren't addressed right away. In some cases, these allies became spokespeople for JI ideas and for the value of making the effort and giving it a chance.

These allies and champions are especially important when they come from business or institutional backgrounds not typically considered engaged in their community.

Getting Results

Once launched, these numerous jobs projects have been watched closely. With the aid of a steadily improving data and reporting system,¹⁸ and with sought-after outcomes clearly in mind, site teams acting as local investors have paid attention to results. They have recognized and praised those projects that perform well, cut off some projects that show poor results, and put pressure on others to get better soon.

Sometimes I think groups have been surprised that we came around so soon to find out how things were going. Let's face it; a lot of them had gotten by in the past with simple descriptions of their effort. 'We served this many people over this period of time, and we sent them out to these places.' The pattern hasn't been very tight. They haven't had to be accountable, for the most part. This has gone on for a long time. So, ... along we come ... suggesting to these various providers that we not only want to know what happens, but we want to know pretty darn soon, and then we also will want to know more later. It raises the ante. It causes some problems. In the employment field, it tends to be a new kind of practice. But it also sends a message. And let's face it; ... sometimes it is easier to send that kind of tough message if you can say to them, 'Look, the national funder wants this. We have to do it.' (Interview: Tom Rhodenbaugh, site director, SLRJI, St. Louis, 1/26/01.)

Some site leaders said ending a project was particularly anxiety provoking, not just because the task was hard, but because they worried how it would look to others, especially to the AECF.

Thus, it became important for AECF staff to reassure sites that naming and terminating weak or failed efforts would not be taken as a "bad sign." To their credit, AECF staff has praised willingness to take tough stands based on performance. This is particularly impressive when compared to typical nonprofit practice.¹⁹

Some of our hoped for local capacity just wasn't there. It was clear quickly. So we had to change horses, drop partners, end contracts. I wasn't site director at the time, but I remember it all clearly. And even though it had been stated that results were very important, and we would watch for them, that in fact this was going to be a normal part of the process and should be addressed, people were still terrified to do it. What will it look like? What will Casey think? And JI

¹⁸ See, for example, the discussion in Doug Welch, "Benchmarking the Performance of Employment and Training Programs: A Pilot Effort of the Annie E. Casey Foundation's Jobs Initiative," Boston, MA: Abt Associates, March 2001.

¹⁹ Christine Letts, William Ryan and Allen Grossman, **High Performance Nonprofit Organizations**. New York: Wiley & Sons, Inc. 1999; and Peter Plastrik and Judith Combes Taylor, "Responding to a Changing Labor Market: The Challenges for Community-Based Organizations," Boston, Mass.: Jobs for the Future, January 2001.

staff said, 'If it doesn't work, say so. Find something else to try. It is OK. It's better to face it and then we will move on. ...' That was a real challenge for us and a breakthrough to actually do. (Interview: Laura Dresser, Milwaukee, 3/15/01.)

Across the entire initiative, local sites have now dropped one quarter of the jobs projects started. This number will continue to grow. In practical terms, this is evidence that "continuous learning" is happening – that sites are indeed becoming real laboratories for learning and innovation.

Without mistakes and missteps, there is no learning. In some cases, problems were related to specific projects; in other cases, problems were linked to the provider organization. Sorting out these issues is part of building organizational capacity and of preparing to move work towards greater scale, in terms of numbers of participants and impact.

Each site handled this commitment to results and performance in its own way. People with previous experience with nonprofit and civic organizations, where good intentions often are enough, sometimes needed practice and group support to spotlight performance, make tough decisions and end failing contracts.

Part of what we have found through the pain and suffering of dealing with things that don't work is the ability to keep coming back to our basic strengths, our assets. In our case, at TRF and PJI, we invest in certain companies. In those cases, we have a direct role, some influence. We can provide a boost. We also convene, and so we are always looking for good partners, for the right or complementary mix of assets that will make something go. ... (We are looking for) different assets that complement our own. ... You get good at figuring out whom you want to work with because there is so much emphasis here (in the JI) on results, ... on outcomes. We started by trying to build the capacity from scratch but found that was too slow and uncertain. ... We found ... a lot of poor quality programs and ineffective people in the existing systems. We needed to work from a place where we thought we could have success, and fairly quickly, and that brought us back to our assets — our own (assets) and those of partners we know enough about to make a judgment. (Interview and Transcript for Film: Margaret Berger-Bradley, site director, PJI, Philadelphia, 1/23/01 and 7/01.)

Sites have faced many other "governance challenges" that have varied considerably across sites and over time. One important issue to resolve has been the tension between adopting an entrepreneurial style, which suits a laboratory for continuous learning, and a more traditional management style, which better suits the mandated framework for accountability and results. Both styles have been actively promoted in the JI, but doing them at the same time can cause confusion and/or friction. Another challenge has been keeping people at the table while pushing hard for results.

The management problem at the start is about getting projects up and running. At the same time, keeping everyone involved who needs to be has been a big challenge. It would be hard enough (even) if we weren't also pushing, and being pushed, for results. We see some partner groups trying and doing more than we expected. We see others doing less, sometimes far less, than we expected. It's fine to say that the idea here is to build capacity and to move to scale ... and to innovate, dropping the projects that don't work and retaining the ones that do. But the thing you have to remember is that all of this is embedded in living, local relationships and trust. And so there is going to be fallout if some group is cut off or criticized, or if someone gets frustrated and goes back to their group angry. Do we want a well run and effective program? You bet we do. Do we also want to keep people involved despite their concerns? Yes, we want that, too. So, it is not so easy. (Interview: Linetta Gilbert, NOJI board, New Orleans, 5/11/01.)

Managing for results, especially so early in an organization's life cycle, is challenging.²⁰ And it sometimes has threatened personal or professional relationships that board members and others value. AECF staff has acknowledged this dilemma when reevaluating its modus operandi.

I think we may have pushed too hard at times. I would say one of the main investor challenges is how to grapple with mistakes, imperfection and redesign. That has proven very hard at both the national and local levels. When you are doing this in your own hometown, it is going to be harder and take more guts and discipline. We told ourselves that by playing the bad guy, we made it easier on the local site leadership. But in reality, I think we also pushed them too hard at times on certain things. (Interview: Bob Giloth, Chicago, 7/12/01.)

Some partners are recruited because they already demonstrated they could perform; others provide connections and credibility and are the ones site leaders like to introduce to visitors. They bring their experience, impact and reputation to the table.

Other partners, however, are retained in hopes that they will get the message and improve. Often, these partners represent the local workforce system, the institutions and agencies that local sites are trying to change — sometimes in fundamental ways. These partnerships can be difficult, even though representatives of under-performing institutions often agree with the criticism, may be looking for allies or are personally searching for ideas and support.

In various ways, all six sites have grown in maturity, confidence and capacity. In each case, local people can proudly point to specific accomplishments. Key lessons have

²⁰ Bob Giloth and William Phillips, "Getting Results: Outcomes Management and the Annie E. Casey Foundation's Jobs Initiative," Baltimore, M.D.: The Annie E. Casey Foundation, September 2000.

been learned, and to varying degrees, new capacity has enabled sites to become stronger and more effective players within local scenes.

As a result, sites are learning to leverage resources, hone strategies, express how they have added real value to their local scenes and resist temptations to stretch themselves too thin.

Each site is learning to manage the particular histories and politics of their “host organizations” and to treat those hosts more like assets to be stewarded, rather than one-time shots of money and programs.

I was impressed by how quickly and comfortably they describe their shortcomings along with their accomplishments, how clearly they state their goals and values, and how enthusiastic they seem about their plans and prospects.

P A R T T H R E E :

Investor Issues

The previous two sections looked at how national and local investors have interpreted their roles and tried to implement an investment approach in this initiative.

This section draws on the experience of both levels and discusses seven investor issues that emphasize the importance of:

- Growing local capacity;
- Getting and using good data;
- Deciding scale;
- Managing for accountability;
- Organizing employers, politics and history;
- Sustaining the work.

Many of these issues are not unique to an investment approach. Some are important regardless of the approach and should be considered dilemmas or tensions to embrace and manage, rather than problems to solve or avoid entirely. As the saying goes, they come with the territory.

Based on my interviews and site visits, I have chosen issues that participants say are most important.

