



Network Transformation

Can Big Nonprofits Achieve Big Results?

By Kelly Campbell, Shazeen Virani, and Jessica Lanney

Photo: National 4-H Council

In an era of tech-enabled, high-growth social enterprises, it's easy to overlook the very large, slower-growth organizations with expansive networks that have been serving children, youth, and families for a decade—or longer. But it's these national and global networks that have the reach and power to take on big social issues.

That's a challenge some have chosen to undertake in a quest to evolve from simply serving community needs to solving underlying social problems. This pivot is seen clearly in ubiquitous nonprofits like the [Y-USA](#), within 10 miles of three-quarters of Americans; [4-H](#), in every county in the nation; [The Salvation Army](#), in major cities of every state; and [Save the Children](#), in 120 nations around the world.

Each of these networks had its own "aha" revelation that it had strayed from its origins but could reclaim its historic mandate. (See "What Are Nonprofit Networks?") The Y, for example, was founded to solve the problems faced by migrant boys and men in industrial revolution England. Its pivot means a return to solving the real challenges of adults and youth today, including health issues like diabetes, scholastic achievement gaps, and resiliency in the face of challenges common to disadvantaged neighborhoods. But what about other large networks seeking greater impact? Their CEOs and funders have to ask: is such a pivot possible, and what will it take?

We believe the answer is "yes" based on our experience working with more than 50 nonprofit networks, federations, and associations over the past 15 years. That experience includes research delving into how nonprofits get and stay big, and how the most effective nonprofits scale their impact. We've also heard from more than a score of leading social entrepreneurs, including Echoing Green winners, that they see networks as a promising means of scaling their impact through collaboration.

What Are Nonprofit Networks?

We define nonprofit networks as large direct-service organizations working under a single brand name with many branches or affiliates across the United States or the world. They include a variety of multi-subsidiary legal structures, from one consolidated legal entity to federations and membership organizations made up of separate legal organizations. These types of networks make up 21 of the 30 largest nonprofits in the United States according to *The Nonprofit Times*.

In addition, we interviewed a dozen leaders of the largest networks in the United States and around the world and heard firsthand about what it takes for organizations to make major changes to get dramatically better results—changes other large networks could learn from. The innovative organizations share several important characteristics.¹ First, courageous leaders and critical data serve as catalysts for change. Second, these organizations reviewed their historic assets and worked to make them relevant today. Third, they chose a path to change that made the most of their networks. And along the way, they debunked some myths about organizational transformation to adopt strategies rooted in solving, not just serving, the problems faced by their beneficiaries.

Courageous Leaders and Critical Data

Once a network attains a certain size, it has the power to effect change across a broad platform but also has a lot to sustain. Think upkeep of offices and property across states and around the world, fleets of vehicles, large staffs, legal requirements, government regulations, and donor relations and development, to name major preoccupations. It's not surprising that leaders can get tied up in keeping all these parts well-oiled and working. Yet, focus on ongoing operations too often crowds out analysis of changes over time in the very populations the organization exists to serve. It takes courageous leaders to pull up in the midst of doing good to ask, can we do even better? And it takes compelling demographic and performance data to convince a far-flung staff that the good they are doing today may not be life-changing for individuals and communities at the heart of their mission.

Such was the case for a 150-year-old Christian charitable organization, The Salvation Army,² when the leaders of its Central Territory, Carol and Paul Seiler, began to ask tough questions and seek

Big Nonprofit Networks at a Glance

- The top 10 nonprofit networks in the United States have combined annual revenue of \$32 billion.
- Their reach is enormous: among the top 10 US networks, the number of individuals served per year ranges from a low of two million (Easter Seals) to a high of 47 million (Feeding America), with a median of around 10 million individuals.
- The top 10 US networks collectively have over 25,000 local sites in communities across all 50 states and, in some cases, dozens of other countries.
- Among nonprofits, networks tend to be the best known and often the most trusted: of the 10 most trusted nonprofits, according to Harris Interactive polling, six are networks.

