

# Sparking Change in New England's Smaller Cities

Lessons from Early Rounds of the Working Cities Challenge

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A multiyear, multistate funding initiative in New England is making great strides in smaller industrial cities with community-based efforts to tackle social and economic challenges. Key lessons learned from the first rounds of participating cities in Massachusetts are now informing the planning process for the cities that follow and the regional initiative as a whole.

If not for the struggles of the western Massachusetts city of Springfield, there would be no Working Cities Challenge. Between 2008 and 2011, a team from the Federal Reserve Bank of Boston—including members of its Regional and Community Outreach and Research departments—joined with state and local leaders to commit its analytical expertise to studying the many issues facing that small-

er industrial city. The goal of that initiative was to develop strategies to engage more low-income residents in the city's economy and revitalization efforts.<sup>1</sup> Among the questions this team sought to answer was whether a city like Springfield could even achieve revitalization after so many years of economic decline and population loss and, if so, what would it take to get there? The team decided revitalization was possible for Springfield and, to determine the best course of action, it proceeded to investigate the factors that facilitated resurgence in 10 peer cities, finding that effective leadership and collaboration among local institutions were the key factors distinguishing those places from Springfield.

Putting into practice the lessons of the Springfield research, the Boston Fed's Working Cities Challenge (WCC) was developed to advance leadership and collaboration in New England's smaller, postindustrial places.<sup>2</sup> The Boston Fed, in partnership with a team of private-, public-, and philanthropic-sector leaders, offered competitive grants of up to \$700,000 to teams from smaller cities in Massachusetts that committed to working collaboratively across sectors on initiatives that would improve outcomes for low-income residents. In the first round of the competition, an independent jury of state and national



leaders representing diverse sectors, issue areas, and perspectives selected four cities to implement their proposals—Chelsea, Fitchburg, Holyoke, and Lawrence—and the winning teams received \$1.8 million in grant funds from the private sector, the Commonwealth of Massachusetts, and foundations. (The Boston Fed is not a funder.) A second round announced in 2015 featured a six-month design phase accompanied by \$15,000 planning grants to 10 Massachusetts cities. The design phase was added to address some important early lessons from round one; namely, that teams could benefit substantially from the opportunity to learn about the model of collaborative leadership and how to incorporate key elements of that model in the initiatives they were developing. These teams then competed for implementation grants of \$475,000.

While the research showed that Springfield could benefit from an opportunity like the WCC, that city's round-one application was not successful. Indeed, the team appeared to stumble out of the gate when the second round was announced; while just one planning grant application is allowed per eligible city, two Springfield teams expressed their intent to apply, potentially eliminating the city from the competition altogether. However, by the time the competing groups joined together on a single proposal, they had already strengthened their collaboration by confronting conflict head-on and addressing the trust and communication issues that many teams do not tackle until implementation is well underway. Once their proposal had been accepted, the team made still more progress during the planning phase of the competition, citing the Federal Reserve–facilitated design sessions as the catalyst for deeper collaboration.

All of this hard work devoted to building and strengthening their cross-sector team paid off: it was abundantly clear to the independent jury charged with selecting winners that Springfield was committed to a new and more collaborative way of working to advance outcomes for its low-income residents, and the team was awarded a \$475,000 grant to implement the initiative it had designed. Four other cities were also awarded round-two grants in June 2016: Haverhill, Lowell, Pittsfield, and Worcester. While the Springfield team has much work yet to do to achieve its stated goal—reducing by half the number of adults who are eligible to work but still unemployed—the city is blazing an important new trail toward achieving resurgence through collaborative leadership.

From our close work with those first-round cities and our examination of the independent evaluation of this groundbreaking effort,<sup>3</sup> we at the Boston Fed have learned a great deal about what it takes for cities to lead collaboratively, engage community members, inform decisions with data, and change systems to better promote opportunities for their residents. We have also learned about how to best support the teams in their journeys. Developing these crucial capacities boosts the likelihood that each team will effectively address an entrenched problem with long-term strategies for enduring improvement—a tall order for any community, but particularly challenging in smaller cities struggling after years of shrinking investment and economic opportunity.

