Making Cluster Grantmaking Work

In a time when resources are limited and it's difficult to meet increasing needs, some foundations have discovered they can stretch their grantmaking by helping organizations as clusters. That's the idea behind a growing movement where foundations convene agencies and provide them with the support to tackle their collective challenges together.

BY CHRISTINE SHIRLEY [1]

Making Cluster Grantmaking Work

While still less common than initiatives and special projects, cluster support is a well established tradition at a number of major foundations.[2] Though each foundation's definition of a "cluster" varies, most share a common thread in that those who host clusters believe they can create opportunities for groups of organizations to nurture long-term solutions to problems they have in common. In that way, most grant-makers hope to avoid duplicating efforts, replacing multiple "planning grants" to individual agencies, for example, with cluster grants that allow for critical collaborations between agencies including networking, information sharing, and peer support.

An Idea for the Times

The idea may have particular resonance now, as foundations and government agencies that nursed fledgling and mid-size nonprofit organizations to health in the 1990s face the difficult task of making cuts in a sliding economy. Because vulnerable nonprofits increasingly are experiencing similar challenges at the same time – ranging from struggles with fund development to shifts in organizational structure to increasing needs for better public relations in order to cope with their own tight budgets – the case for cluster funding is worth reviewing.

[2] Including W.K. Kellogg, Annie E. Casey, and Rockefeller

Yet there is little information to guide foundations interested in forming their own clusters. Little data has been compiled about the effectiveness of these investments, the specific pros and cons of various projects, or the potential for replication of good models. In fact, anecdotal evidence suggests that clusters sometimes work better in theory than practice. Grantees may grudgingly attend meetings or partner with competitors to save face with a grantmaker, hindering real collaborations and rendering shared progress impossible.

So how can a foundation counter the instinctive competitiveness and sense of harried strain which seem to prevent clusters from achieving their full potential? And what can be done to ensure that an unnaturally convened group of hand-picked grantees becomes an organic, productive entity, able to solve problems and make a long-term impact together?

The Child Care Cluster

The David and Lucile Packard Foundation, based in Los Altos, Calif., asked those questions in 1998 when it embarked on its first significant cluster project -- bringing together seven diverse child development organizations in the southern San Francisco Bay Area. It would eventually invest more than $1 million over five years. The Child Care Cluster, as it came to be known, included agencies that shared similar challenges but also competed for funding and recognition, contributing to the potential for complications. Instead, four years later, participants have overcome hurdles and become a blueprint for Packard's other cluster projects, having elected to continue meeting quarterly for networking, learning, and peer support. Individual agencies within the cluster that have thrived and grown say they've done so under its tutelage.

"The lasting impact of the cluster is that our agency is setting up standards which previously had only been talked about," said Larry Drury, executive director of Go Kids, Inc., one of the organizations in the Child Care Cluster. "Once an organization changes – as tough as that change is to make – it lasts. We've raised the agency to a new standard, thanks in part to the cluster."

Shared Challenges, Shared Opportunities

In 1998, with welfare reform in full swing, the child development profession was undergoing tremendous growth and upheaval. Welfare-to-work had brought higher demand and new government regulations, at a time when the industry, nationwide, was coping with shortages of facilities and, especially, child care workers. (This was particularly pronounced in California, where Silicon Valley's booming economy and a state mandate to reduce the size of elementary school classes helped create a glut of new jobs in the higher paying technology and teaching professions.) Despite increased federal funding for child care that led to a near doubling in capacity for many child development agencies, the availability of licensed care was estimated to meet only about one-fifth of the need, leaving many families unable to find quality, affordable care.

Aware of these circumstances, two program officers at the Packard Foundation – from Children, Families, and Communities and from Organizational Effectiveness and Philanthropy – invited nine grantees to participate in a cluster project. The seven agencies that eventually opted to participate ranged in size and program focus. The cluster's smallest organization had 55 employees and served 300 children. The largest had 500 employees and worked with 5,000 children. One organization, a council of parents, providers, public officials, and experts appointed by the government to assess child care needs, did not even offer direct services to families. One agency had just one location in one county; most had multiple sites in several counties.