Local Capacity and Execution

The outcomes sought by the JI can only be realized through effective work by a variety of cooperating organizations, groups and people. Planning and project development have been carried out in good faith, and assumptions have been made about the capacity of groups operating in each community – including some organizations well known to site leaders. Assumptions also have been made about the ability of sites either to find additional groups with relevant capacity or to grow the capacity of existing ones. Often necessary local capacity is found; sometimes it is not. When capacity is weak or absent, local site leaders must try to build it. This organizational and personnel capacity building often is assumed to happen “naturally.” Prevailing wisdom holds that if groups and individuals are given new opportunities and resources, their ability to perform relevant tasks will improve. The JI experience to date suggests that this might be true, though the process is slower and more difficult than expected.

Growing capacity requires finding capacity. One of the most consistent challenges for the local investor has been finding relevant organizational capacity to tap. Initial partners and “wannabes” converge and try out, but they don’t always work out. The real challenges are starting the work, choosing partners and staff and finding capacity that will produce and grow. One must carefully examine potential partners to determine if they are capable of doing the work. Investors call this “due diligence.” Sites have faced problems conducting this due diligence effectively. In virtually all cases, key partners either have under-performed or failed.

Similarly, working from strengths and assets is easier said than done. It takes a lot of work. One such approach is Asset Based Community Development (ABCD).²¹ In recent years, it has captured the imagination of many development practitioners in the U.S. and Canada. Not only does it have conceptual appeal — building on people’s strengths, focusing on assets and resources of the community, rather than on its deficiencies — it also has some operational appeal.

The ABCD approach takes starts with the fact that outside-in and top-down help usually has done more harm than good, and this pattern must be reversed. It argues for an alternative set of practices based on a philosophy of local ownership and control. In the U.S. this is called “citizen power.”

In recent years, citizen leaders in many communities have mobilized to take action for their own economic and social development. The ABCD approach can help build an “inventory” of local assets and encourage residents to find and use untapped resources. Such untapped resources not only include individual skills and attributes but also the relationships that exist (or could exist) among social, kinship and associational networks. Once community residents have chosen a goal or direction, more traditional institutional and private enterprise assets may be used, but on the community’s terms.

At the heart of the ABCD approach is the power of local associations (groups of self-organized citizens) to drive the community development process. These associations are the vehicles through which all the community’s assets (individual, associational, institutional and business) can be identified and used. If community residents are at the center and control the process, these assets can be mobilized and connected to one another around coherent community vision. Their power and effectiveness is multiplied.

This process can work with individuals and associations. These associations are only as good as their members. And given that many communities are increasingly fragmented and slow to act on their own behalf, the potential of associations resides in their capacity to restore to their neighborhoods a sense of common purpose, belonging and collective action.

Much rhetoric and many written material used by JI sites, including their Strategic Investment Plans and Periodic Reports, use an “asset building approach.”

Part of the local JI challenge has been to work under time pressure and a short-term need for results. Some participants say these pressures may have minimized the asset identification stage. Instead, sites sought allies and providers that were ready to go.

²¹ John Kretzmann and John McKnight, **Building Communities from the Inside Out**, Chicago: ACTA Publishing, 1993; Deborah Puntteney, **A Guide to Building Sustainable Organizations from the Inside Out**, Chicago: ACTA Publishing, 2000; see also, Muchael Sherraden, **Assets and the Poor**, New York: M.E. Sharpe, 1991.

Race and Cultural Competency

To their credit, several sites have identified race relations and discrimination as critical issues. With AECF support, they have pursued a variety of ways to address them.²² They have built important competencies — often where little or none was available before — through a range of innovations and projects, including new training curricula, workshops and action plans. Getting people to use and follow-through on these innovations is proving hard. Local sites also are learning the hard lessons of follow-through and commitment. For cultural competency to be effectively used, leadership of the institutions and organizations where the problems reside must apply remedies. In some cases, local projects have improved the capacity of individuals to address racial issues, but the places where they work are not always willing to use that capacity.

Getting and Using Good Data

All sites have worked hard at formulating and figuring out what to do with information on how things are going. For many, generating progress reports initially was interpreted as a mandate to come up with “more” data, almost for its own sake. Gradually, site leaders, managers and board members realized the value of having good data. Culling that good data started as a daunting chore full of pitfalls, technical complications and more technical assistance than most sites had bargained for. Local JI staff reported substantial, ongoing tensions around what progress looks like and how to achieve reliability in measuring it. They devoted more time and energy to this than they were used to and found it took stamina and hard work. Many also noted they would not have done as much, nor kept at it as long, without ongoing support from the AECF.

In some cases, the TA provided was good; in others only adequate or not very good at all. This seemed to be about more than just competence. It also had to do with the various “fits” between specific TA providers, the JI and its framework. Some TA providers found it hard to adapt their customary style to the expectations of site managers. It took time for the TA providers to understand fully the JI approach and mandates; thus, it wasn’t only local sites that needed practice and feedback.

Value of a Forum to Reflect on What the Information Means

Good information is necessary but not sufficient. It’s not just a matter of having the information, several site leaders noted; it is also a matter of knowing what to do with it. This took practice. It helped to have a local staff with background and expertise take the lead, even if national or local TA providers also were involved. Sites reported that the effort expended on figuring out how to get good information, learn from it, put it to use and deepen it was well worth it.

²² See especially, “Taking the Initiative on Jobs and Race: Innovations in Workforce Development for Minority Job Seekers and Employers,” Baltimore, MD: AECF, 2001.

This is very much in keeping with an investment approach. Investors want to know what is happening, and they want this information to be current, accurate and continuous. They don't particularly want to hand it off to someone who will go away, study the question and come back later with a snapshot of how things were at one particular point in the recent past. They like to see how the work and impact unfolds. This suggests that "good data" must not only be accurate, it must also be presented in a useful and timely way.

Challenges of Scale

Site directors and leaders feel considerable pressure to move from current pockets of effectiveness to wider impact. Although AECF staff had assumed that "scale" might mean focusing more on policy or integrating better practices into workforce systems, site workers interpret "scale" to mean getting "better numbers" that show they are getting more and better jobs for participants. Thus, "scaling up" is a form of progress that merits close attention and understanding — closer and deeper than is usually given.

Everyone assumes that the move to greater scale is so natural that they underestimate or ignore the downside of this pressure. Smaller projects that are demonstrably good at what they do, and which operate at a scale they can handle, may not be good candidates for scaling up; doing so may actually distort or wreck the project.

In addition, going to scale assumes the availability of investors and leaders to help take you there. Overreaching or "getting in over your head" can waste important time, energy and credibility.

- What works on a small scale may not work as well on a larger one.
- Participants, and especially those who helped to run one of the successful projects, stressed that operating on an appropriate scale, pace and focus is what might make some projects effective.
- Participants in a "soft skills" workshop, for instance, may report that it worked well for them, and their employers also may agree it helped them learn to operate more effectively in the workplace.
- In trying to evaluate these "successes," it is often hard to know what ingredients made the most difference. Was it the amount of time and personal attention the participants in the workshop received? Was it the workshop facilitator and his message? Was it peer support and interaction? Before taking this kind of small scale "success" to a larger scale, it is important to understand key ingredients so they can be retained in a larger or faster-moving group.
- In effect, much must be learned before site managers can confidently scale up their impact. The push for numbers and "pipeline expansion" tends to minimize the importance of learning about which ingredients are key to success, and which are not. It is important to promote "going to scale," but not too soon or from the wrong places. One small employer said, "What is so wrong with making one, two or three good hires at a time?"
- The issue may be how to determine which efforts can be grown in scale in order to achieve more impact, and which efforts cannot be enlarged without reducing

effectiveness. For some of these latter situations, the challenge may be to find some way of multiplying these small efforts without actually disturbing their key ingredients. For site directors and their boards, the challenge of scale includes the questions of when, where and how to jump up?

When things are working, it's natural to wonder if we can do more or speed it up. One JI irony may be that by having relatively good data on what works and what doesn't, local site teams know what projects and programs produce good early results. Thus, they will be tempted to focus on these projects in response to both outside pressure for results (from AECF and various local stakeholders) and to meet their own goals. But some tension may exist between initial results and more ambitious future success. Part of what may contribute to effective programs and projects is the customized attention they pay to particular people, problems and situations.