Capturing and sharing these lessons is particularly important for the ongoing WCC effort. Since the awarding of the round-two implementation grants in Massachusetts, the WCC has expanded to Rhode Island and Connecticut cities as well. For cities that are ready to participate in the challenge, what will it take to make lasting change? What can they learn from the cities that have come before them? And what is the Boston Fed doing to adapt its model in response to these lessons? Here, we share four key lessons we have learned from the WCC process to date, along with the ongoing questions we are focused on as the initiative moves into new states and further funding rounds.

### **1. It starts with a team of cross-sector leaders committed to finding new ways to work together.**

One of the key predictors of a city's resurgence identified in the Boston Fed's study is the presence of high-level leaders able to work across sectors and assume shared responsibility for making progress on common goals for their community. Based on this finding, the WCC model supports the development of collaborative leadership as a foundational element for effecting transformative change in its participating cities. Collaborative cross-sector efforts create an opportunity to pool diverse resources and leverage a range of expertise to generate, test, and refine promising strategies. Incubating and normalizing this new style of leadership is particularly important for organizations and residents of smaller cities. With shrinking municipal budgets and a relatively thin landscape of institutional capital, places that develop a culture of cross-sector collaboration strengthen their capacity to adapt to changing conditions and overcome unanticipated challenges.

Building and growing cross-sector collaborations is easier said than done. The four winning teams in the first round of the challenge entered the competition with varying levels of experience in managing multistakeholder tables and establishing effective processes for working toward shared goals. One of the toughest challenges facing the groups right out of the gate was how to gain a deeper understanding of the existing team dynamics, including the motivations, contributions, and histories of the partners that could either promote or impede active trust building. Superficial commitment, turf issues, poor communication, and suspicion of others' motives are some of the relational issues that teams needed to work through in order to maximize their members' engagement.

Authentic stakeholder engagement and trust building is a process requiring continuous attention and care that collaborations have to manage alongside the implementation of their work on the ground. The teams faced a constant tension in balancing their time between developing a strong, collaborative process and demonstrating timely, tangible progress on their work plans in order to establish credibility for the initiatives. This challenge of having to "prove yourself" often seemed like a catch-22: the fastest way to build credibility is through small victories generated by the collab-



oration, but these wins are difficult to accomplish without significant engagement and trust between the partners. Even though the WCC model required each partnership to identify a “backbone” organization to steward both parts of work, we quickly discovered that cross-sector collaborations require an initiative director for each team—a dedicated, senior-level staff person tasked with coordinating the planning, implementation, and communication across multiple partners to advance the collective vision.

Hiring an initiative director to focus on managing the partnership and the day-to-day work of the effort critically transformed the teams’ partnership structures from large and unwieldy groups to much more focused teams of core, decision-making members. For instance, the Fitchburg team started out as a less mature collaboration, aiming to improve a broad set of economic and social outcomes in one of the most disadvantaged neighborhoods in the city. Because of the initial breadth of their priorities, the partners felt that their roles were unclear, which made it difficult for some of them to take responsibility for concrete parts of the work. Bringing an initiative director on board had a significant impact on the quality of stakeholder engagement and collective problem solving, making it possible to refine priority issue areas for the initiative. The director dedicated time to building consensus around shared values and goals and helped create a robust organizational structure of core and advisory partners who felt joint ownership of the work. One of the foundational values that strengthened members’ commitment was the notion of “give and get.” Applying this principle of reciprocity helped partners understand how their individual commitments contributed to the effort’s broader goals for the neighborhood and the resulting added value for the participating organizations.

In addition to managing and aligning the work of various subgroups within the initiative (such as the executive committee, steering committee, or action teams), it is common for initiative directors to lead or assist with fundraising, data collection and analysis, program design, sustainability planning, and other critical elements that energize this work. Given the important functions that initiative directors perform, we have adjusted our model to require competing grantees in subsequent rounds to include a job description for an initiative director in their proposals so that if they win, they can start the hiring process immediately. As the WCC expands its cohort of initiative directors, our staff will continue exploring ways to support the individuals in this role and deepen our understanding of the challenges that tend to arise at various phases of the initiatives. Having a forum to discuss the issues associated with this job has proven to be an important form of support, helping initiative directors to stay grounded, and we will work on creating other opportunities for peer-to-peer exchange in addition to the workshops in our learning community.