Yet all the agencies had a focus on child development and, in one capacity or another, served low-income, working families who relied on child care in order to remain employed. They were not necessarily the largest or best known providers in their region (nor, in the case of the council, a provider at all). Rather, the cluster members represented those agencies the Foundation identified as being unprepared for immediate growth but capable, with support, of making an important impact in the future.

"We looked for the greatest potential for our money to make a difference ... agencies where, if they succeeded, we might expect a lot more slots in quality child care," Barbara Kibbe, Director of the Foundation's Organizational Effectiveness Program, explained.

According to Kibbe, going into the first meeting of the cluster the Foundation had no preconceived notions about its role in determining the direction, focus, or activities of the group. Grantees seemed leery of the Foundation's motives in inviting their participation, but Kibbe said Packard's only concern was helping these organizations become stronger and more effective, preferably on their own terms. "We brought them together and said, 'What would be most helpful to you? We're open to anything.' And people weren't used to thinking about themselves. One woman literally cried when I asked how we could help her as a professional. She said no one had ever asked her that before."

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The problems the participating agencies faced were complicated – and often alike. Rapid growth and change had taxed the organizations' ability to deliver quality child care. They all struggled with staff retention and recruitment; most also were working to integrate new technological, financial, or administrative systems. The agencies felt overwhelmed by new government requirements, often mandating changes to everything from curriculum to playground design and safety. While considered well established institutions in their respective communities, several organizations were still led by the founding executive director – in some instances, a person who happened to be eyeing retirement. Yet the agencies lacked resources to support professional development for managers or make healthy succession plans for new leaders.

Identifying Needs Together

The Foundation responded with a single request: Any agency opting to move forward as part of the cluster should submit to an organizational assessment by an independent consultant. Packard would pick up the bill for the assessment and provide follow-up funding for each agency to address problems that emerged in its report. The

rest was up to the grantees, who could choose their own consultants, decide how to use their assessments, and determine where to spend their grants. Accepting on faith that the grantees would use the funding to address problems identified by the consultants, Packard staff assured grantees that the assessments would remain confidential and for agencies' own use, with neither the Foundation nor fellow cluster members seeing other members' reports, unless they themselves chose to share the information.

"We were practicing responsive grant-making and respect for our grantees' ability to determine what the issues are and to figure out the solutions," said Marie Young, Senior Program Manager for the Children, Families, and Communities Program. "There were some instances where we drove the agenda, such as when we suggested the assessment, but we really wanted to be respectful of the grantees and leave the big decisions up to them."

While wary of each other at first, the agencies made some initial decisions as a group. They recognized that they didn't know much about what to look for in a consultant and asked Packard for help in tracking down experts in

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nonprofit management who also knew something about child care. Packard arranged for the cluster to interview three consultant candidates as a group, though individual agencies would have the latitude to choose for themselves. In the day of interviewing, however, the group formed a shared opinion that they would make more progress as a cluster if they all worked with the same tools and assessments designed by a single consultant. It was the first major decision they made as a cluster.

"The whole idea all along was that we were going to learn some things about child care that other people would find useful," said Caroline Carney, a Child Care Cluster participant who represented the appointed government body, Monterey County Child Care Planning Council. "It seemed, and it still seems, the best thing to do was to have one consultant helping us get that information."

The consultant was Fern Tiger Associates, a firm that had worked with hundreds of nonprofit and public sector organizations, including dozens of child care agencies, over its more than 20-year history. The firm signed a separate contract with each agency to deliver a confidential report on its strengths and weaknesses, as well as recommended actions to address identified issues. The consultants conducted interviews with staff and board members at each organization and with people who were affected by child care in the four counties: community leaders, parents, and government officials. The assessments, which took approximately a year to perform, gave the cluster agencies some new insights, as well as acknowledgments of problems they already knew about but lacked the resources to address.

Layers of Cluster Support

The reports helped to identify issues and presented tangible suggestions for resolving them. The Foundation followed them up with an offer of funding: $80,000, set aside for each cluster member willing to take the time to write a meaningful proposal. Cluster agencies needing equipment, facilities renovations, or staffing support received funding from the Children, Families, and Communities Program; those requesting strategic planning, professional development, board development, or marketing consultation were funded by the Organizational Effectiveness Program.