Managing for Accountability

Each site's enfolding story is unique. The differences seem to outweigh the similarities, but the similarities are nonetheless significant. One common aspect of these unfolding stories is how they all learn to manage for "accountability." That is, managers have specific outcomes in mind and look very closely at whether projects are achieving them. In support of this focus on results, they look for the people, information, new ideas and communication styles that will enable them to be more assertive about results.

In the beginning, the idea is to gather the best people, exchange ideas about what matters and how to do things, and then get started. Each local site and its management team went through this stage in its own way, reflecting differences in approach, local history, capacity and resources. As the JI progressed, the issue of how to manage for accountability has come increasingly to the fore. In some cases, this has meant a change of people; in most, it has meant a change in priorities and a deepening of the work.

Overall, managing for accountability means being able to manage:

- Trial and error revisions;
- Performance contracting;
- Meeting the needs of a target community;
- Supervising the working styles of entrepreneurs versus managers.

Trial and Error: The easy part of this method is "trial." The hard part is knowing how to deal with error. All sites have struggled with how to grapple with mistakes and make appropriate midcourse adjustments.

Learning and adapting turns out to be less linear than the planning model (as offered by the Rensselaerville Institute) suggests.²³ That is, activities may be planned as if they will follow a particular sequence. Once begun, the planning model assumes this sequence of steps will proceed in a predictable and clear way.

²³ Harold Williams, Arthur Webb and William Phillips, *Outcome Funding: A New Approach to Targeted Grantmaking*, Rensselaerville, N.Y.: The Rensselaerville Institute, 1996 (third edition).

Sites often found this was not the case. They had to re-do things. There were surprises and delays that required the process to change. Doing this live, in real time, is very difficult. Another model, or an adapted version of this, would be a welcome improvement, according to most sites and some consultants close to the JI.

Clearly, local site leaders must try out a variety of approaches and then see which work. In some cases, this is quite straightforward because the results are so dramatically good or bad. But in other cases, the results are mixed, and thus it is hard, in the words of one site leader, to know whether the “right” thing to do is to give them more time or cut them off “before things get worse.”

Knowing when to quit is as important as knowing when to “wait and see,” make adjustments and continue to give it a try.

Performance Contracting: Good contracts state outcomes clearly. If a contractor’s performance is not adequate or fails to achieve goals, contracts can be terminated. Clearly, this approach is much tougher than most nonprofit providers are accustomed to.

Performance contracting clearly spells out goals and timelines. But the real punch comes when providers fail to perform. This breaks with typical nonprofit practice that tries to shield programs against “too early” judgments or tries to improve – rather than cut off – projects that clearly are struggling.

Local relationships, including board contacts and friendships, have been put in jeopardy by this form of JI accountability. Many managers in the nonprofit sector are familiar with the choice between paying someone to do something (such as training or placement screening) through a contract-for-service, and becoming directly involved in delivering services themselves. Here, being an “investor” carries with it a degree of direct engagement and active problem solving that is new for many – especially in fields with as much program ineffectiveness as the employment and training field has traditionally represented.

The Target Community: As noted earlier, this has been a difficult ingredient of the model, and AECF insistence on retaining it has been a source of considerable tension.

Originally, the commitment to working in a particular place was introduced as a kind of proxy for remembering the “disadvantaged,” to ensure that those less well off would remain at the center of this work. This worry seemed well founded at the outset.

Thus, the original design explicitly linked regional economies and particular low-income neighborhoods through a “target community.” At the same time, the JI design argued that traditional neighborhood-based approaches to workforce and economic development that focused resources and energy solely within agreed upon geographic communities were too limiting.

The informed compromise offered was that sites would choose their own target areas, presumably based on existing connections and commitments and prior experience. In each case, local sites were expected to pull at least 50 percent of their total recruits (job seekers) from these areas. This and other informed compromises demonstrate an attempt to find a balance, rather than force a choice that might impede flexibility or performance. This willingness to compromise constitutes one of the most significant aspects of the overall JI design.

The JI framework urged sites to form partnerships with groups located in or had strong ties to these geographic areas. Actual experience has been mixed. Until recently, 30 to 40 percent of site placements had come from target neighborhoods. Recently, this has increased, in some cases to over 40 percent.

However, many partnerships have failed. In some cases, this appears to be due to weak organizational capacity. In other cases, it may have been due to how early and seriously the JI used evidence about outcomes to decide which efforts to end or cut off.

Still, the role of place-based connections is seen as a key for recruitment, case management and support services, and long-term labor market retention. Having staff with direct knowledge of local residents and the social networks present in their home community is invaluable to this work. Staff members who come from target communities bring knowledge, local ties and cultural skills that help find, support and track training participants.

Along with these place-based approaches, other approaches that connect lower income residents with the wider metropolitan areas in ways that offer more and better employment options have been used, including sector strategies.

A sector strategy achieves quality jobs by working with employers and other key players in a given sector (such as health care, printing or customer service) to enhance the current health and future prospects of that sector. By tying your program participants or trainees to that sector, you also tie their job and income prospects to it. In the process, you are constantly urged to make sure all your applicants are job ready and “good hires.”

With a target community, on the other hand, you work to get as many job candidates living in a certain (disadvantaged) area into the training and placement pipeline as possible.

Sites correctly point out the tension inherent in using these two approaches at once; thus, compromises must be made.

Entrepreneurs are Different from Managers: Although different kinds of people and approaches are important in complex organizations, a considerable difference exists between an entrepreneurial and a managerial approach.

Entrepreneurs tend to be better at starting things, energizing the process of innovation and seeking out resources and connections. Managers tend to be better at running the operation once it has been established, tracking progress and shortcomings, and following through on commitments.

Although entrepreneurs and managers may complement each other, their different approaches can make working together uncomfortable.

This tensions runs through the local sites, and it surfaces in both board and staff discussions and debate. While most sites adopt the personality and approach of their board and staff leadership, most sites realize they must become both savvy entrepreneurs and keen managers, which is a challenge.

The assumptions and methods underlying the JI framework result from of a series of “informed compromises.” The design refuses to accept the idea that one must choose, for example, between place-based and issue-based approaches. Elements of both are in the framework.

To some extent, the framework also refuses to accept the idea that one must focus on either economic development or workforce development. Although sites are strong advocates of workforce development, their adopted sector strategies are a combination of both concerns, which affords greater flexibility. This combination increases the value of real-time learning and continuous adaptation as the work evolves. These informed compromises don't make it easier to manage for accountability, a framework and investment approach requirement. But they may allow greater effectiveness in the long run.

Employer Organizing

A JI central given is that employers must be thought of as customers for this work and engaged in the design and evaluation of training. Most site teams have seen the importance of this but have not yet managed to sufficiently broaden employer presence in their governance and program development. To date, employers are most interested in how the JI can benefit their own firms. To some extent, they have also been willing to explore benefits to the sectors they work in, such as printing, construction or health care.

This tactic of organizing employers directly has helped to overcome long-standing distrust by employers of the employment and training sectors – and by association, the JI.

Thus far, initial success with some employers hasn't spread as far or as fast as much of the literature would suggest,²⁴ and as all sites would have hoped. The overwhelming majority of employers making hires have had direct experience and knowledge of the JI. This is an important and necessary first step. Satisfaction with these hires may ultimately do more for the prospects of these local intermediaries than any other intermediate measure of “success.”

Progressing from hiring to joint thinking and group plans has been hard. Hires, credibility and clout all come from employers who have been successfully engaged. This part of the original “theory of change” seems to have been borne out. The theory's next step — success will engage other employers in a natural or progressive way — has not been accomplished.

Employer engagement has been a primary goal from the beginning. For most sites, it represents an area of both significant accomplishment and challenge. Most have made real progress and have experienced “breakthroughs” with some employers who are making repeated hires, talking up the project among their peers, and contributing time, energy and even money to the effort.

At the same time, employer engagement has been one of the most difficult aspects of the work. Important questions remain, which the JI experience hopefully will illuminate.

- What would make employers move from making one new hire to making two or three and a greater commitment?
- Under what conditions do employers act together?

²⁴ Carla Richards and Joaquin Herranz, “Everybody Wins: Effectively Involving Business in Workforce Development,” Boston, Mass.: Jobs for the Future, June 2001.

