NAVIGATING
NETWORK CHANGE

REPORT 4

Networks for Social Impact
in Education Series

network
for Nonprofit and
Social Impact

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The Network for Nonprofit and Social Impact

The Network for Nonprofit and Social Impact at Northwestern University is a research lab. We are dedicated to discovering how organizations can better work together to move the needle on social issues. We thrive on projects that produce both rigorously studied results and practical applications for the social impact sector. Our work has been funded by the National Science Foundation, the Bill & Melinda Gates Foundation, and the Army Research Office in the past eight years. Our research is featured in academic journals and venues like *Stanford Social Innovation Review and Nonprofit Quarterly.*

The Networks for Social Impact in Education Series

How do organizations across sectors work together to improve educational outcomes? During this three-year research project, the Network for Nonprofit and Social Impact at Northwestern University investigated how groups of organizations worked together to improve student achievement. Reporting the results of this mixed-method study, the Networks for Social Impact in Education Series reveals previously undiscovered insights into the secret sauce for network assembly, management, and evolution.

THE REPORTS IN THIS SERIES INCLUDE:

Report 1: Networks that create a social impact

Report 2: Equity and empowerment in education networks

Report 3: Effective data practices support learning and systems alignment

Report 4: Navigating network change

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INTRODUCTION

Network leadership is different from organizational leadership in profound ways. Network leaders coordinate organizational leaders who each bring their own agenda. Sometimes these agendas align, but often a network leader is managing multiple conflicting agendas from organizational leaders. Organizational leaders do not "work for" the network. If they disagree with the network's direction, they can elect to ignore the network's recommendations or simply stop showing up at meetings. In addition, individuals may be less familiar with network ways of operating compared with nonprofit organizations or government agencies. The additional value the network adds to member organizations' work is not always apparent. In short, network leadership includes managing accountability, legitimacy, conflict, task design, and member commitment.[1]

This report focuses on managing networks in a changing environment. Although the research described concludes during the emergence of COVID-19, the findings suggest that dramatic disruption is not exceptional. We focus on three activities that are essential to managing change:

- **Managing changing network membership.** One of the key challenges for network leaders is the changing membership of their networks. Some networks faced challenges of incorporating new organizations or at least new representatives into existing network agreements. Others faced declining membership as member interest waned and as the direction of the network shifted.

- **Managing funding shifts.** Eight of the 26 networks in this research reported a significant loss of funding during the three years we studied them. This section describes how the networks adapted to a shifting funding environment and the results of their efforts.

- **Managing network leader transition.** In many of the networks we studied over three years, the senior leader of the network left. In some networks, the change was marginal - new leadership stepped into the gap, and the network continued to function. However, in other cases, the leadership transition led the network to regroup, reconsider its priorities, and then decide how to move forward.

Throughout this report, we refer to two types of network change. **Incremental change** describes small-scale changes that involve questions like growth, changing practice, or changing the relationships of organizations in the network. In contrast, **critical crossroads**[2] describe moments that demand that networks consider their very existence and identity. Crossroads moments are points where the network will either evolve or dissolve. Networks encountering these moments undergo **transformational change**, where they revisit the fundamental reasons why the network exists.

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[1] *H. Brinton Milward and Keith G. Provan, A Manager's Guide to Choosing and Using Collaborative Networks, vol. 8 (IBM Center for the Business of Government Washington, DC, 2006).*

[2] *Deborah Agostino, Michela Arnaboldi, and Martina Dal Molin, "Critical Crossroads to Explain Network Change: Evidence from a Goal-Directed Network," The International Journal of Public Sector Management; Bradford 30, no. 3 (2017): 258, http://dx.doi.org.turing. library.northwestern.edu/10.1108/IJPSM-04-2016-0078.*

NETWORKS IN THIS STUDY

This research examined 26 networks in diverse communities in the United States. All of the networks focused, at least in part, on education reform. We used a matched sample technique to select the networks. Half of the networks in the sample adhered closely to the collective impact model. The other half were matched to these networks, based upon community similarity, and did not firmly adhere to collective impact tenets (see Box).