The cross-program collaboration was atypical for the Foundation and required a level of sharing that would prove to be a good model for cluster members. "Removing the barriers inside the Foundation to allow the collaboration to move forward proved one of the greatest challenges," Kibbe said. "I think often funders have financial and administrative systems that get in the way of the job that needs to be done. It should be easy – each department paying half – but the system made it difficult to divide things like that."

As individual agencies were undergoing assessments, the group met on occasion at Packard's behest to hear from a guest speaker and collect new resources. But it wasn't until the assessments were nearing completion that the grantees pursued the idea of a more formal cluster structure. At one meeting in particular, Fern Tiger addressed the cluster members and gave them a glimpse of an aggregate assessment of the issues they all shared. The agencies were shown excerpts from interviews, quotes without attribution that alluded to problems with a board of directors, with staffing, with technology, and so on. While most quotes were from individuals describing a particular agency, it became clear during the presentation that these excerpts could be describing almost any cluster participant. It was understandable that the agencies would have some difficulties in common: on average, they had experienced more than 100% growth in 10 years, a rapid increase that even the for-profit industry would struggle to manage, especially without networking or support.

From Struggles to Success:

One Cluster Member's Transition and Development

Staff at Go Kids, Inc., a 27-year old child development agency based in the southern Bay Area, can still recall the significant challenges it faced when the Packard Child Care Cluster was just beginning. In the span of just a few short months, Go Kids had grappled with the departure of its founding executive director, a series of lawsuits, problems with a government contract, and findings in an organizational assessment suggesting the agency needed to revamp its staff structure, personnel policies, technological systems, and marketing materials. As the agency embarked on a capital campaign to secure funding for a new site, staff began to feel dismayed at the lack of response to its fundraising appeals – and one agency leader expressed her concerns to her peers (many of them from competing agencies) at an early meeting of the Child Care Cluster. To perhaps everyone's surprise, the group responded to her candor with support, encouragement, and openness of their own.

"Within a week, things started to turn around for us," said Cathy Boettcher, Go Kids' current deputy director. "It helped to have this supportive, cheerleader environment, which you didn't get anywhere else."

Over time, support linked to the cluster made an enormous impact on Go Kids. The agency experienced tremendous, across-the-board progress over the three-year period, and its leaders attribute much of the success to resources, lessons, or connections made possible by the Child Care Cluster.

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The agency's accomplishments were remarkable: revenue increases of 44% in two years; more than doubling its capacity and the number of slots available in its child care centers over four years; cutting staff turnover rates in half; tripling its positive coverage in the local media; seeing a 500% increase in its community donations; adding ten new community partnerships; and growing its total budget by one third.

Enviable Outcomes

Staff say that to a large extent, these results were directly related to cluster experiences. The cluster-inspired organizational assessment was the impetus for a new strategic plan for the organization. "For all practical purposes, you could say that the assessment became like a strategic plan," said executive director Larry Drury. "We, the staff and the board, use that document over and over again." The resulting decisions led to revisions in Go Kids' mission, vision, and focus, which in turn brought about significant improvements in Go Kids' financial stability and program quality. Meanwhile, networking, encouragement, and financial support linked to the cluster influenced Go Kids' ability to move to a spacious new site in the heart of its southern Bay Area service area. An agency that had been comparatively little known to the community three years earlier garnered the praise and respect of community leaders and residents as it matured to become a truly strong organization.

Positioned for Growth

"Looking back, we were so well positioned for this kind of support to be great for us," Boettcher said. "The cluster helped us stretch and think outside the box, and it really made a difference."

A smooth leadership transition, following the departure of a director who had led the agency since its inception, was made possible by a unique partnership between two key staff members – a relationship fostered by shared cluster experiences and long car rides together to cluster meetings, according to both the executive and deputy directors. "The Packard cluster gave us a good way to join together in leadership for the agency," Drury said. Two separate Packard grants ($80,000 each, offered to cluster members based on proposals addressing issues identified in the original assessments) enabled Go Kids to create its first human resources department with up-to-date personnel policies and new standards for staff development – factors that helped to reduce staff turnover and led the agency to have no job openings for the first time in many years. The agency was also able to overhaul its financial and technical systems, update board policies and procedures, and develop and disseminate new marketing and communications materials and tools. The latter also involved a name change to better promote its activities and spirit. (The agency was formerly known as Growth and Opportunity, Inc.) Today, Go Kids appears to be more widely known and respected than at any time in the agency's history. An acclaimed, capable, trusted partner in the communities it serves, Go Kids has successfully created and implemented systems in which contracts run smoothly; operations are productive, efficient, and entrepreneurial; and the financial outlook is strong. The cluster experience has allowed Go Kids to build a solid foundation for future growth and development.