Clearly, this question of employer engagement is central to any long-term strategy to benefit low-income job seekers.

Employers Acting Together: Helping employers to act together is a difficult task. How does it happen? What does it change? What do employer clusters look for and respond to? Does it make a difference if they are “self organized?” Are industry sectors (such as printing or health care) the best or only way to organize employers effectively?

Politics and History of Each Site

Each site has struggled with its local context. How did the JI come to town? Who was involved and invited to join the governing group? Who was avoided or left out? Who was encouraged, and who was threatened by the JI locally?

In terms of system change and advocacy, what is perceived as politically possible in each local context? What “other agendas” do people bring — or are perceived as bringing — to the work?

These difficulties and more have been major challenges so far, and they tend to be underestimated from afar.

Keeping and Building Strong Relationships: Site leaders repeatedly spoke to me about the importance of personal and professional relationships. These relationships often define who they are and what they stand for. Site leaders not only pay attention to how they nurture existing, valued relationships, they also talk enthusiastically about the new and varied relationships they are making through the JI.

For many, these relationships may be one of the most lasting benefits of their involvement. They have learned to work together with strangers and, sometimes, in strange ways. This team building is at the heart of each site’s maturing capacity for planning, implementation and public advocacy.

Site leaders also told me they are learning to listen and overcome historic hostilities and stereotypes. They also are working to balance honesty and constructive criticism with being supportive.

The Allure of Leadership: While every site had obvious leaders, whom I was encouraged to meet and get to know, I was most impressed with the people who had become “members,” rather than leaders. These people were playing their part, keeping their commitments, expanding their vision, and probably would have more influence on the long-term prospects of the JI than some more visible leaders.

In a way, the visible leaders were more predictable. They knew their role and played it well; they were articulate, outspoken, self-critical, well connected and reassuring. They rarely spoke to me at length about the problems or shortcomings of the overall effort, even when those were well known and openly discussed by staff.

The “members,” on the other hand, were often more tentative, more focused on their own interests, more candid, and probably, more typical of the local context within which the JI is evolving. In this sense, they are probably a better way to know what the issues and challenges are and will be, and how these will be overcome.

Sustainability Has Been Hard

It is important to note that the employment and training field historically has been dependent on public sector funding. Although this public funding has fluctuated over the past 25 years, it is relatively low at present, and state and national officials do not seem eager to increase it significantly. In addition, a significant amount of private or foundation funding never has been — and still is not — available.

Still, one hopes that results will count for something, and this may still prove to be the case. But so far, finding local champions and other investors to replace AECF dollars has been slower than the results achieved thus far would seem to warrant. At this point, an exit strategy for AECF support that considers local context, history and politics would be helpful, especially if each site developed one.

Broadening the Base: All sites are concerned about their futures and described plans to bring in new energy and support. Much of this, at present, is episodic, opportunistic and relies on existing channels and networks. Still, one hopes to broaden the support base beyond the AECF by getting the message out and by documenting results, differentiating the local JI from other workforce players and providers.

Civic Leverage: The JI began with much attention paid to understanding the local “civic context” – the kinds of organizations and leadership that already exists, the recent history of that city in terms of coalitions for change, and the degree to which people seem positive (or negative) about the possibilities for making things better.

One aspect of this civic context emphasized was the value of local “buy in,” or the sense that local citizens and civic leaders were willing and able to join together for common purposes. Many believed that this buy in was necessary at the outset (and throughout) if significant systems reforms were to be achieved in the long run. In general, sites already have leveraged a great deal of civic investment; but this leverage has yielded more moral and political, than financial, support.

Furthermore, the JI has become intertwined in the minds of many local decision makers with welfare reform and programs for the poor. This association has made it harder for the JI to develop its own identity and approach and to gain the attention and support of people who will help make significant policy and program changes. Many of these decision makers tend to move on to the next issue before they have engaged fully in current issues or finished the work (such as developing a regional system for improving the economic opportunities of lower skilled workers.)

Furthermore, the JI start up, selection of intermediaries and neighborhoods, ongoing operations and resource allocation have produced rivalries and resentments that affect the prospects for civic leverage. As Bob Giloth noted, “The question is whether ‘civic leverage’ can be improved in the last few years of the JI. It will be important for sustainability.”²⁵

²⁵ From a memorandum sent by AECF staff to JI Advisors coming to July, 2001 meeting on “Next Steps.”

Projects and Initiatives Go On, But People Leave: While most people think of money and political support as the basis for sustainability, human resources also are central. Most sites have been jolted by the departure of key leaders. This has been difficult and not easily overcome.

Nevertheless, people do pull together and move ahead. One site leader said, “In the end, it’s the people that count. If you have the right kind of people — by this I mean ‘committed’ — and they manage to stick with it and work well together, things fall forward and gradually together.”

One emerging lesson for these site teams is the value of having a range of leaders and a “team” of managers who can play multiple roles. The future of each site may depend on its ability to develop second and third line leadership – at both the staff and board levels – to guarantee “bench strength.”

One important way the AECF commitment reinforces the idea that “people are key” is the fact that Bob Giloth and Susan Gewirtz have stayed with the JI from the very beginning. This has been a plus for all involved.

P A R T F O U R :

Some Implications of the Investment Approach

IN THIS SECTION, I draw some implications from the investment approach as the AECF and local JI development intermediaries have applied it. I offer these as a way of naming what may be interesting to others.

An investment approach has been defined here as a way of thinking and acting that:

- Emphasizes accountability for specified outcomes;
- Requires direct engagement by staff;
- Uses data to monitor performance and impact;
- Uses some private sector ideas and methods, such as return on investment, continuous improvement, customer focus and strategic planning.

The investment approach is not for everyone, nor for every problem. Like the term “venture philanthropy,” it runs the risk of becoming a fad or philanthropic fashion, rather than an informed choice that requires uncommon commitments and is appropriate to only certain situations.

The investment approach is not without its critics, and some are quite severe.

“Today’s large foundations have contributed to a ‘race to the bottom’ of what can be achieved by nonprofits” as they focus more and more on the mechanics of philanthropy, rather than the “end results,” according to Stanley Katz,²⁶ a Princeton University professor of public policy.

Katz says the rise over the past decade of an “investor mindset” in philanthropy is counterproductive. That way of thinking is leading foundations to narrow their missions and limit their influence on public policy decisions and broad fields, such as health care or science. Furthermore, he believes, successful major campaigns, such as the Rockefeller Foundation’s Green Revolution or the Carnegie Corporation’s work with educational children’s television, are not likely to come from today’s foundations unless they undertake a “task-reorientation.” He means foundations should refocus on root causes of significant problems and encourage nonprofits to solve problems creatively, unbound by “proscriptive” grant processes.

²⁶ Stanley Katz, a public policy professor at Princeton University, speaking at a forum on Trends in Philanthropy, Georgetown University, October 19, 2001.

Others doubt that foundation staff will bring intellectual capital to the table; they find the money attractive but not the deep engagement that goes along with an investment approach. For these critics, and for many grantees that may feel “hounded,” rather than informed by foundation engagement efforts, an investment approach is simply an occasion for the foundation to “throw its weight around” because no one is going to challenge its privilege or power.

At the outset of this work, I also was skeptical about the degree of staff engagement proposed by the AECF staff.

Nevertheless, based on what I have seen and heard emerging in these six sites, I am persuaded that under the right circumstances, an investment approach makes sense and is likely to increase both impact and learning. Others, looking at the same experiences unfolding in the JI and listening to the same participants, might draw different implications, for I undoubtedly have been influenced by my own values, assumptions and predispositions.

However, based on what I have seen and heard, here are some implications that stand out.

1. For the logic of investment to apply, the initiative must last long enough and go deeply enough to ensure that the work grows, adapts and matures. In this case, the total time commitment by the AECF from inception to finish will be at least 10 years. This is a long time compared to most foundation-sponsored initiatives, even large ones.

The dual commitment of time and in-depth engagement appears to guarantee that, in fact, the work can be planned, implemented, reviewed, adapted and re-cast. While there is pressure to perform, more than is customary, there also is time to get it right.

A complement to this guarantee is the fact that the JI’s major elements have not changed significantly over time, which means continuity and consistency — two important elements for taking risks and innovating — have existed.