COLLECTIVE IMPACT NETWORKS:

Thirteen networks adhered to the tenets of collective impact. They met the initial criteria established for collective impact.[3] They had:

1. completed at least a baseline data report (demonstrating data sharing),
2. a central organization performing backbone functions,
3. established a common agenda,
4. used a systems-alignment framework of action, typically cradle to career, and
5. conducted frequent meetings of high-level leaders.

In short, they resembled the initial collective impact model.

MATCHED SAMPLE:

Thirteen networks were in similar communities as collective impact networks. We ensured comparability by matching communities with similar sizes and demographics within the same state. The matching process included geographic (e.g., population density, coverage area), demographic (e.g., race and poverty rate), and labor market factors (e.g., unemployment rate and median income). Matched sample networks were sometimes early collective impact networks or aspired to the collective impact model. However, they were missing elements of the model in comparison to their collective impact counterparts. Most commonly, these networks were missing a baseline data report and system-alignment framework of action. In one case (e.g., Ohio pair), both networks were advanced stage collective impact initiatives.

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[3] *The collective impact framework continues to evolve. Notably, the Collective Impact Principles of Practice extend beyond these five criteria to embrace greater priorities on equity, community involvement, data use, coalition culture, and customizing to the local context (https://www.collectiveimpactforum.org/resources/collective-impact-principles-practice)*

The 26 networks are in 11 states. We chose networks that differed in various ways. They varied in size, ranging from 8 to 102 organizations, with the average network having 35 organizations participate. They serve rural, suburban, and urban communities; some networks span multiple types of areas. The average founding date is 2012 —22 of the networks are at least three years old. In 20 of the networks, the founder went on to manage the network. Each network has a different lead agency or "backbone" type: 12 have a philanthropic or federated organization, 6 have a government agency, 6 have a community-based nonprofit, and 2 have a post-secondary institution. The research reports data collected from 2017-2020.
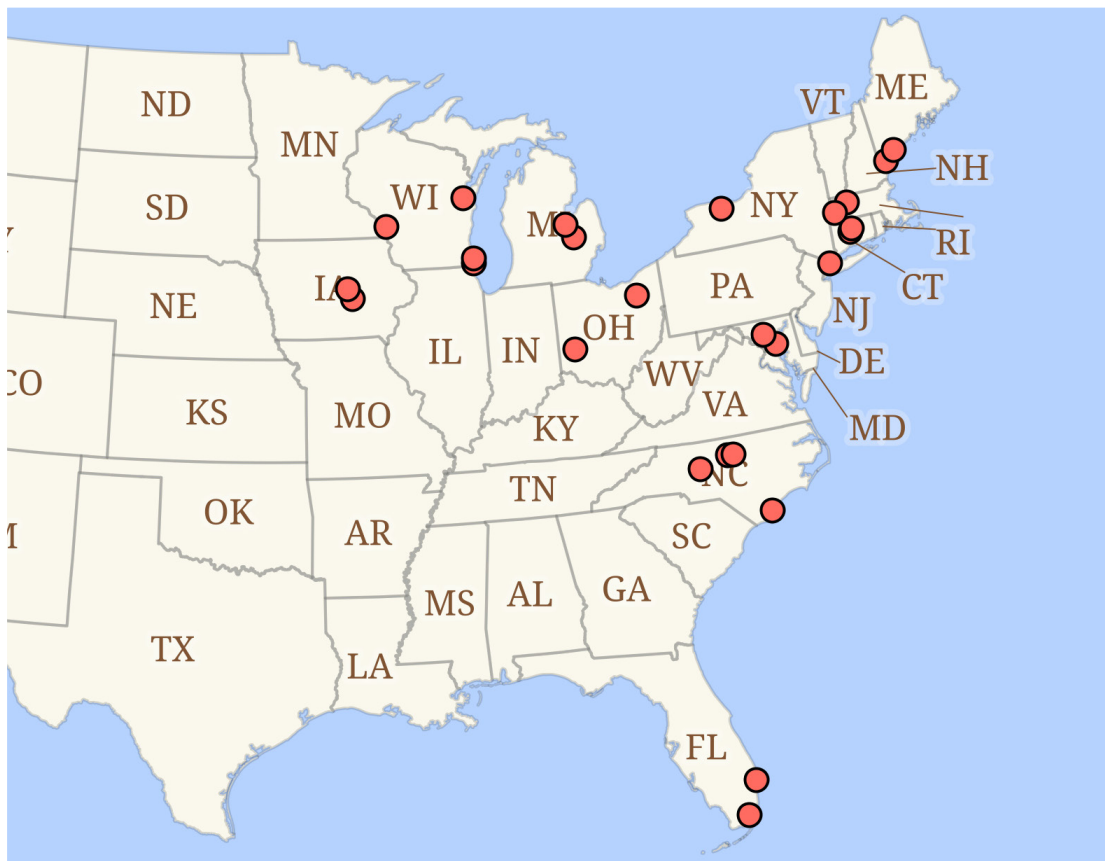
Data Collection Measures and Analysis