Highlights of Cluster Learning

Numerous issues and topics were covered over the four years of Child Care Cluster meetings. Among the many focused topics featured during the day-long sessions were presentations on:

- Recruitment, Turnover, and Retention
- Child Care Agencies' Role in Outreach and Enrollment in Children's Health Insurance Programs
- Technology: Planning, Networking, and Databases
- Strategic Marketing
- Effective Use of Data
- Getting Your Message in the Media
- Grassroots Fundraising
- Building a Great Place to Work
- Board-Building

In the course of Tiger's presentation, the Foundation program officers stepped out of the room to give grantees their privacy. The consultant was left to facilitate the meeting, which became the first sharing session.

"The assessment had allowed them to see things they might not have seen, to really look at the big picture, and to step back and hear recommendations," Fern Tiger Associates staff member Liz Newman said. "Then the cluster allowed them to give and take and to hear what others were doing. The level of discussion was elevated by that opportunity to share."

The Learning Community

Because the Foundation was willing to provide additional funding for group activities, the cluster opted for quarterly, day-long meetings of sharing and learning over the course of the year that followed. The Foundation paid for Fern Tiger Associates to facilitate and for nationally renowned speakers to address the cluster on topics such as human resources, media relations, and fundraising. FTA developed a format: Each session began with every agency giving an update on its activities, followed by a speaker's presentation, lunch, and time for the group to process what they had learned and discuss how to apply it. Meetings were documented by a graphic recorder who illustrated each meeting's progress and produced a final piece that agency directors could share with their staff and board. Packard hosted the events, providing facilities and catered food in addition to the facilitation costs, but Packard staff remained absent from the meeting room. In this environment, the agencies' trust for one another and the cluster process improved.

"Typically, in the nonprofit world, a support network is imposed on you from the outside, but we were able to design our own," cluster participant Ann Sims of Bayshore Child Care Services recalled. "Experiences in the group gave us a better attitude. We saw whatever our problem was, it was bigger than just us. Others were facing it, too. Just the opportunity to meet with peers away from the daily grind fulfilled us. It was a supportive environment just for us."

Cluster meetings became a time for members to encourage one another, while focusing on the complex issues they shared. Members began confiding in one another, rooting for one another in a way that competing agencies rarely do. Part of it was just venting: grappling with enormous pressure in a safe environment and pushing one another to excel, without beating themselves up for the issues they couldn't resolve easily. Another part was pure networking of the sort that's commonplace in the business world but almost unheard of among nonprofits. If one agency mentioned struggling with a computer program or its personnel handbook, another would pipe up with suggestions from its own experience. Such simple exchanges were among the most valuable for cluster members, who found they had at their fingertips a wealth of new resources – friendships, the information and experiences of peers, the ability to contact leaders in the nonprofit field for support and suggestions, and sometimes new confidence

– because they participated in this group. As a result, members took the cluster seriously, rarely missing meetings and willingly commuting up to four hours to get to the sessions on time. Participants took pride in their involvement with the group and reported higher morale throughout their agencies as a result of the cluster's resources and support.

Help in Hard Times

Meanwhile, several of the organizations were encountering tumultuous changes, including moves, program changes, lawsuits, and the departure of long-time staff. Rather than conclude their networking sessions during tough times, cluster members voted unanimously to seek a second grant to support continued group meetings. Surprised and pleased, the Foundation agreed to continue the learning community. It also made a second round of $80,000 funding available to the individual cluster agencies.

"The extra funding did help drive us," says Go Kids' Larry Drury. "Without it, workshops might have felt pie-in-the-sky, but we had the money to apply what we were learning in cluster meetings. I don't think that Go Kids would have gotten past where it was in 1999 without the assessment, the funding, and the meetings."