1 In-depth interviews included senior executives from the following: 4-H; American Red Cross; Boys & Girls Clubs of America; Girls, Inc.; Feeding America; Goodwill Industries International; Habitat for Humanity International; National Academy Foundation; Save the Children; The Salvation Army; United Cerebral Palsy; World Vision International; and YMCA of the USA.

2 The Salvation Army was founded in 1865 in London by itinerant preacher William Booth and his wife Catherine.

hard data on the Army’s impact in 11 Midwestern states. Their courage came in asking a question: with a mandate to meet the physical and spiritual needs of the poorest, could they make an even bigger difference in the lives of poverty-stricken clients than handing out groceries, rent, prescription assistance, and gas vouchers? “You can’t claim impact if you only see a kid or family for five minutes once a month,” observed Carol Seiler.

To test their hunch, in 2010 the Seilers conducted a survey of all the Corps officers and social services staff members in their territory. The results corroborated their concerns. Said Carol Seiler, “Ninety percent of the Corps and service units [told us that they] were providing all of those basic services people need to survive in crisis. But only 10 percent of the units said they were able to do anything that was close to problem solving for the family.” Seiler said that the survey results became a significant motivator internally “to say we have to do something different.” That something became a program the Central Territory named Pathway of Hope—an effort they have been growing for five years and that other territories now are adopting for their own.

Pathway of Hope goes beyond taking care of immediate needs by using a case-management approach to work one-on-one with families to help them identify the barriers they face in escaping poverty, whether inadequate housing, unemployment, or lack of an education. Army staff then help families develop strategies to overcome these barriers, connecting them to community services and supporting them throughout the process. This hands-on and holistic program—focused on giving families a hand up not just a handout—represents a fundamental shift in how the Army works. As Carol Seiler put it, changing someone’s life trajectory for the better is emblematic of “who we are as The Salvation Army now and in the future.”

Spotlight on Featured Networks

						
Resources <i>Annual network-wide income</i>	\$6.6 billion	\$750 million	\$3.8 billion	\$2 billion	\$2.8 billion	\$1.7 billion
Scale <i>Number of affiliates, sites, countries</i>	860 associations with 2,713 branches in the USA	110 land grant universities with more than 3,000 Extension offices 90,000 clubs	1,216 corps and 7,546 centers in the USA	-120 countries worldwide	99 country offices worldwide	1,400 affiliates in the USA and 70 country organizations worldwide
Reach <i>Number of beneficiaries</i>	22 million youth and adults	6 million youth	28 million youth and adults	55 million youth	62 million youth	3 million youth and adults
Age <i>Founding year</i>	1844	1902	1865	1919	1950	1976

Similarly, Neil Nicoll took stock with his leadership team and board of directors at the Y-USA when he became president and CEO in 2006. They asked how the Y was really serving today's youth and their communities and families. At least part of his answer came from a national branding study conducted by Siegel+Gale in 2008. It showed that the Y had 92 percent name recognition across the country. However, the study also reported the largest disconnect that Siegel+Gale had ever seen between staff perceptions of an organization and the public's perception. Whereas staff felt their work was cause-driven, less than 60 percent of the public had any idea of the Y's purpose beyond providing wholesome activities like swimming. "It was a cold shower for our organization," said Nicoll. "But it was also just the thing to wake up members across the country to invest in deeper intentionality and new programming and outreach."

It's noteworthy that with The Salvation Army and the Y, and other examples we encountered, the shocking data that inspired change did not simply bubble up in the course of business as usual. In each case, leaders had the gumption to go looking for it with the intent of using the scale of their organizations to achieve a larger and more lasting impact. (See "How Data Sparked Habitat's Pivot.")

How Data Sparked Habitat's Pivot

Many Americans first encountered Habitat for Humanity through images of former President Jimmy Carter hammering nails and sawing planks of wood at a Habitat building site. Today, as much an international organization as an American one, Habitat annually serves more than 1.6 million people across the globe through home construction, rehabilitation and repairs, and increased access to improved shelter and financing.