We used a mixed-method design, incorporating qualitative interviews, archival data analysis, organizational surveys, and community-level education outcomes. Networks received $1500 as compensation for their participation.

We conducted two semi-structured interviews with the network leads of all 26 communities two years apart. In the second interview, we asked questions such as:

- How has the mission and vision of your partnership developed in the past two years? What motivated those changes?

- Have your program offerings changed in the past two years? If so, what changes took place?

- How has your coalition's leadership changed in the past two years? What motivated those changes?

- How has the funding landscape changed for your partnership in the past two years? Have you lost, maintained, or gained funding?

- How are partner organizations contributing to the network? What changes have there been in membership or membership participation?

- How has your community changed in the past two years?

From these questions, we developed profiles of typical and exemplary network change practices. We found some network designs were more resilient to change than others.

INCREMENTAL CHANGE

In general, social impact networks move from an early stage of assembly to later stages where they capture more significant value.[4] Most networks that progress across these stages manage growth and incremental changes. Rosabeth Kanter describes this phase of collaboration as housekeeping.[5] The analogy is apt. Much like housekeeping, networks must consistently respond to changes and work just to stay in the same place. In this study, we focus on three incremental changes:

- Organizational membership change
- Gaining or maintaining funding
- Leadership transitions when the backbone remains or in decentralized networks

Each of these changes created relatively minor adjustments in the network. However, each of these adjustments had to be managed with care.

MEMBERSHIP CHANGE

Network membership changes most often are incremental. The organizational representatives shift as people move to other positions or they retire. The newly hired leader may or may not have the same enthusiasm for the network. Moreover, they may not have relationships with the other leaders in the network. And these personal relationships are where trust is built. As Karen Vogel of Berkshire's United Way aptly noted, "You have relationships with people, not organizations, and when that leadership changes in an organization, you're kind of reset to zero." Networks move at the speed of trust, so significant leadership changes can impact networks' ability to get things done.

However, role transitions are a part of everyday life for most organizational leaders. Network leaders have an additional membership challenge to manage when organizations join or leave the network. In our research, 12 out of 26 networks gained a significant number of members or a strategically significant new organization during the two years between interviews.

Often the addition of members required new strategies for organizing the network, such as forming working groups or new tiers of activities. For example, the Howard County Local Children's Board found that they needed to divide themselves into different workgroups because they had over 60 people attend their meetings. At those meetings, they break up

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[4] Michelle Shumate and Zachary Gibson, "Interorganizational Network Change," in Oxford Handbook for Organizational Change and Innovation, ed. Marshall Scott Poole and Andrew H. Van de Ven (London, New York: Oxford University Press, 2021), 671–99.

[5] Rosabeth Moss Kanter, "Collaborative Advantage: Successful Partnerships Manage the Relationship Not Just the Deal," Harvard Business Review July-August (1994): 96–108.

into priority areas to efficiently move the work forward.