Returning Results

Individual agencies used the funding for a variety of projects, including marketing tools, strategic planning, technology updates, and staffing. Agency directors describe feeling bowled over by the flexibility and support they were provided as cluster members. This translated to intense motivation to be good stewards of the Foundation's money, they said, and each worked to produce results from every dollar. Some of the smaller agencies waited to apply for their grants, citing an unpreparedness for change at that time.

Organizations that received grants experienced outstanding outcomes: decreasing turnover,

increasing media coverage, completing capital campaigns, and exponentially expanding services and programs for local families.

Between 1998 and 2002, cluster members with child care centers added an average of about 100 new slots per agency, with the total number of available slots climbing by 23%. Staff

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recruitment and retention improved dramatically, as agencies cut their turnover rates and job vacancies by about half over four years – a change attributed to cluster learning and resources. After attending cluster meetings featuring presentations on development and fundraising, most agencies increased the amount of private dollars they were able to raise, seeing community donations (not including Packard funding) surge by nearly 200%. Participating agencies also added valuable community partnerships -- an average of about 15 per agency -- which in turn allowed for the creation of more than a dozen new child and family programs and services in the four counties.

Shaping a new Identity:

One Cluster Member's Experience with Improved Visibility and Skills

Low-income families and children in San Mateo County have access to more resources and better services than they did five years ago, thanks to the Packard Child Care Cluster. So say leaders of the Institute for Human and Social Development (IHSD), a cluster member that has "gone from a small, nonprofit agency to a medium-sized agency," according to executive director Amy Liew.

"Often, people don't think about strengthening an agency, but Packard did," she said. "If an agency that provides direct services has strategic planning skills and can improve its operations development, the quality of those services is affected."

Prior to its experience with the cluster, IHSD found it was challenged by its lack of name recognition in the community, despite its presence there for nearly 20 years. A provider of Head Start and Early Head Start programs, the agency's name was often eclipsed by those of the better known federal programs it offered. Even staff of IHSD would sometimes identify their employer incorrectly as "Head Start Preschool," leading to increasing problems for the agency as it tried to launch outreach efforts around programs it offered for infants and toddlers, pregnant women, and families or tried to network with

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— Amy Liew,
IHSD

other agencies to improve its services to families. With growth linked to welfare reform and increasing public attention to child care, it became vital that IHSD, as a child development organization, be able to frame itself as a critical player in the many educational and economic issues surrounding the child care field. However, the challenges of overhauling its communications and outreach seemed insurmountable with the agency's tight budget and small staff.

Planning for Success

An organizational assessment of IHSD, prompted by the Packard Foundation as a condition of participating in the Child Care Cluster, allowed the agency to examine potential strategies for improved communications, planned growth, and better preparation to meet upcoming challenges. "Agencies our size don't usually have the resources to do that kind of thing," IHSD associate director Linda Korth remarked. "The information that came from the consultant really did help us identify key concerns as well as goals, objectives, and priorities. Prior to that, we didn't have the resources or even the time to think about how to turn things in a different direction."

After the assessment was completed, the role of IHSD in the community and its interactions with partners began to change. Capitalizing on lessons the leadership team learned in cluster meetings and grants that went toward an organizational development consultant and the development of a marketing plan and materials, IHSD was able to reposition itself as a strong, essential advocate for children and families in San Mateo County. Staff roles and responsibilities were redefined to allow for a management team of decision-makers, leaders, and community liaisons for the agency. Where only an executive director and

program director had been managers before, the new management team consists of seven senior managers and nine middle managers who could foster the development of IHSD and its programs.

Board members became more involved, attending the cluster-sponsored summit designed to encourage board members of various regional child care agencies to come together to learn about their roles in fundraising, advocacy, and leadership. Following a strategic planning session that created goals of expansion beyond current federal contract programs and achieving full accreditation for every IHSD site in the years ahead, the agency developed a comprehensive family of outreach materials tailored specifically for parents, community leaders, staff, or other audiences. It also added a new human resources department, which helped to reduce the number of unfilled staff

positions by two-thirds over four years. "The focus used to be day-to-day survival. Now it's the long-range plan," Liew said. "We've built our skills from advocacy to policy-making to program quality. Without the cluster experience, it probably would have taken us 10 years of real struggle to build up to this level. The cluster must have sped up the process at least three times; we feel so much more prepared for growth."

