

Case 92

Youth Development Program

Edna McConnell Clark Foundation, 1999

Scott Kohler

Background. With assets valued slightly over \$670 million, the Edna McConnell Clark Foundation (EMCF) ranks sixty-ninth on the list of the largest foundations in the United States.¹³⁰¹ Its annual grant-making of \$25–30 million makes the Foundation a significant philanthropy, but not one that can move mountains simply by moving funds. Founded in 1969 by the heirs of the Avon fortune, EMCF, for most of its history, was like many foundations: generalist in approach, with several discrete programs operating in a diverse range of fields. In the case of the Clark Foundation, these included tropical disease research, children’s welfare, and criminal justice.

When Michael Bailin assumed the Foundation’s presidency in 1996, he brought to the job an outsider’s perspective and a willingness to innovate. The former head of Public/Private Ventures, Bailin wondered whether the Foundation, given its limited resources, might be spreading itself too thin, and whether an increased focus on doing good *well*, rather than simply doing good,¹³⁰² might enable EMCF to achieve greater impact. With assistance from a few of the Foundation’s officers, and gradually, the support of the Foundation’s Board, Bailin sought the aid of outside consultants, including Peter Szanton, and the newly-created Bridgespan Group, a nonprofit consulting firm spun off from the for-profit Bain and Company, to consider how the Edna McConnell Clark Foundation might best position itself to achieve significant philanthropic impact given its limited resources.

What has ensued is one of the boldest, most innovative transformations in any foundation’s history.¹³⁰³ And from it has sprung a new EMCF: one that is employing a rigorous, highly focused approach to grant-making in a single field of activity: Youth Development. Within that narrow focus, the Foundation now aims at building models or strong nonprofit organizations capable of going to scale and becoming self-sufficient. Though early outcomes and promising signs of impact can be observed, this case is not meant to herald the success of the Clark Foundation’s Youth Development Program. Rather, it is intended to be a case study in strategic philanthropy—a look at one new approach that is so far as significant for how it is being carried out, and what it may yet yield, as for its concrete achievements to date.

Strategy. The Youth Development Program of the Edna McConnell Clark Foundation is guided by a rigorous strategy and theory of change.¹³⁰⁴ Developed with the help of the Bridgespan Group, this strategy cum logic chain entails a six-step process:¹³⁰⁵

1. **Identifying Organizations:** The Foundation consults with youth development experts, other foundations, and local agencies to “identify youth serving organizations that have been successful in helping young people and that appear to have the potential to substantially grow [sic] and expand their work.”¹³⁰⁶ These organizations must meet specific Foundation criteria, including that they promote one of three objectives: enhancing educational opportunities; aiding in the transition to self-sustaining work at a competitive wage; or helping young people avoid the high-risk behaviors (such as teenage pregnancy and incarceration as a juvenile) that are shown most frequently to derail a person’s long-term prospects.
2. **Pre-Screening:** The Foundation then screens the nonprofits that have been identified to determine which ones offer a product (generally some form of youth intervention) compelling enough to warrant further consideration. EMCF is a mezzanine funder,

collaborating only with established, successful organizations that demonstrate potential to grow. It does not work with start-ups, nor does it create new nonprofits.

3. **Due-Diligence:** The most promising organizations are then thoroughly assessed according to six categories: quality and efficacy of services offered; proven leadership with a vision; current financial health; organizational strength and growth potential; interest in tracking organizational performance; and compatibility with the culture and values of the Edna McConnell Clark Foundation. By the time this step has been completed, the Foundation and its consultants have invested 200 to 300 hours of research in each organization without the prospective grantee even knowing that it is being considered. Those that meet, to some substantial extent, all six of the due diligence requirements, are then offered initial support from EMCF.
4. **Business Planning:** This initial support takes the form of a \$250,000 grant to cover business-planning expenses. In addition, the Foundation spends a further \$250,00 to \$300,000 to engage the Bridgespan Group to work with each grantee to refine its theory of change and develop a full business plan including well-defined outcome goals and specific benchmarks of performance along the way. The Foundation believes it can best leverage its resources by building strong youth development institutions, not by trying itself to reform the system. The creation of an individually tailored business plan is a time-consuming but integral step in adding value by strengthening each grantee.
5. **Investments:** Once it has become involved with a grantee nonprofit, the Foundation has committed itself to long-term hands-on support. At this point in the process, the Foundation makes a large grant of several million dollars over a three-to-six year period. This is general operating support, and often covers 20 percent or more of the grantee's total budget.
6. **Performance Tracking and Evaluation:** All grantees are expected to track their own results, gathering participation and outcome data. The Foundation measures participation by active service slots, the number of people able fully to participate, rather than the more superficial measure of clients served (which does not specify whether the client participated for one day or several years). EMCF looks to see whether its grantees are reaching more youths, and whether they are growing stronger as institutions. Internal data, such as unrestricted revenue growth, are, therefore, considered important. And within three years of the grant investment, every grantee must be ready to undertake a full external evaluation. Generally, this is a randomized controlled trial, but quasi-scientific tests are sometimes accepted. The costs of this evaluation are built into the initial grant, and EMCF works with its grantees to ensure that they are able to achieve what they set out to do. In some cases, exceptional grantees may have their multi-year general support grant renewed for an additional three-to-six years. Ultimately, however, the Foundation will look to move on to new organizations once it has strengthened and helped grow a nonprofit over the course of several years.