Some networks found that membership expansion was tied to their expanding focus on whole-child wellbeing. They expanded their focus to mental health, housing security, and comprehensive care more broadly, resulting in an expanding membership portfolio. For example, Summit Education Initiative has built a partnership that has met educational needs through targeted data approaches (see Report 3). They broadened their focus to the age 0-3 space, necessitating the addition of healthcare partners to create wraparound services.

Similarly, some of our networks expanded to meet their communities' needs that surfaced due to the COVID-19 pandemic. The pandemic led to increased demand across various areas, most noticeably in food. Anne Arundel County Partnership for Children and Families noticed this reality for many families. They decided to expand their footprint by adding partners that focus on food acquisition. These new partners are using Anne Arundel's network infrastructure to meet and reach families where they are.

MANAGING FUNDING

Many network leaders struggled with insufficient funding and resources. They struggled to provide a compelling rationale for funding the administrative costs necessary for network management. Some had issues with "broadening" and "deepening" pools of funders. Many funders were primarily

interested in short-term funding of new programs rather than investing in social impact over the long haul (see Embracing Complexity[6] for an alternative vision of the funding needed for systems change).

Reduced funding

In the face of a limited pool of funding, networks found creative ways to adapt. We identify three promising strategies. First, they found ways to limit the network's competition with member organizations for funding. Rachel Stoler of Franklin County Communities at Care described this strategy. Rachel noted that because they often get passed over for national funding, they are "very used to sharing funding with partners and figuring out creative ways." Any partner can apply for funding in the name of the coalition. However, they must receive approval from the coordinating council in advance of applying. Higher Expectations for Racine County, in contrast, recognized that the market for local funding was tight and that they would be competing with their members if they pursued it. Instead, they focused their development strategy on national funders.

Ways to address limited network funding:

1. Limiting competition with local organizations for funding
2. Refining the network's theory of change and quantifying results
3. Streamline efforts and align budgets accordingly

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[6] Ashoka, Catalyst 2030, Co-Impact, Echoing Green, Schwab Foundation for Social Entrepreneurship, and Skoll Foundation. "Embracing Complexity: Toward a Shared Understanding of Funding Systems Change." Ashoka and McKinsey & Company, 2020. https://www.ashoka.org/sites/default/files/2020-01/Embracing%20Complexity_Full%20Report_final.pdf.

Second, some networks turned to focus more directly on the network's theory of change to demonstrate the impact of the work. Berkshire United Way found that they could merge their priority areas and improve their theory of change. Karen Vogel summarized, "We're not able to raise as much revenue as we have in the past, so we've had to think about how we're doing our community impact work. And that led us to how these three priority areas [early childhood, positive youth development, economic prosperity] intersect." Focusing on the theory of change allowed the network to differentiate its impact from those of member organizations.

Networks also developed metrics to provide evidence that their theory of change worked. One network leader put it this way:

> " We've talked a lot about [the need to demonstrate] the social return on investment of our work. So five years in, right? The best that we can say about what we've accomplished is that we've successfully created the conditions for community-led collective impact ... we're still a long way off from realizing those outcomes and systems change. We need to figure out how to demonstrate the impact of our current work best and perhaps predict the social return on investment."

Third, some networks have streamlined what they do. We especially noted this trend among networks led by United Ways. In the face of

a decline in workplace giving, many United Way-led networks were systematizing their work. Some had turned to new models of distributing funds to partners, including zero-based funding year over year. This streamlining was observed in the United Way of Davidson County. The lead agency shifted to a more targeted funding model that emphasized successful programs. Some member funding was not renewed, and they left the network.

Increased Funding

Eight of the networks we studied increased their operating budgets during our study. Increasing funding also leads to challenges that need to be managed. In particular, leaders described how new funding could drive new programs. However, much like Clara Miller notes in her work on whole enterprise financing models,[7] new grants that drive new programs can lead to significant sustainability challenges. Networks were facing these problems, too, thinking about how to sustain the growth that new grants brought. Uniquely, some networks were facing stringent funding requirements, where funding didn't match the identified needs of the network.