"Many of our country organizations didn't even know what the housing deficit was in their countries," said Steven Weir, vice president for Global Programs at Habitat for Humanity International. "They just tried to build 5 percent more houses every year and they figured that was a good year. But when we asked people across the organization to think about eliminating the housing deficit—well, there's no way you could build your way out of that." A simple calculation helped emphasize the need for change. Consider that Habitat Guatemala is the largest builder of housing in the country. "At the time we started our new global strategic plan, we calculated it would take well over 100 years for them to eliminate the quantitative and qualitative housing deficit at their current rate," said Weir.

Based on this insight, with the new strategic plan launched in 2013, Habitat began looking for more systemic ways to address the housing deficit. It continues to build houses—lots of them—but it is also working with microfinance and other lending institutions to convince them they should offer housing loans for small, housing-focused businesses and property rights improvements. "In places like Bosnia, Macedonia, Armenia, and Serbia," explained Weir, "we can create a financing market that will continue on its own without Habitat needing to be there as a funder and facilitator. We would have never done that before we started focusing on the housing deficit. We would have started another country program and we would have been happy with an additional 500 houses."

Historic Assets

Armed with compelling data, network leaders could get the attention of staff and funders. But before they moved forward, we found that they first took a step back. They dug into their organization’s history and took inventory of their venerable assets. They sought to identify the timeless elements of their missions while understanding how current context differed from the past. In short, they reaffirmed their roots while pursuing renewed relevance.

For Nicoll and his team, the Y’s history served as prologue to a renewed effort to serve young people via innovative, neighborhood-based programs. “For many of us who came to the Y, our original motivation was to change the trajectory for children,” said Nicoll. “We had done amazing things in the late 1800s right through the mid-twentieth century. We invented basketball and volleyball, we founded 53 colleges and universities, and we developed the model for community college. We founded the Boy Scouts, and the Peace Corps came from the Y World Service Workers. So the question came up—how can we recapture some of that intellectual reach? Could we identify a particular set of social issues that, if we brought the resources of the Y to bear, could change the whole trajectory [of youth development]?”

Improving scholastic achievements and the avoidance of summer learning loss for low-income students emerged as one answer. Across its national network, the Y was already serving half a million low-income youth during the summer, largely through recreation programs. What if they could use its tremendous reach not simply to teach sports and crafts, but also to improve kids’ reading and math scores?

Like the Y, another national network, 4-H (Head, Hands, Heart, and Health), found its historic core of programming held the key to twenty-first century relevance. Born of a desire to connect new, university-developed agricultural technologies to family farms, the first youth clubs formed in 1902 with names like The Tomato Club or the Corn-Growing Club. These clubs laid the groundwork for what became the 4-H movement. These after-school clubs drew youth into learning about agricultural science as a means to influence the evolution of family farming. By 1914, the US Department of Agriculture was backing 4-H as a national youth program supported by community outreach efforts of 100-plus land-grant universities and America’s Cooperative Extension System.

In reviewing its historic assets, the 4-H network found itself looking back over a century of experience in scientific concepts and unique collaboration with university professionals and community volunteers. As Jennifer Sirangelo, president and CEO of National 4-H Council, recounted, these unique assets held an answer to a call to action issued by the National Academy of Sciences in a 2007 paper titled *Rising Above the Gathering Storm*.³ The paper

3 Committee on Prospering in the Global Economy of the 21st Century, *Rising Above the Gathering Storm: Energizing and Employing America for a Brighter Future* (Washington, DC: National Academies Press, 2007), <http://www.utsystem.edu/competitive/files/RAGS-fullreport.pdf>.

outlined a looming crisis in US competitiveness if educators failed to step up learning in science, technology, engineering, and mathematics (STEM), and prepare American young people for future needs in industry and government. “All partners in the 4-H system—Cooperative Extension, USDA, and National 4-H Council—took the call very seriously and stepped up as a network to say there is a role for out-of-school time on this issue,” said Sirangelo. 4-H, which had been introducing science to students for a century, was in a prime position to pioneer the role.