Continuity and consistency are not always found; or they may be present for a time then dropped as impatience and short attention spans dictate. One could easily imagine a foundation that considers its commitment to be long-term but whose involvement keeps changing. This is relatively common, and it can erode prospects for long-term payoffs and weaken the likelihood that lessons learned could be applied to ongoing work, to getting it right “this time,” rather than “next time.”

This combination of time and engagement has given site leaders and AECF staff a better chance to focus on the work itself. Without both time and an ever-increasing working knowledge of what is happening at the site level, I doubt the various JI actors would be able to take seriously the mandate to innovate, learn through trial and error, develop gradually or aspire to serious system change. This dual commitment has allowed JI site teams and the AECF staff to innovate, learn, adapt and grow.

A significant benefit of this time commitment and engagement has been consistency; the givens and specified outcomes have not changed much over the course of the JI. For many interviewed, this has been central.

While other funders have sometimes “committed” themselves to long-term initiatives, they also typically have changed their “givens” significantly along the way. Grantees,

like customers, usually welcome the time commitment; but the direct engagement between local and national staffs, and between TA providers and sites, is often less welcomed. Sometimes, it is resisted. Here, site leaders acknowledge that it “takes some getting used to.” It is clearly one of the keys to an effective investment approach.

In the JI, the risks and costs of an investment approach have been outweighed by advantages and benefits. For the investment approach to be adequately applied, the national investor must be able to stay current and interact with its local customers. The local investor, in turn, must have the time and support to find and nurture local capacity, its own and others. It must refine an approach based on its own ongoing analysis of local opportunities and resources, what actually happens to participants in its projects, and what is realistically possible in its own local context.

2. For an investment approach to work, a shared framework is very important. Time and energy spent on developing and refining a set of goals, outcomes and a common language is worth it. It pays off in many ways even if the shared framework is not the only point of reference used by the local sites. It is clear that this shared framework is not just an exercise in getting people on the “same page” to ensure they know what is expected of them, or that they come to resemble each other in conceptually consistent ways. It is a much more serious aspect of this investment. By creating and using this shared framework, the JI has greatly increased the chances for shared learning and knowledge development to occur.

This shared learning is one of the most important dividends of this approach, and it can be seriously undercut by failing to bring some consistency and clarity to how different players communicate with each other, and ultimately, with policy makers and the public. Although the content of the framework matters a great deal, it isn’t the details of the framework per se that give it value; it is the fact that people are communicating clearly and consistently with one another over time. This allows the foundation staff, local managers, TA providers and various interested observers and prospective partners to follow what is going on, to find their niche in the overall mix, and to draw from it guidance about how things might change or how they might act.

Are we in a new situation?

It seems clear that these sites now are operating in a different economic and business climate. Will this resemble other downturns or recessions²⁷ in terms of employer demand for better workforce development? Let’s hope the interest by employers in these system reforms will be rekindled.

On the other hand, one of the assumptions underlying the long-term time commitment made here by the AECF is that economic conditions will always change. Therefore, it is critically important for local efforts to be versatile, adaptable and current. This is one of the challenges of this work — to learn how to cope with these policy (and practice) changes and adjust strategy and programs accordingly.

²⁷ James Hines, Hilary Hoynes, and Alan Krueger, “Another Look at Whether a Rising Tide Lifts all Boats,” Princeton, N.J.: Princeton University Industrial Relations Section, Working Paper # 454; July 2001.

In recognition of this challenge, it might be worth trying to develop jointly with sites specific ideas about how best to proceed in these changed economic times. Not only does it appear likely that expectations will have to be changed, but also some basic strategies, projects and system assumptions need to be revisited and, perhaps, altered.

Important questions should be addressed. In keeping with the commitment to knowledge development and joint learning, these should be faced together as much as possible.

- How will this slowdown and associated changes affect the JI and workforce development in general?
- Given the importance placed here on investment and investors, what are the investment alternatives ahead for either national or local investors?
- Does this new situation suggest different questions, goals or constituencies for sites?
- Should the underlying assumptions and outcomes of the shared framework be reconsidered in light of recent economic and political events? (My guess is no.)

In a shared framework, assumptions and expectations are shared and relevant; recasting the framework should be a collective exercise.

3. An important implication of an investor approach is the value of finding an appropriate balance between playing a critical role and a constructive role. Clearly, this applies most to the national investor staff, but it also applies to the local investor. Several site leaders and members of the AECF staff told me they found the JI to be a challenging experience. This was true both personally and organizationally. Leaders with nonprofit backgrounds reported that the JI program officers were different from the more laid-back and passive program officers they had known. In fact, learning how to manage the AECF staff's direct and critical involvement has been the biggest adjustment local sites leaders have had to make.

A balance must be struck between criticism and encouragement, for both are needed if people in the field are to move the work along. In the early stages, JI site leaders appreciated the AECF staff's willingness to listen, learn and be supportive. Once trusting and familiar relationships are solidified, and once the reality of up-and-going projects drowns out preconceptions or worries, criticism becomes easier to offer and receive.

To be sure, carefully considered and sensitively delivered criticism can be viewed as a "gift" of candor and directness. Delivering this type of criticism, then following-up with care, does not happen "naturally" or without intention.

It may be useful for both national and local investors to get honest, real-time feedback from trusted observers about how they are perceived. At times, when things are going badly, or serious barriers are being confronted, it helps to have some way of offering support. At other times, when people are having a hard time accepting how much progress is being achieved, for example, it may help to offer criticism that breaks the silence but doesn't demoralize or denigrate people.

What are the barriers in common philanthropic culture and practice to an investment approach?

First, the intellectual style used by the staff of many foundations is to find fault — to be critical. This is their approach to proposals and, often, to reports on progress. New program officers, especially at national foundations, often are chosen and rewarded for their critical skills and are encouraged to use their sharp analytic ability to “see through the veil,” to get behind the rhetoric of potential or current grantees.

Second, despite having real freedom, funders often are both risk averse and not very accountable. They avoid sticking their necks out, even though no one is in the position to cut them off if they make mistakes.

Third, positions with foundations are comfortable. Jobs in philanthropy pay well, usually better than jobs in the fields they help.

Many observers of philanthropy complain that foundations often fail to use their clout or discretion to try things that are new, innovative or usefully risky. Missing the mark does not come with a steep price, because foundations are not particularly accountable to anyone. They can continue to support developing, though not yet effective work; or they can move on. For people with this view of philanthropy, it is hard to see how an investment approach can overcome inherent risk aversion and the inability to hear honest criticism.

Nonprofit leaders, for their part, are especially skilled at having dreams and aspirations. They must be able to “lean into the possibilities” of a situation. They look for and find the kind of opportunities they plausibly can respond to. In some ways, their “intentions” are valued more highly than past performance, which is rarely discussed (much less scrutinized).

This positive style becomes a way of orienting themselves toward next steps and new work. Often, they don’t receive honest feedback on how they are doing. They tend to look on the bright side. If they do get criticism or feedback that challenges their assumptions, they believe that time, practice and persistence will see them through. They cope through denial of the downside or with pleas for sympathy about how “hard” or “complicated” the work is.²⁸

For an investment approach to succeed, a balance must be struck between always taking a critical view and always looking on the bright side.

4. The investment approach carries a commitment to learn along the way, to determine which innovations work best in which situations. In terms of learning and knowledge development, takeoff is around the sixth or seventh year. This is important both for those directly involved in these sites, as well as for policy makers and others interested in the field or simply doing similar work elsewhere.

While steady, gradual progress in the learning agenda appears early on, most of the learning is internal and used to redesign, retool, scale up and forge ahead. In 2001, in my view, the JI return on investments into this learning and knowledge development agenda appear to have increased dramatically suggesting a breakthrough is now underway.

²⁸ I owe a debt of gratitude to Ralph Hamilton who suggested this contrast, among others, between funder and grantee in the interview I conducted with him in Chicago on September 10, 2001.

While my site visits gave me this impression, this change was especially apparent in the Showcase Conference held in Baltimore in early September 2001. At the conference, panels comprising local site leaders and their partners addressed a range of important workforce development and labor market issues. These were articulate, coherent and effective presentations. One could imagine them working with local policy makers or journalists, as well as with practitioners and experts in the field. In addition, they clearly reflected the ongoing learning that is underway in these sites.