Strength Through Collaboration

The organization serves more families than it did three years ago, having added more than 125 slots and increased its capacity by 20%, while offering more full-day

and year-round services to its families. But IHSD staff consider some of the most critical progress to be related to its involvement with other community partners, something made possible from experiences gleaned through the cluster experience. Outsiders' better awareness of IHSD has enabled the agency to leverage greater resources – from literacy programs to employment development – for the families it serves. New partnerships also helped link the organization to training programs for its teachers and new facilities for some center sites. It represents the beginning of a new era for the nearly two-decade old agency, Liew said. "For the first time, in the public eye and among staff, people refer now to IHSD."
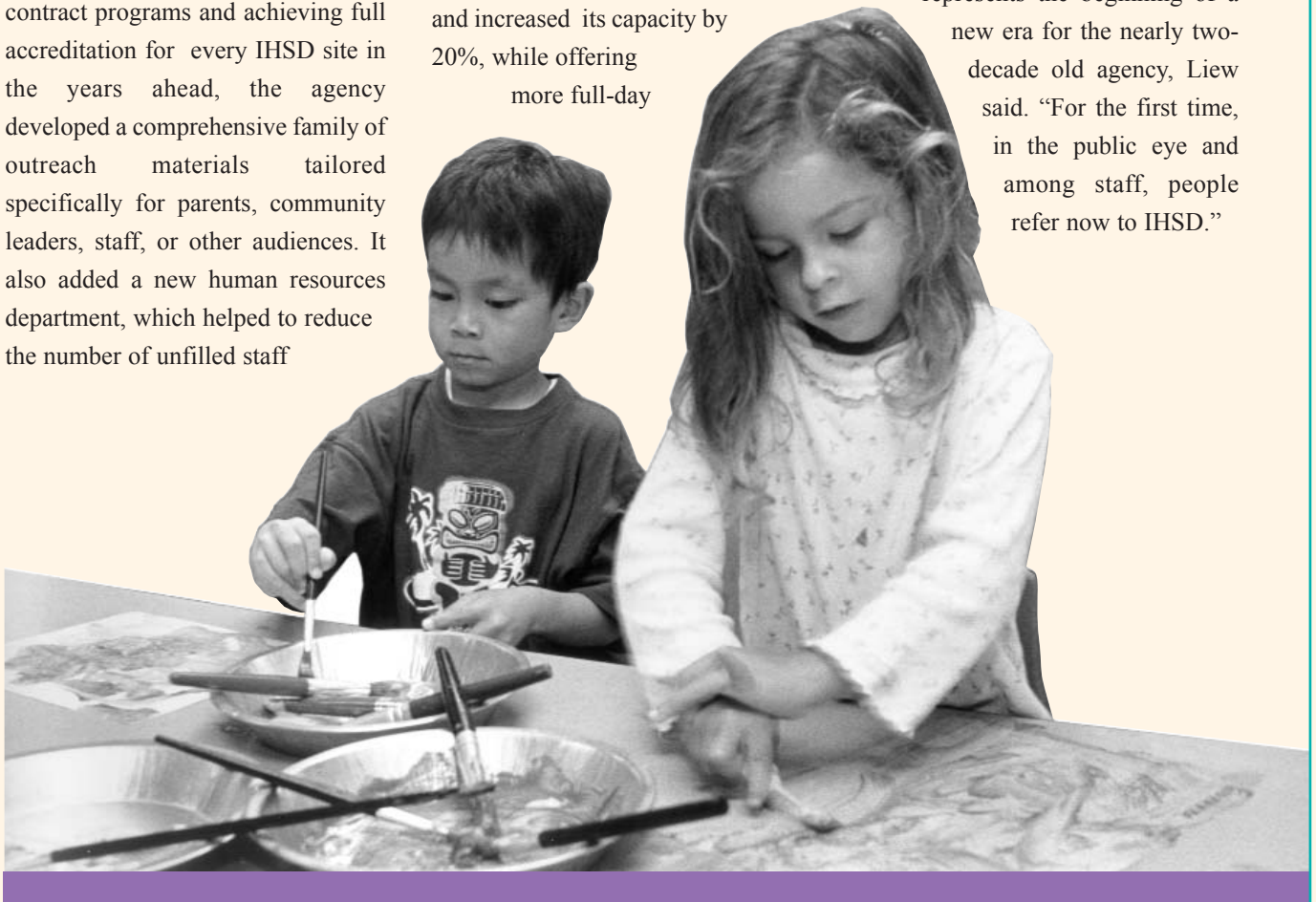
The Board Summit