Beyond initiative directors, another important element in successful collaborative initiatives is the development of a new type of leadership among the broader group of stakeholders. Many of the WCC team members are exceptional organizational leaders who are skilled at exercising power and influence within the clearly defined authority structures of their institutions; they have been trained to focus on the specific outcomes of a single program

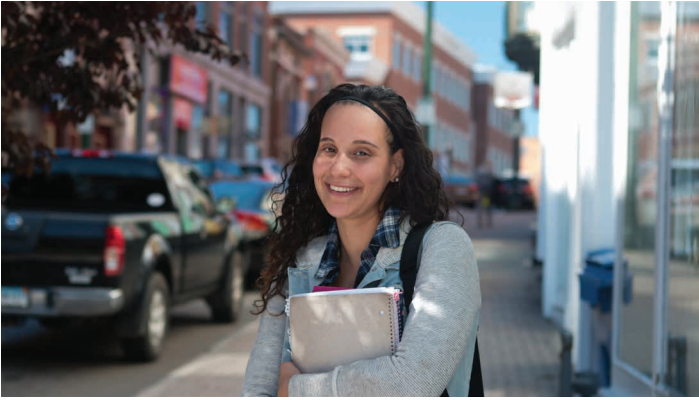
or organization. However, there are no established organizational charts or work flows to direct cross-sector collaboration. Within these volunteer-based partnerships, there is no hierarchy of authority, and power is shared when stakeholders take responsibility for making a contribution to the shared goal. In this case, their frame of reference becomes a system rather than an organization.

In Holyoke’s initiative, which focused on increasing the share of Latino entrepreneurs from 9 percent to 30 percent over 10 years, the partnership grew reliant on two or three members to carry the workload. The initial governance structure supporting the effort set the stage for this imbalance by establishing a more traditional nonprofit management approach in which the initiative director served in a CEO role while the partners functioned as an advisory board. An authentic collaborative-leadership model relies on stakeholders to cocreate the work of the partnership and agree to change the way their individual organizations do business based on the new learning emerging from joint action. For Holyoke’s team, the initial management structure worked well for supporting its new small-business accelerator program, but it struggled to generate any substantial improvements in the city’s system for nurturing local businesses at various levels of development. As the partnership evolved in scope to cultivate a more comprehensive system for assisting promising entrepreneurs, the stakeholder organizations exercised greater leadership by coordinating and bolstering their existing service offerings while sharing the responsibility for addressing key gaps in what they began calling the “entrepreneurial ecosystem.”

Noticing that nascent collaborations often struggled to distribute leadership and change habits and beliefs that stood in the way of progress, we offered training sessions in a framework known as adaptive leadership. This training has since become the best-received form of technical assistance among those the Boston Fed offers. Many grantees stressed that this training would have been even more powerful if offered at the very beginning of the implementation or design phase. Based on this feedback, we are making adaptive-leadership training mandatory for winning teams in expansion rounds of the WCC initiative and using it to anchor the learning community in the first year of implementation for the cities in those rounds.

A final key lesson to share on cross-sector collaboration is that smaller cities seem to have more volatile political and economic environments than larger or wealthier communities. Over the past two-and-a-half years, we observed frequent turnover in leadership at key partner organizations, as well as mayoral transitions at the city level. While we cannot expect teams to be prepared for all of the unexpected changes in their political and economic landscapes, their experiences with managing turnover helped us identify promising strategies to minimize the negative impacts.

For example, in the first year of implementation, Lawrence’s WCC team suffered the loss of four individuals due to turnover at institutions that were valuable allies in supporting the initiative’s aim of increasing economic opportunities for parents of public-school students. Once these representatives moved on from their positions, the organizations would either drop out of the collaboration or drastically reduce their level of engagement. To reduce



the risk of such capacity loss in the future, the Lawrence team invested in building and maintaining multilayered relationships with each partner organization, increasing the chance of keeping institutions engaged for the long haul even after individual staff turnover. Based on this lesson, we are encouraging winning teams to create additional relationships with high-level leaders at partner organizations and to promote the institutionalization of new practices that are discovered in the process of developing and testing solutions to shared challenges in the system. In this way, when one person leaves, there is some established institutional alignment.