Forging a Path to Change

Waking up a national or global network to a need for change and rooting that change in an organization’s history are merely preludes to the Herculean task of galvanizing the change itself. From our recent interviews with network leaders, we found two workable approaches: one anchors on measurable outcomes, the other on an evidence-based approach.

Anchoring on Measurable Outcomes

Sirangelo credits focus on a handful of measurable outcomes (despite resistance from some within 4-H who felt they needed many more measures) with bringing about change in the network. To get there, the 4-H science leadership team—including science specialists and leaders from all parts of the network—had to navigate multiple tiers of stakeholders. 4-H serves nearly six million young people through clubs, after-school programs, camps, and school enrichment programs.

4-H possessed an unparalleled capability for science content development because of its connection to the 110 land-grant universities. They are associated with 3,100 local and regional Cooperative Extension System offices, a wide-ranging network that includes 3,500 professional staff and over 600,000 volunteers. The notion that 4-H could play a meaningful role in bridging the nation’s STEM gap became real as the organization created 4-H Science, a program aimed at reaching one million kids over five years.

State and local extension offices could implement curriculum as they saw fit at the community level, given their demographics, but the proof would be in numbers of youth converted to STEM pursuits. Meanwhile, National 4-H Council and USDA provided lots of support: new collaborations with outside education experts, extensive training, technical assistance, professional development tools to measure progress, and dissemination of successful locally grown approaches across the network. “Now, it’s locally driven and locally owned,” Sirangelo explained.

Multiyear evaluations of 4-H Science have found the formula is working. 4-H Science participants reported higher levels of enthusiasm for STEM subjects than other youth on all metrics. For example, 71 percent of eighth graders in 4-H Science reported liking science compared to 50 percent of other eighth graders in the National Assessment of Education Progress (NAEP) survey. When it came to shaping future careers, 4-H Science had a powerful result: among twelfth graders, 77 percent who

participated in 4-H Science said they wanted to have a science-related job upon graduation, more than double the 37 percent reported among twelfth graders in the NAEP survey.⁴

As a network governed by the leadership of local offices and clubs, each 4-H club has its own academic ties and youth demography to consider. Yet, change management that anchored on outcomes allowed each club to choose its own programs while effectively re-choreographing the network's approach to advancing its mission. "National [leadership] created the environment for that to happen," said Sirangelo. In a similar fashion, World Vision International, a 65-year-old relief and development network with partner operations in more than 90 countries, has used outcomes measurement to shape its pivot from relief work to community-based development. (See "World Vision: Accelerating Change through Measurement.")

World Vision: Accelerating Change through Measurement

World Vision, a Christian humanitarian organization that began by caring for Korean orphans after World War II, now works with children and families in nearly 100 countries around the world. It began its pivot from relief work to integrated community development in the 1990s.

But it was not until the mid-2000s that World Vision began to grapple more concretely with measuring whether it was actually helping to solve the enormous social problems it sought to address. "It was a matter of accountability to our communities, our donors, and ourselves," explained Ken Casey, former senior vice president of partnerships and ministry impact. "The most critical piece was setting and agreeing on the child well-being targets and holding all members accountable." Ultimately, these targets focused on four key indicators, looking at whether children were: well-nourished, protected from disease, able to read at age 11, and had a self-assessed sense of well-being. Each country or region sends a report on these targets, and through a well-developed structure of knowledge sharing across the network, World Vision seeks to identify and spread best practices.

For example, World Vision has developed a project model that can help address acute malnutrition—to address the first target—and today almost every site across its network appears capable of using it. The organization has collected two years of baseline data in countries where there is acute malnutrition and is posting progress against that baseline.