The Foundation describes its approach as Institution and Field Building (IFB). So, on the one hand, it seeks to strengthen youth development organizations and to help them reach larger numbers of low-income children and teenagers. On the other hand, EMCF hopes to build and improve the youth development field. One way it does this is through its support—as described above—of excellent institutions, which can then serve as leaders and models to other youth supporting nonprofits. Another way is by disseminating the knowledge gained along the way. The data gathered,

both by the Foundation and its grantees, is used to analyze success and failure and to distill lessons that can be shared with the youth development community, to the benefit of all. The Foundation recognizes that its resources are insufficient to reform youth development. But by supporting a corps of leading service providers, and by creating and sharing knowledge for the field at large, the Clark Foundation believes it can leverage limited resources to achieve major long-term impact.

Outcomes. The short-term results of the Edna McConnell Clark Foundation's youth development strategy are encouraging. It has provided major support to a small but growing corps of youth-supporting nonprofits. Among these is the Harlem Children's Zone (HCZ), which grew out of the Rheedlen Center, a longtime EMCF grantee that was able to reshape its programs, and grow substantially with significant involvement from the Foundation. HCZ now encompasses a twenty-four-square block area of Harlem, and serves 10,000 at risk children.¹³⁰⁷ With major growth underway, it is being hailed as one of the most promising social reform experiments in the nation.¹³⁰⁸ Other EMCF grantees include the Nurse-Family Partnership, and Youth Villages, a Tennessee-based organization that provides mental health counseling to troubled children and teenagers at thirty-three locations around the Southeast and Mid-Atlantic.

Impact. It is too early to judge how well the Clark Foundation's unique approach will succeed in increasing the number of youths who achieve positive outcomes after participating in youth development programs; developing meaningful knowledge for the field; and disseminating that knowledge effectively to enhance the work of its grantees and the larger youth development community.¹³⁰⁹ Dr. David Hunter, the Foundation's Director of Evaluation and Knowledge Development, contends that EMCF is still on the low-to-mid range of demonstrating its effectiveness. He believes it will be another ten years before reasoned, data based judgment can be passed on the Foundation's strategy and theory of change.¹³¹⁰

What is clear is that the Edna McConnell Clark Foundation is pioneering a new approach to strategic philanthropy. It is certainly not the only good approach, but it is one that will generate much-needed data on what does not work, and, we can hope, what does. Certainly, it is a scientific, rather than an artistic, approach to philanthropy. So far, it appears to be enhancing and expanding high-quality, results-oriented nonprofits. And it may yet achieve its goal of enhancing significantly the youth development field. If it does, a victory will have been won both for low-income youths and their families, and also for the philanthropic sector, which will have a new, scientifically tested guide which may work for leveraging resources in a wide range of fields.

Notes

1301. Available from <http://www.foundationcenter.org/>.

1302. Joel L. Fleishman, "Simply Doing Good or Doing Good Well: Stewardship, Hubris, and Foundation Governance," *Just Money: A Critique of Contemporary American Philanthropy*, H. Peter Karoff, ed., (Boston: The Philanthropic Initiative, 2004).

1303. For a more detailed account of this transformation, see Daniel Curran and Allen Grossman, "EMCF: A New Approach at an Old Foundation," case study, Harvard Business School, 2002.

1304. "EMCF's Youth Development Fund: Strategy and Theory of Change," 6/10/2003, available from <http://www.emcf.org>.

1305. My discussion of this process draws on two sources. The first is the Edna McConnell Clark Foundation's website at <http://www.emcf.org>. The second is a presentation given on 2/23/2005 by Dr. David Hunter, Director of Evaluation and Knowledge Development at the Foundation, to the Foundation Impact Research Group at Duke University.

1306. Available from <http://www.emcf.org>.

1307. Ibid.

1308. Paul Tough, "The Harlem Project," *New York Times Magazine*, 6/10/2004.

1309. "EMCF's Youth Development Fund: Strategy and Theory of Change," 6/10/2003, available from <http://www.emcf.org>.
1310. Hunter, FIRG presentation, 2005.