## 2. Improving outcomes for low-income residents requires their voices.

The need to engage community members is implicit in the framing of the WCC, which emphasizes improving outcomes for low-income residents. How can we be sure that low-income residents are benefiting from an intervention if their voices are not included in its design or implementation? Authentic and relentless outreach to groups affected by a city's initiative—and those groups' resulting involvement—lead to a deeper understanding of issues on the ground, build public will for the effort, and allow residents to hold a team accountable for results. A key hypothesis in the WCC model is that development of broader community ownership of the work is important for an effort's sustainability beyond the life cycle of its grant. If these initiatives can mobilize support from both the grassroots and grass tops in the community, they will be less vulnerable to changes in the political and economic climate, such as mayoral transitions or shrinking public resources.

The teams' efforts to involve residents and other stakeholders in a dialogue about issues and priorities for change seem to be leading to new perspectives about opportunities in the targeted

communities. Fitchburg's experience offers one example of this positive outcome. At the outset of implementation, some of the partner organizations that had worked in the city for many years had developed a mind-set that residents of poor, transient neighborhoods are hopelessly disengaged from community life and that this dynamic was not going to change. After learning about new approaches and tools for quality community engagement at our learning community workshops, the team tested them at their subsequent neighborhood events. The skeptics on the team were surprised to see hundreds of people attending community design sessions and neighborhood clean-ups and contributing to productive dialogues about what change should look like in their city. This level of energy from community residents encouraged Fitchburg State University—located in the neighborhood but historically isolated from it—to engage in the WCC collaborative working to improve the quality of life in this area.

While the round-one teams have made substantial progress in strengthening their mechanisms for including residents in authentic dialogue about community issues, we recognize that these cities entered the competition with higher levels of capacity and skill to do this work effectively. In general, cities in subsequent rounds will need more up-front support and technical assistance to be successful community engagers, which is why we are placing this topic front and center in design-phase workshops that precede implementation.

As the diagram below shows, we expect community engagement to become increasingly robust as teams move from conceptualizing to implementing their initiatives, and as we build in support along the way in the form of a learning community and targeted technical assistance. We have also developed an opportunity for select members of each team to participate in a cross-

team cohort that spends a year getting coaching and peer support to strengthen their approaches to engaging community members.