Many panelists reported that they have revised assumptions, programs, practices and policies. This obviously reflects their growing maturity as decision makers. It is also based on, as one put it, “a steady stream of increasingly better information about what is going on in each project and for each participant, on what is actually happening for job seekers, employers and others.” (Margaret Berger-Bradley, Sept. 7, 2001.)

While previous conferences featured presentations from JI sites, these usually were more tentative, less focused and less compelling than these recent reports. The process of learning and knowledge development clearly has begun. In watching the sites evolve over time, and in hearing them at various JI conferences and workshops, the clarity and strength of their remarks at the most recent conference were striking. In addition to reports on progress and explanations of how decisions on project development and policy questions were made, they also were self-critical and reflective. For those listening, it was a remarkable departure from earlier conferences.

Not all grant making commits to learning and knowledge development as strongly as the JI. True, most funders state it as a goal and regard it as one of the benefits to society-at-large of their grant making. But few think about it as much or develop as multifaceted an approach as the JI. Here, after a gradual increase in the number and quality of learning tools, local sites appear to reach a point where they have a lot to say and the confidence to say it. They don’t all arrive at the same time or in the same condition. This is important to recognize in a multi-site and multi-year initiative. As board chair Alden McDonald of NOJI noted, “The learning benefits come relatively late.”

Time will tell if the learning benefit will justify the expenditures of time, energy, money and attention devoted to this aspect of the overall investment. Ironically, evaluation is often considered the primary vehicle for learning and dissemination. But in my experience as a professional evaluator, evaluations are rarely read and digested by clients, much less a “reading public” that might benefit from lessons others have learned.²⁹ It remains to be seen if the JI evaluation will break with this pattern. It may prove to be very important in the dissemination process.

What is more interesting here, however, is the extent to which the commitment to learning and knowledge generation does not rely solely on evaluation per se, but enlists other tools, resources and outlets developed along the way. Sites are not waiting for the “official” evaluation to be completed, nor is the AECF.

²⁹ My own experience informs me. After working for many years on various kinds of evaluations for community groups, non-profit organizations, foundations, state and local governments, I recently served as Director of Evaluation for the John D. and Catherine T. MacArthur Foundation in Chicago for three years.

For students of program development or with an interest in multi-site learning and innovation networks, the JI experience might also be instructive about the factors that contribute to increased learning but are normally given short shrift. The shared framework has been mentioned several times, and it is clearly important. The regularity of site teams coming together, and the consistency between the language and logic used in these meetings and in written materials, also are important.

In addition, the initial uses of the framework (and its related protocols and reporting formats) have been internal to the JI itself. This means that before going “public” with their stories, site leaders have been able to practice telling their stories and fielding questions about the work. That is, before starting to publicize their observations, self-descriptions of goals and outcomes, insights gained from holding projects accountable and other recommendations, those working directly at the local level have had time to practice among themselves, JI staff and TA providers.

There appears to be a kind of geometric acceleration that reflects accumulating wisdom and accelerating impact as the projects mature. This seems to be happening now, at about the six- to seven-year point.

This timing speaks to the value of patience, persistence and planning. All these set the stage for a kind of “takeoff” point, which I believe has been passed. That is, people associated with this work — sites, the funder, advisors and TA providers — have started to accumulate enough background knowledge, relevant experience, relationships and trust, to be able to make better and more active use of what they know, are still learning and can try to find out. This is surely related to the number of years that have passed and perhaps to the impending end of AECF support.

Project leaders know they must “stand on their own two feet,” look for opportunities and additional support, and get bolder in how they describe the work and its prospects.

This learning and impact trajectory also may have implications for Casey’s own exit strategy or next step priorities. The time is fast approaching when Casey will make its final two or three investment decisions with respect to these local sites and their future prospects. This exit strategy is part of an investment approach, for investors eventually leave the picture. The AECF staff currently sees the following as steps they will take to promote learning:

- We will not replicate the JI as currently designed. Rather, we will spread JI learning in four ways:
- 1) Establishing and supporting learning networks of CBOs, providers and the like in other cities around issues of retention and advancement, race and labor markets or employer engagement;
 - 2) Investing in a ‘mapping the field’ exercise to identify how the field of workforce development could be strengthened, particularly in regard to supports for labor market intermediaries;
 - 3) Exploring the connections between the JI and Making Connections;
 - 4) Ongoing dissemination. (From a recent memo sent to an Advisors Meeting, July 2001.)

Of these options, establishing and supporting “learning networks” and “investing in a mapping the field exercise to determine how the field could be strengthened” seem especially noteworthy and promise a fuller exploration of what more can be learned from the JI experience.

For example, one of these learning networks might usefully focus on what has been learned from working so closely with employers. Another might focus on the job seekers and the challenges that face that are not easily addressed by program solutions but reside in social networks and personal relationships. As was noted earlier, these two groups — employers and job seekers — defined by the JI as the “dual customers” at the heart of this work, also are the same groups widely viewed as most likely to be missing from key decisions in the design and evaluation of workforce development.

The AECF staff and local site teams obviously are central to this work. It is less obvious, but very important to note, that TA providers also are part of the overall team, an unusually important part relative to most initiatives of this size and length of time. We must learn more about what contributes most to effective or well-received TA, and what causes problems.

Clearly, TA is central to an investment approach. Part of what an investor brings to the table is an in-depth knowledge of the issues, and connections to people with relevant expertise. The right kind of TA, applied at the right times, is going to improve results and deepen learning. It also has the potential to increase capacity at the site level, thus making these efforts more resilient and effective.

Although it hasn’t always been easy to integrate them into some of the JI framework and expectations, TA professionals must be considered an important part of the mix. They are an expensive addition of time, money and energy. Yet, the JI experience suggests that even when core foundation staff is committed and fully engaged, a complement of talented and effective TA providers also must be deployed. They haven’t always held up their end of the bargain, according to both AECF and local JI staff. They have not always been willing to adopt fully the accountability frameworks and, in the words used above, to strike a balance between playing a constructive and a critical role. Still, in some cases, TA has made a significant positive contribution.

My mission here was to learn about the investment approach as the JI applies it, not to develop new knowledge about what makes TA effective and useful. Based on my fieldwork, however, clearly TA must be integrated into the overall design and shared frameworks, rather than merely added on and sent to sites to work “independently,” as most are accustomed to working.

5. When considering potential investments, wise investors ask themselves if key ingredients for success are present. Then, if they choose to invest, they make sure those ingredients receive focused and sustained attention. These key ingredients are expected to be either strong at the beginning or brought along quickly. Otherwise, the investment is put at risk.

In this case, a smart investor would see that growing the development intermediaries is fundamentally important. The JI’s theory of action is highly dependent on these groups, which must be well chosen and supported as they grow their own capacity.

With existing organizations, funders must understand and respect their independence and freedom of choice. Not all will see involvement with the JI as a good thing. Some will see it as a diversion, at best, or a form of “funded mis-development,” at worst. For others, the opportunity will seem a good fit and be welcomed as a well-timed boost to their plans and prospects.

The JI, however, did not give groups money to do more of what they already were doing. None of those selected here were already doing most of the tasks called for by the JI framework. Thus, getting involved meant a shift in their commitments, practices and policies. It also represented at least a partial, and in some cases a complete, change of identity.

However effective, strongly connected or well managed these organizations may be at the start of an initiative like this, they must get stronger. Increasingly, local intermediaries are asked to play a variety of roles important to multi-site and multi-year initiatives. They may be asked to:

- Plan, convene, forge alliances or build coalitions;
- Provide services directly or help supervise others;
- Act as competent administrators able to track money and results, at a minimum;
- Undertake or sponsor community organizing or engage in advocacy on behalf of issues and people in their community.

The possibilities are vast. These groups will need to know their local scenes well. In choosing partners, leaders of these intermediary organizations must learn to manage their own requirements with the needs of their partners. They must learn to distinguish between first-order priorities and values that cannot be compromised, and second-order priorities that can be negotiated.