Several networks developed strategies to address the sustainability problem. ROC the Future was careful to apply for grants that allowed them to build capacity rather than programs. They channeled their new funding to move them toward results-based accountability and a better data infrastructure. Such investments were positioned to serve the network well long after the grant funding ran out. Marshalltown Campaign for Grade-Level

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[7] Miller, Clara. "Capital, Equity, and Looking at Nonprofits as Enterprises." Non Profit News | Nonprofit Quarterly, June 11, 2019. https://nonprofitquarterly.org/capital-equity-nonprofits-enterprises/.

Reading planned to shift any new programs over to the school district at the end of the grant cycle. They used the new grant funding to incubate a program that could be sustained within the school district in the long term.

Stringent funding requirements were more pernicious to manage. Pamela Brown from Anne-Arundel County Partnership for Children, Youth, and Families described the challenges that emerged as funding related to COVID-19 became available:

> *"There are no flex funds anywhere. You have to be a genius to create flex funds. So the categorizing is rigid. You can only do certain things with the funding. The requirements for documentation for low-income families are terrible … it really comes down to how funding sources require agencies to spend then without thinking about the human being that they want to help."*

Ultimately, stringent funding requirements are a policy issue that requires advocacy at the state and local levels and changes to budget requirements from foundations.

INCREMENTAL NETWORK LEADERSHIP CHANGES

Leadership change was most often the cause of crossroads moments. However, three networks in our study managed a network leader transition that did not create such a disruption. At the Campaign for Grade-level Reading in Delray Beach, the network transitioned leadership from one organization to another, and the initial backbone remained in the network. This level of consistency helped the network continue its work.

In two cases, Family Success Alliance and Marshalltown Campaign for Grade-Level Reading, the network used decentralized leadership structures. This decentralized structure meant that the network transition was not seen as a big deal because other leaders in the network remained. In short, network operations did not revolve around the network leader.

CROSSROADS MOMENTS AND TRANSFORMATIONAL CHANGE

Although managing changes in membership, shifting funding, and internal leadership transitions in decentralized networks are challenging, these challenges are nothing compared to what occurs during crossroads moments. Transformational change occurs when networks go back to the decisions that were made when the network first launched. They revisit their initial goals and clarify their vision. The network lead or backbone organization may revise its relationship with network members and the network's theory of change. These changes are often, but not always, precipitated by a crossroads moment. Crossroads moments occur when networks must adapt or dissolve.

In this section of the report, we identify the causes of transformational change and describe the networks in the study that experienced them. We highlight networks that successfully managed such moments of change and identify networks that ended their work as a result. This section describes both high-risk and high-reward change management techniques for networks. However, as we'll discuss next, these changes are often precipitated by events outside of the network's control.

Photo by Akil Mazumder from Pexels

CAUSES OF TRANSFORMATIONAL CHANGE

We identify two circumstances that most often drove significant change: network leadership change in highly centralized networks and when a member organization takes over the work of the network. Leadership change in centralized networks could result in significant disruption. However, when member organizations took over the work of the network, it always resulted in a crossroads moment.

First, some networks in our research, as we describe in the Community Systems Solution Model,[8] had more centralized governance. Centralized governance means that the network leader or backbone organizations often make decisions in consultation with network members. The lead organization was the driver of the network's agenda.

In these centrally-governed networks, leadership change either created transformational change or a crossroads moment. A key example of how this type of leadership change occurred is in the United Way of Saginaw's education network. As is often the case, the United Way of Saginaw was both the convener and funder of this education network. When a new CEO was named, the United Way transitioned focus to lifting ALICE families (i.e., Asset Limited, Income Constricted, Employed families) out of poverty. This new focus led to a shift in which organizations received funding, the reporting structure, and how they convene networks.

The education network dissolved.

Another example of how leadership transition can result in transformational change is the Westbrook Children's Project. The United Way initially was the backbone organization. Later, the network shifted the backbone work onto another member organization, Opportunity Alliance, an early childhood provider. The early childhood working group remained strong in the transition. However, the network's work on out-of-school spaces for older children waned.