Anchoring on an Evidence-Based Model

Another approach to managing change across a network follows that of the Y-USA: identifying evidence-based programs and offering them to members with support from the central office to ensure adherence to the model. This is different than anchoring on outcomes as it prescribes a program, based on testing that has proven a certain approach works, versus targeting an outcome and asking members of a

4 Monica Mielke and Alisha Butler, *4-H Science Initiative: Youth Engagement, Attitudes and Knowledge Study* (4-H Council and Policy Studies Associates, Inc., March 2013), <http://www.4-h.org/About-4-H/Research/PSA-YEAK-Year-3-Report.dwn>.

network to figure out how to achieve it. After the Y's leadership saw an opportunity for the organization to play a role in helping students avoid summer learning loss, senior management began a search for programs that could improve summer learning outcomes and could be scaled across the Y's network. They found two such programs: Y-Readers, developed internally by the Y in Charlotte, NC, and BELL (Building Educated Leaders for Life), an evidence-based program that had produced excellent results in a randomized trial and a desire to create impact at scale beyond its four walls. This led to replicating the Charlotte program and creating the Y's new Power Scholars program licensed and adapted from BELL.

Once identified and licensed, the Y needed a scaling strategy that could deliver the programs with fidelity, measure outcomes, and keep improving across a very diverse network. This meant developing central capacity to support the sites' implementation, building a data system to track and report progress, investing in training for local Ys, and raising the money to support these new capabilities both through grants and by convincing member organizations of the value of increasing dues. It also entailed a major cultural shift. "Evidence-based programs are much stricter on fidelity," said the Y's current CEO and President Kevin Washington. "There's little opportunity for local Ys to innovate on the model. They can't just say 'we want to do it our way.'" Nor were Ys used to ensuring that the kids actually showed up nor to making calls to parents when they didn't—a big shift from what had been the Y's traditional "drop-in" orientation.

Piloted in eight cities in 2014, Power Scholars Academy Camp (at YMCA summer camp) and Power Scholars Academy (at schools) are not only changing the trajectory for the Y's youth but also extending the impact of BELL. Formerly, BELL reached over 13,000 kids on its own, but now it stands to scale its impact more than tenfold through combining forces with the Y. In addition, the program reverses summer learning loss for those most at risk. While all students, on average, gained skills from the program, the return on investment was greatest for youth who were struggling academically. These underperforming students gained two and a half months of reading skills and two and a half months of math skills. The program already has tripled in size, and 250 Y summer camps offered it to their members in 2015, embracing the opportunity to have an impact on student achievement.

Save the Children, an international aid agency, also is turning to evidence-based programs to boost impact across its network, but it discovered it couldn't get the benefit of such programming without a unified structure. Eglantyne Jebb, a British social reformer, founded Save in 1919 to help children across Europe who were orphaned or starving in the aftermath of World War I. Over the ensuing decades, Save spread to numerous developing countries, sometimes with multiple sites in one nation. "A lot of [developing] countries had...up to eight Save organizations working side by side...usually not talking [or] trying to achieve the same thing," said Janti Soeripto, deputy CEO of Save the Children International. This lack of coordination fragmented the organization's impact.

To bring various perspectives together, Save’s leaders agreed to focus on answering one question: “What does a good quality program look like, and how do you measure that?” Ultimately, its members chose measurable programs in three areas: child survival, with a global target of zero avoidable deaths for children under five; primary school literacy, with a goal of ensuring children can read and write well by age 11; and child protection, aiming to shift world tolerance for violence against children. This focus has led to rolling out programs across the membership like Literacy Boost, considered best practice in literacy outcomes by peer NGOs.

Although the Save story is complex, its starting point—sites with different strategies proliferating over decades of activity—is not unique. Save’s journey gives testimony to the power of anchoring on evidence-based programming to galvanize new organizational direction and impact, even when it calls for drastic change management across a global federation to create conditions for success. Said former Save US CEO Charlie MacCormack, “The shared goal of achieving evidence-based outcomes created a common purpose that enabled the broader governance dialogue to happen between our entities.”

Getting Beyond Barriers of Governance and Funding

For most networks, building new organizational capacity to collect data, support sites, hire new staff, and train existing staff comes with a substantial price tag. And it comes with costs in staff time and effort to shift mindsets and forge agreement across a network. It also comes with serious demands of governance—either convincing boards of the need for costly change, or of a need to transform the board itself. Yet our exemplars overcame the difficulties of funding costs and realigning governance in ways from which others can learn.