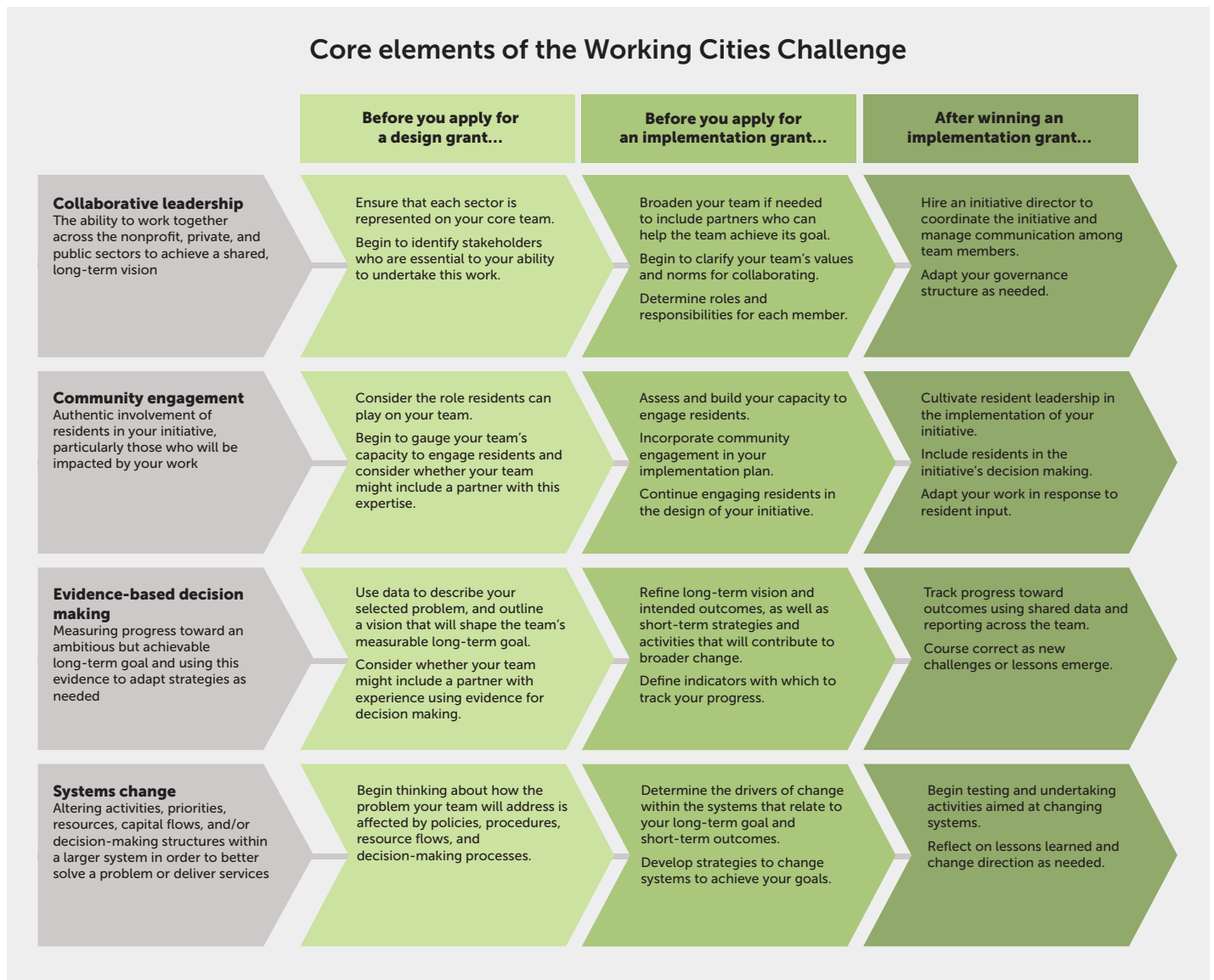
### 3. Teams are empowered to learn and adapt when data becomes a tool for learning and not just compliance.

Teams need to track the long- and short-term outcomes of their efforts if they are to gauge the effectiveness of their interventions, change course as needed to maintain progress, and be held accountable for results. But when that tracking feels like an exercise in compliance, it can be hard to move away from traditional indicators and approaches that may be easier for teams to gather and toward a place where data promotes collaboration and learning—exactly where teams need to be in order to sustain the work needed to achieve results.

We saw round-one teams struggle to track progress against indicators from sources like the American Community Survey because such sources were not updated frequently enough to reflect the posi-

tive stories coming out of their early implementation efforts. As a result, we realized that our message to the teams concerning the use of data needed to be less technical and more accessible and empowering. After all, teams were already collecting and responding to data; it just didn't always come in the form of an externally generated metric. For example, the Lawrence team gathered information on hiring needs via one-on-one meetings with employers and deployed a survey to team members' organizations to gauge the level of coordination among service providers. This effort provided the team with evidence to inform its decision making and strategy, and it was important for the Boston Fed to recognize that work as data collection.

In order to encourage this kind of learning-oriented data collection and use, we shifted our language and messaging around data: it is now nested within our core element of "evidence-based decision making," a reframing that teams have responded to with enthusiasm (and a sigh of relief). This concept not only makes data feel more accessible to nonwonks on the teams but also promotes creative thinking about what kinds of information can be used to measure and



describe progress. The shift in our collective reframing of data is evident in the way that many teams have de-emphasized secondary data and taken data collection into their own hands: every round-one team has developed and launched a survey of its own, and teams in the second round and in the Rhode Island rounds have used surveys and focus groups to inform the planning of their initiatives.