The cluster group used its second round of shared funding not only for their own continued meetings but also to develop and host a day-long session for their board members. The board summit was perhaps the first event of its kind, bringing together a cross-section of directors from different boards for a day of learning about child care issues and advocacy.

"These agencies either had fledgling boards or boards that lacked sophistication about their roles, and most board members didn't know much about the larger issues in child care," Fern Tiger said. "I've always felt that the boards of organizations are not used well enough for promoting issues. Yet, if anyone, they can push for an organization. And if they got together with people just like themselves from the boards of like organizations, they could be really powerful in pushing for an issue."

The summit was an opportunity to inspire and motivate board members not only to work harder for their respective organizations but to embrace networking with representatives of other boards. It also allowed those who attended to have a day-long retreat for intensive learning about nonprofit activities, and child care in particular. Nearly every cluster agency was represented, some with as many as half a dozen members in attendance. (Attendance was limited to six participants per agency, though, if logistics had permitted, some organizations would have brought more.) Board summit participants said that the learning activities were particularly strong and helped them when they returned to their next meeting.

Tips for Building a Successful

F *unders looking to start cluster projects of their own may benefit from some of the lessons the Packard Foundation learned from its Child Care Cluster. Considering both the positive results and the challenges, the foundation officers agree about several "do's and don't's" in cluster planning. They also believe that the number one rule of cluster funding is to be flexible and centered on grantee needs.*

Form a workable cluster.

Clusters can be convened around common issues and challenges or their shared geography, but members must be able to see the advantage in working together. Current grantees, whose logistical issues, relationships, and history are familiar to the grantmaker, make good candidates for a new cluster, as they allow the funder to be aware of factors that could prevent collaborations between particular groups and to frame the cluster in ways the agencies are likely to respond to.

Don't force a cluster that won't fit.

Avoid bringing together agencies that see themselves as too disparate or in tight competition. Agencies with little in common see limited value in networking with each other, and grantees jockeying for attention from the same donors around the same issues lack incentives for collaboration.

Empower the cluster.

Empowerment can happen in a number of ways: by allowing participants to have a say in the cluster's evolution, giving them access to resources to help prioritize their needs, protecting the privacy of the agencies, and providing them with tools such as technical assistance and funding. Gathering input from participants about the appropriate direction and focus for the cluster serves a dual purpose by motivating members and creating a more informed cluster structure. Organizational assessments, developed prior to or near the beginning of the cluster's formation, act as insurance against uninformed decisions by the agencies and – if the confidentiality of assessment reports is assured – help to reinforce the foundation's position as a facilitator with no strings attached. Funding and technical assistance show that a foundation supports not only the group it has worked to construct but also the individual agencies that make up the whole. Finally, acting as the host for meetings (by providing facilities, food, and funding), while handing over the facilitation reins to an outside party, allows grantees to feel supported and special, rather than babysat.

Don't impose unrealistic expectations.

Providing financial support for the group activities or convenings, but not for the individual participating agencies, could provoke resentment among cluster participants, who may feel discouraged by a funder that fails to recognize their unique

Cluster

challenges and issues in addition to the shared ones. Even with such funding, it's unwise to ask too much of a cluster too soon. Until members have had a chance to build trust in one another, the cluster and its members are unlikely to accomplish great feats of problem-solving or development.

Always look at the big picture.

Consider an "organizational effectiveness" approach to cluster funding, where a general openness about responding to the diverse needs of cluster members replaces prescribed outcomes from the funder. Such flexibility can result in important, creative solutions, such as the Packard Child Care Cluster's board summit (see article). Meanwhile, members are likely to experience increased morale and improved skills that will in turn lead to expansion and development in the absence of rigid funder rules. The Packard Child Care Cluster also benefitted from having a single outside consultant provide assessments of each participating agency and facilitating meetings of the group. This provided the agencies with consistency and the capacity to look at shared concerns while engaging in discussions that remained sensitive to the differences between them.