Both examples demonstrate one of the risks of a centrally-governed network. As the leader changes, so does the network. Leadership transitions, either in the senior leadership of the lead organization or shifts in backbone leadership, can significantly disrupt the work of the network or result in its dissolution.

In some cases, a leadership transition led to vital organizational leaders or community agencies exiting. For example, Pittsfield Promise had significant leadership changes. After central leaders left, other network leaders and staff became aware that many partners joined because of their relationship with the leader. Ultimately, the network made changes in how they managed their partnerships, but the leadership transition created significant cascading effects.

Second, networks experience crossroads level change when influential members internalize their work. In two networks, both identified as successful in Report 1, the school district internalized the network's work. At

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[8] *Wang, Rong, Katherine R Cooper, and Michelle Shumate. "Alternatives to Collective Impact: The Community Systems Solutions Framework." Stanford Social Innovation Review, Winter 2020. https://ssir.org/articles/entry/community_system_solutions_framework_offers_an_alternative_to_collective_impact_model.*

the Hartford Partnership for School Success, a new superintendent of schools was so impressed by the community schools project that they decided to internalize the work (and its funding). The superintendent expanded the work to additional schools, increasing the number of students receiving services. However, this effort also functionally usurped the role of the network anymore. This led network members to consider whether there was a need for the network. Funding was also a determining factor in My Brother's Keeper of Mt. Vernon, which became a school district project instead of a network project. The school district was the receiving agent for funds from the state. Because the district then had to show results for their work, they found it easier to run programs internally rather than work with the diverse community coalition initially formed. Over time, community members stopped meeting to give input on the project.

MANAGING TRANSFORMATIONAL CHANGE

In *Networks for Social Impact* (available October 2021), Michelle Shumate and Katherine Cooper find that network leaders experiencing transformational or crossroads level change can't rely on the usual change management processes. They often have to return to the foundational questions about the network, including:

- Why does the network need to exist?
- What social impact do we seek to make, and what's our theory of change?
- How should our network make decisions?
- How will we fund the work?

The good news is that several networks in our research navigated these fundamental questions. Voyage had a leadership change in the backbone organization. Over time their new executive director led them through several changes, including becoming more community-focused. The backbone organization redefined its role as a convener and a broker of partnerships. They eliminated the programs that the backbone was running that did not support this role. Through this process, membership in the network continued to grow, and funding continued at similar levels.

Achieve Brown County underwent a similar shift. A leadership change in the backbone organization precipitated a transformation. The new executive director led the network to reconsider its mission, vision, and role as a backbone organization. They, too, were able to maintain consistent funding. And, they reported reinvigorated partner engagement as a result of their efforts.

Flint and Genesee Literacy Network addressed even more significant changes. Around the time they had a leadership transition, they lost their national funding. They developed a new strategic plan that fundamentally changed the mission, vision, guiding principles, and network structure. They found creative ways to get work done, including using work-study students from a local community college and the AmeriCorp Vista program to sustain the work. And the network's work, although changed, continues.

SUMMARY

In summary, networks experience several unique management challenges and crossroads moments. Management challenges led network leaders to make incremental changes to their strategy and theory of change. In contrast, crossroads moments drew into question the fundamental assumptions about the purpose and structure of the network. Network leaders who managed such questions successfully rebirthed their networks with a new mission, vision, and structure. In doing so, they often reset the network membership and approach to social impact.

IMPLICATIONS

NETWORK LEADERS

- Recognize the type of change that your network is undergoing. The same techniques will not work for managing incremental and transformational change.

- Find ways to share leadership in the network. Decentralized governance makes networks more sustainable in the face of leadership transitions.

- Articulate how your network will address funding competition with member organizations. Set clear guidelines for whether and how network members can apply for funding in the network's name.

- Avoid short-term grant funding for new programs, unless you have a network member to transition the work to after its pilot phase.

FUNDERS

- Consider whether providing funding to a single organization undermines the sustainability of the network. Networks with centralized governance were at greater risk for transformational change when leaders transitioned.

- Support technical assistance for networks undergoing transformational change. Networks that engage in a meaningful reset can thrive and make a more considerable social impact than before.