Growing these intermediaries doesn’t mean they must be able to do everything; it means they must know how to get things done even when they don’t want to do it themselves. A growing body of literature finally is starting to emerge that deals with the realities of making change at the local level. The JI’s experience in developing intermediaries belongs in that literature.³⁰

In the JI, local intermediary organizations probably are the single most important ingredient. To a considerable extent, what these organizations are able to do, and who they are associated with and respected by, shapes the initial identity and prospects of these groups. It’s not just a matter of who is on staff and sits on the board of directors or working committees. It is also a matter of who will vouch for them and work to get them access, resources, credit and connections. In a way, it is analogous to the job seekers they work with who need to be certified as job ready or reliable.

The founding group or sponsoring committee, and in most sites the organizational home for the JI, has been a central determinant of how things have gone. Who they are, and to whom they are most connected, continues to influence the local sites. As an

³⁰ Xavier de Sousa Briggs, “The Will and the Way: Local Partnerships, Political Strategy, and the Well-Being of America’s Children and Youth,” presented to the Urban Seminar Series on Children’s Health and Safety, on “Building Coalitions to Bring About Change,” Harvard University, November 2001.

informed observer, I would say this has been true to an extent not fully anticipated by people in the local communities, the AECF staff and their various advisors and consultants. True, they all have progressed to develop and implement local projects, refine a governance structure and process, invite new partners and establish themselves in the local policy and practice scenes. In the process of evolving, however, they are still embedded in the same local context. To a considerable extent, they retain their identities, reputations, friends, enemies and skeptics.

Rather, the implication is that if you are going to choose existing groups to serve as local host or sponsor for work such as this, choose well. Carefully think through the advantages and disadvantages of different candidate organizations, for the quality and capacity of these groups is not likely to change dramatically. Rather, like an infant whose personality already seems apparent, they will become more like themselves as time passes.

All this means paying close attention to a group's ability and aspirations. It is not helpful to assign people and groups to tasks for which they are ill suited, or that they take on just to get money. Care must be taken to think through the various roles required and to develop implementation plans that sensibly match groups with roles, both new and old.

Knowing how to do this well clearly is as important to the JI as to other initiatives where designers assume they can find appropriate, capable groups to launch and carry out activity envisioned by their strategy.

Even after choosing well, growing these intermediaries is not easy. This is not just an issue for the JI; it is a more general problem. Does it take practice, training, technical assistance, a well-conceived fundraising and development plan – or a mix of these?

Growing intermediaries, most likely, takes an approach that doesn't assume that one size fits all, but helps people and groups move to the next level or stage of their development. This process doesn't go too fast nor take for granted that capacity building happens naturally or automatically. It takes thought and fine-tuning.

Thinking about this challenge seems something an investor would surely do, something that would enhance both current and future prospects for a "good rate of return." For example, one important aspect of JI funding is that it provided "general operating support." It didn't require organizational leaders constantly to chase after money and projects to stay afloat; they could stay focused on the work.

What will replace this degree of stability and focus after AECF departs?

A return to project-by-project funding from the mainstream foundation community seems risky. Yet, it is not clear what role other revenue sources, including income from services, can play. Can the transition to other sources be done soon enough and in ways that provide some degree of stability?

As previously noted, strong intermediary organizations often exhibit a combination of entrepreneurial and managerial skills. Both are important. At times, the two styles conflict, as seen in the JI with frictions between the accountability frameworks and the mandate to innovate, risk, learn and adapt.

To further complicate matters, entrepreneurial and managerial qualities are not likely to come from the same people. Is there a way to pay attention to both currents and to make them feel at home in the same organization, at the same time? Looking at the cur-

rent complement of people and styles in these organizations, is it possible to improve the fit between the tasks and the people available to do them? And to what extent is growing these particular intermediary organizations more like growing strong businesses and less like creating nonprofit organizations? These are some questions that might guide a systematic effort to grow stronger and more resilient development organizations.

In addition, those seeking to grow strong intermediary organizations could look outside the fields of community development and nonprofit management. For example, the best and most accessible parts of the business development and management literature³¹ offer good advice and ideas for how one might try to grow more effective intermediary organizations. I have heard it said that while you can “train” a manager, you can only “aim” an entrepreneur. This may or may not be true. But the question here is whether you can do things that will enhance both sides, as well as do other things to increase the number and capacity of intermediary organizations in the workforce field, in particular. An important implication of the JI for me is that growing stronger intermediary organizations is fundamental to making future productive investments in the field of workforce development.

Investors understandably want to know whether what works in one situation will work in another. One practical implication demonstrated thus far in these local sites is that replicating all factors that contribute to their success would be very hard. The message to others seems to be: Don’t replicate us - borrow, adapt and figure it out for yourself. Each project must come up with a set of strategies appropriate to its context and make use of its distinctive assets and opportunities.

Parts of the process seem common enough, such as designing small projects with guidance from employers and job seekers and using them as prototypes to gauge customer satisfaction. Some tools, such as those that specify outcomes and then develop a useable, time-sensitive data system to monitor actual results, also seem transferable.

But each locale’s unique mixture of regional labor market and industry will suggest different strategies, as will the complement of available (and effective) resource institutions, such as community colleges, vocational schools, community and labor organizations and government.

It seems clear from the work in these six cities that site leaders must circulate widely and listen carefully to key stakeholders, such as employers, community leaders and policy makers. The more difficult challenge is deciding what to do with what they hear. That is, these sites demonstrate the value of translating expressed needs into concrete activities and programs that bring results. The sponsoring or core organization will not be able to provide all these activities. They will need partners, but just how they work out those relationships and roles will necessarily vary.

Furthermore, as noted above, it is important to know if there is a development intermediary able to play the multiple roles suggested by experience in the JI. If not, how you proceed depends on what people, resources and local perceptions are available.

³¹ There are many examples. See, for instance, James C. Collins, **Good to Great: Why Some Companies Make the Leap, and Others Don’t**. New York: HarperCollins, 2001.

Projects that are more effective seem to be well suited to a particular place, tie and resource mix. To become “well suited” in this way means you must explore, listen and stay current. This doesn’t just happen. You must organize it!

Many of those most involved in sites already knew a lot when they started, and much of this was put to good use. Site leaders, however, say this is not enough. You must also get beyond your preconceptions, get out of your boxes.

John Colburn, now with the Ford Foundation but formerly one of the Philadelphia site leaders, says staff should try to be “agnostic” about what works, and what doesn’t. In this way, “it becomes more likely that people will take in more of what explains the results being achieved, both good and bad.”³²

Some elements of the current conventional wisdom are embedded in what site leaders report learning thus far. This includes ideas such as “employers must be at the table,” or “follow-along support is essential to good retention.”

To be told that something is important, however, is not the same as being instructed on how to make it work. The design and logic of the JI and the investment approach expects that “what works” will inform site leaders. These leaders will select methods and strategies that make sense for their situation, and they will gravitate towards those groups and activities that produce results on those outcomes they care most about.

For 10 years or more, for example, the literature on workforce development programs and policy has criticized the field for paying too little attention to employer involvement and problems. The JI experience also suggests that employer engagement clearly is important. What is not so clear is how to get and keep employers engaged. Once you find a way to respond to their individual business concerns, how do you move to the next level and begin to organize employers to act together — to go beyond their individual self-interest?

In trying to respond to those looking to replicate or transfer successful elements, what can be said of the JI approach?

There is no one key ingredient or formula for success. The development intermediary or host organization is central, and the shared framework has been surprisingly important. It may not matter so much what the framework says specifically, or that it is completely applied. What matters is that it creates and sustains relevant expectations and enables teams to communicate with each another and with those trying to assist them.

Are there large unknowns?

Not really, although some local analysis of economic conditions and policy help to position the work strategically. In the short run, this analysis identifies what sectors, types of jobs and policy questions to work on, and how to tap resources. In the long run, it names some elements of the local scene to bolster, or in the case of poor policy, what to overturn and replace with more informed policy.

A core message emanating from the JI portfolio of sites and approaches is that more practice, not more research, is needed. Finding the right partners and mix of capacity to get results is central. It’s one thing to have a goal; it’s another to have the knowledge and

³² John Colburn, in session on “What Investors Want to Know,” At the Showcase Conference of the Jobs Initiative. Baltimore, MD: September 6-8, 2001.

ability to get results that matter. Once you know that, you must figure out how to sustain success, make it affordable and take it to scale.