In many cases, such as the Y, 4-H, and Salvation Army, leadership teams pushed ahead in spite of complex—at times challenging—governance. They broke the myth that you can’t pivot an organization without changing its governance and moved forward by laboring within existing structures to build consensus. In other cases, like Save, which did require an extreme governance overhaul to create a platform for scale, leaders faced reality and bore the cost.

The pivot for Save’s governance began in December 2004 after the Indian Ocean earthquake and tsunami disaster brought Save members together to coordinate a massive relief effort. Out of this coordinated effort emerged a commitment to revisit Save’s roots in advocating for child survival and welfare and a renewed desire to advance that mission at scale. By 2009, Save members had agreed to align the network around a plan to create a stronger, united voice for children’s needs and rights. Step one was enormous. The network had to merge duplicate country offices into single national offices and national boards into one international board.

Today, Save the Children International has seven regional offices, down from 24, and a single financial system replaced several formerly used across the network. Deputy CEO Soeripto emphasizes that “the decision to unify and bring together governance and metrics across the network is still only the very beginning of our journey to create a unified network achieving its full potential for the people it serves. It’s the difference between getting married and making marriage work. We have many ongoing follow-ups and continually work hard to make our new governance a working reality.”

Finding funding for such a transformation can seem impossible, but our exemplars showed time and again that a sound strategy for scaling impact can motivate long-standing funders to dig deeper. And it can attract new funders who care about impact at scale. “You can’t just pivot on your own,” emphasized 4-H CEO Sirangelo. “You have to have up-front investment.”

In the case of 4-H, Sirangelo had to convince traditional funders, including corporate partners and foundations, that a focus on science was actually a fulfillment of the organization’s historic mission. Like 4-H staff, the funders did not immediately recognize this. “That was very hard, having your investors that have been with you a long time saying, ‘Don’t move away from what you’ve always done,’” said Sirangelo.

4-H also had to find a new breed of funder who was willing to invest for the longer term with no expectation of immediate success. “We had to go three years before we had any youth outcomes,” said Sirangelo. Fortunately, the Noyce Foundation was a natural fit given its strong focus on science, technology, engineering, and math for youth in after-school programs. Ron Ottinger, the foundation’s executive director, explained why 4-H was so appealing: “Our approach was to start with the national organization that had the greatest capacity, and who, if they re-branded and really created the tools, resources, and effective programming could help the field as a whole develop. That was 4-H.” Corporations that stood to benefit down the line from expanded talent pools of STEM-savvy young people came on board as well. “We quadrupled our private-sector support in the middle of the recession,” said Sirangelo. “And now we have it embedded... and sustainable.”

Getting Big Results

“These networks—*if* it can be figured out—have such tremendous potential for impact,” said Barbara Picower, whose JPB Foundation has funded the efforts of the Y to scale evidence-based programs in both diabetes prevention and student achievement. But Picower also cautions that the Y, and a handful of others, may not be typical of most of the big, old-line nonprofit networks. “Some organizations may be big, but they have no desire to be better or create more impact.”

In the words of 4-H's former CEO, Don Floyd, "The complexity of leading these networks is not for the faint of heart." For the organizations involved and their beneficiaries, adds Neil Nicoll, "the stakes could not be higher." Given NGO networks' vast infrastructure and deep relationships with thousands of communities, "They are our best hope for overcoming social challenges," Nicoll continued. "Duplicating their capacity may not be possible. We have to transform them." Whether the networks reinvent themselves as social innovators, or shoulder innovations developed by other social entrepreneurs, their leadership and involvement is critical.

The six network pioneers featured here, and a number of others we studied, are braving this journey. They want to achieve big results and are in the early stages of pivoting programs toward solving the social problems encompassed by their historic missions. Each has begun to articulate a vision of success that, while consistent with the mission of the network, addresses deeply entrenched traditions, complex governance structures, talent, measurement, and funding.

Above all, they are asking how they can use their enormous scale and long tradition of service to change the world. "I think success will really look like a headline that says, 'The Salvation Army Is Making Impact on Poverty,'" said the Army's Central Territory Commissioner Carol Seiler.

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