#### 4. Population-level impact and sustainability depend on changing systems.

As is often the case with collective-impact efforts, the three-year duration of WCC implementation grants is much less time than we expect teams will need to realize their shared goals. Moreover, the problems our teams have taken on are anything but technical; they are affected by a complex set of actors, institutions, policies, practices, relationships, and norms that cannot be addressed by the traditional approach of expanding or enhancing existing programs or developing new ones. For this reason, the need for early assessment and possible restructuring of local processes and procedures—what is often referred to as “systems change”—is at the forefront of the WCC.

While we feel that systems can be more readily changed in smaller cities with correspondingly smaller systems, even deciding what system to start with is hard work. One lesson that has emerged from the Holyoke team is that experimentation makes the concept of systems change much more accessible. To test the hypothesis that the city’s business-permitting process presented a barrier to entrepreneurship, team members followed an entrepreneur through every step. Because the city is a core partner in this work, the opportunities for streamlining the bureaucratic process were quickly put into place, giving the team an important win. As a result of the lesson that early experimentation can accelerate systems change and enhance the ability of teams to shift away from programmatic approaches, the Boston Fed presented teams with a results framework that pushes teams to develop systems-change hypotheses, test those assumptions early, and collect evidence to determine if and how those changes affect the conditions on the ground.

As the Holyoke team demonstrated, systems change need not start with a major overhaul. Instead, small, focused efforts can provide important early victories that serve as key moments for learning about what larger-scale efforts will require. The Haverhill team, a round-two winner focused on improving the lives of residents in the city’s Mt. Washington neighborhood, identified the career center as the target of a number of systems changes that would help neighborhood residents gain employment and increase their incomes. As the team was getting its feet wet, it learned that the bidding process for operating the career center was about to begin, and the career center featured strongly in the team’s strategies for improving the employment prospects of neighborhood residents. The team responded by briefing members on the Workforce Investment and Opportunity Act and participating actively in the Workforce Investment Board’s process for developing requests for proposals. Their active participation helped ensure that Haverhill and the needs of Mt. Washington residents were recognized in the request for proposal. Not only did this give the Haverhill team an important early victory—just four months into the implementation grant—but it also helped members learn a tremendous amount about workforce development and the key actors

they will need to influence in order to achieve larger-scale changes for the community.

#### Moving forward: what questions do we hope to answer in future WCC rounds?

As the WCC expands to additional states and tests its model in additional cities, we can learn and share more about effective and ineffective approaches, particularly in the context of smaller cities. By extending the challenge to three states, we will have the opportunity to connect different city teams engaged in similar efforts and create issue-specific peer networks. For each of the core elements in our model, we still wrestle with a number of big-picture questions. Answering them could improve our intervention model but requires a larger sample of sites in order to validate our findings. The priority questions for our staff include the following:

- What level of progress, particularly on systems change, can we realistically expect over a three-year grant period?
- How can we scale the lessons we have learned at the local level into systems change at the state level to influence policies, practices, and funding flows that affect smaller cities?
- What elements do successful teams and initiatives have in place when they start?
- Are the capacities built through the WCC (community engagement, collaborative leadership, systems change, data use) being mobilized for other purposes in the city?

Our team will continue to reflect on the lessons we learn as we partner with new city teams to advance their collective visions for meaningful change benefiting low-income residents. We are pleased to see strong progress from the first round of winning cities in creating collaborative teams, strengthening community engagement, and using data to track progress and make informed decisions. These capabilities are the fundamental components creating the platform needed to transform the broken systems WCC teams set out to fix.

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#### Endnotes

- <sup>1</sup> For a thorough discussion of this work, see Lynn Browne et al., “Towards a More Prosperous Springfield, Massachusetts: Project Introduction and Motivation” (report, Federal Reserve Bank of Boston, August 2009), <http://www.bostonfed.org/commdev/pcadp/2009/pcadp0901.pdf>.
- <sup>2</sup> To learn more about the Working Cities Challenge, visit <https://www.bostonfed.org/community-development/smaller-industrial-cities/working-cities-challenge.aspx>.
- <sup>3</sup> To view the evaluation, see “Mt. Auburn Associates Mid-point Evaluation of the Working Cities Challenge First Round in Massachusetts Complete,” Boston Fed Working Cities Challenge website, May 4, 2016, <https://www.bostonfed.org/workingcities/massachusetts/round1/evaluation.htm>.