Moving Beyond Programs — What Participant Stories Tell Us

At present, the JI has made 6,000-plus placements. It surely will make significantly more before the cycle of AECF support is complete. Each of these job seekers has a story, and these stories can shed important light on the underlying problems and challenges involved in this work. As has been noted several times already, investors make a point of getting to know their customers. What moves them? What are they thinking, feeling and doing? What do they think are the most important problems to address? How do they define success, and what must be done to satisfy them?

- One implication of the investor approach as implemented here is that time must be devoted to getting to know the participants — not just how they perform in training or workshops, but the nuts and bolts of their daily lives.³³
- An important element in the ongoing documentation process is the collection of ethnographies about participants and their families that Roberta Iverson's team conducted and shared with staff in each local site. In my own limited fieldwork for this report, I did not systematically study nor randomly sample from the total pool of participants. I simply tried to mingle informally with some people to see if they would share their observations and insights with me. Most I approached shared something about their experience.
- In four sites, I managed to spend up to four hours with program participants. I conducted several focus groups, had an opportunity to sit in on classes and workshops, and talked with small groups of job seekers in waiting areas, lounges and cafeterias.
- The purpose of these conversations was always the same; I focused on what the participants thought were important factors in getting and keeping a job. They told me about the difficulties they've faced and about the progress they've made. They also told me about setbacks and surprises that have limited their progress. The most striking thing about these conversations was how swiftly they took me outside the realm of programs and into their personal lives, families, informal networks, churches and neighborhoods.
- This is not to say they had little to say about JI-supported projects and people. Rather, they reminded me how fundamentally important their social spheres are for making and sustaining the life changes that the JI seeks.

³³ Roberta Iverson of the University of Pennsylvania is heading a qualitative, ethnographic evaluation team that has been doing in-depth case studies that follow participants and their families through time. Her findings were also presented at the Showcase Conference, and were clearly a very useful addition to the other information about overall placement and retention rates, wage levels, and the like.

I experienced the same sense from listening to a session with participants at the recent JI Showcase Conference held in Baltimore last September. Following several days of intense and impressive presentations by staff and board leaders from local sites, a Participants Day was held. Those who had been featured speakers and attendees for the earlier part of the conference sat in the back for this session.

Gathered in a circle in the center were 15 participants from various sites who were invited to serve as consultants to the JI. They skillfully were asked a series of questions about their lives. What brought you to the point where you wanted to make a move? What was it like at first? Were you surprised or disappointed by anything that happened? What made you realize this could work for you? Were you afraid? Was it hard at home or with your friends to be doing this? Did you get support for pushing on or feel pressure to slow down or stop? If you had to say just one thing to the program people here today, what would that be? If you were to do it again, what would you change? What would you recommend be added to these programs to support people like you?

Like the job seekers I met in my site visits, these people touched on a range of issues, including personal debt as a barrier to advancement, the challenges of costly and complicated child care and transportation arrangements that often fall apart, frustrations over things not going faster and smoother than expected, sexism and racism on the job, sometimes from supervisors.

These everyday offenses, worries and hardships are ongoing. They don't stop when they leave the program. This may explain why so many participants voiced support for stronger follow-along support from the local sites. They also offered thoughtful observations about what kind of support would help most — tax and financial counseling, transportation supports and childcare assistance — and thus should become important elements in program planning and improvement efforts at the local level.

As the work of the local sites goes forward, my impression is that local staff will want to pursue more ways to interact with and learn directly from participants. When done well, these forums can inform and energize all involved for specific, constructive action. Sometimes the mid-level issues or shared preoccupations of participants are simply not picked up or dealt with by professional advocates, policy makers and funders.³⁴

In terms of other strategies, several sites have developed Individual Development Accounts, which provide a mechanism for tax-free savings that can be applied to the training and personal development goals of individuals. Other sites have conducted outreach on the Earned Income Tax Credit (EITC,) and have begun to look at ways long-term relationships and support systems will greatly enhance long-term retention.

Consideration has started of other approaches that address the identified issues raised by participants who successfully complete programs developed or supported through the JI. These approaches could be even more forcefully built into next steps, system change and the transition from AECF money and support to other sources.

³⁴ Nicole Garnett, "The Road from Welfare to Work: Informal Transportation and the Urban Poor," *Harvard Journal on Legislation*, Volume 38, Number 1, Winter 2001.

Persons Interviewed in Each Site

DENVER

Beth Sanchez, current site director
Carol Hedges, past site director
John Moyski, president, Ponderosa Industries
Tom Miller and Sue Boyd, Mayor's Office of Workforce Development
Linda Newell, Echo Star, a tele-services and satellite dish company
Ron Montoya, president and CEO, Plasticom
Christine Soto, Denver Foundation
Pilar Ingargiola, Health Care Analyst, HealthLink; consultant,
Rose Community Foundation
Mike Green, former IAF organizer; current director of ABCD Neighborhood
Circles Project

MILWAUKEE

Laura Dresser, MJI site director, and res. dir., Center on Wisconsin Strategy
(COWS)
Jacqueline Ward, senior associate, COWS, Milwaukee
Paul Bloyd, executive director, Central City Worker Center
Tom Shaffer, lay leader, MICAH, and Board (Campaign for Sustainable
Milwaukee)
Sherry Kopka – division manager, C & D Technologies
Sheila Cochran – Milwaukee County Labor Council, MJI Board
Phil Neuenfeldt – Wisconsin State AFL-CIO, Bd of MJI
Bruce Colburn – president, MJI Board
Christine - printing organizer
Buck Hertsfield – field staff, WRTP
Kathleen Dunn – Wisconsin Public Radio

NEW ORLEANS

Mack Slan – director of training, NOJI; sector manager for manufacturing
Margaret Montgomery, provost, Delgado Community College
Linetta Gilbert, acting director, NOJI
Alden McDonald, president, Liberty Bank and Trust; Chair, NOJI Board
Larry Gibbs, president, Gibbs Construction Company
Cynthia Wiggins, CityWide Tenants Association
Barbara Waller, Laitram Machine Shops
Donna Johnigan, Agenda for Children
Mike Cowan, director, Lindy Boggs Literacy Center, Loyola University; Leader,
Jeremiah Project
Marcia Kingslow, consultant

PHILADELPHIA

Margaret Berger-Bradley (PJI, site director, TRF)
Jeremy Nowak, president and CEO, The Reinvestment Fund (TRF)
Lori Feldman – vice president, Human Resources, Reimbursement Technologies
Fred Dedrick, president, Regional Workforce Partnership
David Lacey – vice president, Human Resources, Technitrol
John Colborn – program officer, Ford Foundation, formerly site director,
Philadelphia II, Delaware Valley Community Reinvestment Fund
Kirby Smith – vice president and CIO, PRWT Services
Ami Ledesma, Customer Service Training Collaborative
Gail Zuckerman, Jewish Employment Vocational Services

SEATTLE

Dianne Hanna, SJI site director
Harriet Hoffman, director of employment programs, YWCA
Bob Watrus, local evaluator, Northwest Policy Center, Univ of Wash – Seattle
Marie Kurose, City of Seattle, Office of Economic Development
Julie Nelson, City of Seattle, Department of Human Services
Sunny Coulson, Planning/Development Specialist
Bob Falk – executive director, TRAC Associates (CBO provider)
Dorry Elias – executive director, Minority Executive Directors Coalition
Suzanne Griffin – South Seattle Community College, SJI Advisory Council
Susan Goodwin, SJI, employer relations, Office Occupations
Dianne Narasaki – Asian Counseling and Referral Service
Eunice Forest – SJI staff, manager, Career Investment Fund
John Burbank – executive director, Economic Opportunity Institute

ST. LOUIS

Tom Rhodenbaugh (SLRJI, site director)
Marnee Morgan (manager, Center for Health Careers, St. Mary's Hospital)
Jim Moody (Construction / Airport)
Gena Gunn (manager, Post Placement, and IDAs),
Kevin Cahill, St. Louis Initiative for a Competitive Inner City (ICIC)
Blair Forlaw, planner, former site director, East West Gateway Coordinating
Council
Jim Moore, Director, Workforce Partners (Customer Service Academy)
Christine Bettag - Southwestern Bell
Roberta Collier – Mothers Way Career Counseling
Brenda Davis – Clayton Business School

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