Don't get lost in the details.

Expecting the same outcomes for each cluster member is probably unrealistic, and participants will almost surely feel manipulated if they're forced into a single mold. Rather than creating goals specifying that each agency must experience x percent growth or y number of outcomes, seek broadly to increase the health of the participating cluster agencies and to build the strength of their field.

Provide an engaging learning community.

Ensure that the meetings of the group reflect valuable uses of the organization's time. Provide quality training, instruction, and facilitation to ensure that every member sees the value in joining with peers to tackle shared issues.

Don't forget the basics.

Logistical issues such as transportation, food, hand-outs, and documentation of the meetings shouldn't be an afterthought. Make a concerted effort to plan ahead and set aside funding for these and other issues. Also, remember the importance of flexibility and sensitivity. If cluster members no longer see the value in continuing to meet, respect their wishes and move on. "Participation has to be by invitation, not a forced thing," says one Packard Child Care Cluster member. "The invitation – the honor – is important and makes people want to make it work."

Looking Ahead – Together

At the conclusion of the second round of Child Care Cluster funding, the Packard Foundation was experiencing contractions and the necessity to make cuts in its programs. As a national recession brought a massive decline to the value of the Foundation's assets – from $15 billion to $3.8 billion in a period of only two years – it was forced to cut its staff significantly and eliminate its Organizational Effectiveness Program altogether. Packard could no longer offer $80,000 grants to each cluster organization, but the cluster members applied for a third round of funding to support their shared meetings. The Foundation chose to grant it in part, bringing the Foundation's total investments in the cluster to more than $1,112,000 (with roughly 10% going toward assessments, 20% toward shared cluster activities, and 70% toward individual grants to the agencies). Because the grant fell short of the full cost of meetings, cluster members committed themselves to securing additional funding to fill the gap. While the continuing learning and networking remained important to cluster members, the grant explained that this time members also wanted to explore in more depth how they could pass on what they had learned and make an impact throughout the child care community.

"*I can say we really are a team now. We, the cluster, have passed the stage of just learning. We're ready to give back to the community. There are so many challenges coming up for child development, but we can join together to provide information and influence key policy issues. We can be a leader and an agent for change.*"

– Amy Liew,
Packard Child Care Cluster

Outstanding Outcomes:

An Agency by Agency Look at the Impact of Cluster Support

Go Kids and IHSD were only two of the seven organizations changed by their participation in the Packard Child Care Cluster. Here is an overview of some of the other impacts the cluster experience had for participating agencies.

"Without the cluster experience, I believe we would not have the Mountain Valley Family and Child Development Center today, and there would be no big infant center in Monterey County."

Children's Services International (CSI), the largest child care provider in Monterey County, experienced a number of very pivotal transitions during its involvement with the Child Care Cluster.

Especially critical for the agency was an in-depth training about media relations at one of the cluster meetings. "Prior to welfare reform, child care was obscure. Suddenly, there was a real need to communicate effectively and to use the media to educate the community and also to policymakers," said CSI's founding executive director, Jean Miner. "As a result of the cluster, we were able to train key staff in working with the media, which led to extensive coverage and helped us be known. Because of what we learned in the cluster, we were always on TV and in the newspapers, bringing out the issues of child care to the public and our leaders, and that led to important collaborations." CSI's media coverage attracted the attention of government leaders, parent groups, and a local developer who wanted to build a new child care center for the community.

Momentum from a series of reports on child care helped lead to the development of a new center for infants and toddlers (for whom the fewest child care slots are typically available). CSI's Mountain Valley Family and Child Development Center became the largest single-site provider of infant care in Monterey County serving more than 100 young children annually.

"Some issues would not have come to the forefront, I think, without the cluster. We might have just been steeped in doing things in the same ways we always had."

The largest agency participating in the Child Care Cluster, **Continuing Development, Inc. (CDI)***,* based in San Jose, faced a number of distinctive challenges, in addition to the issues other agencies faced, such as staff shortages and rapid growth. Though it employed a total of 500 people, the agency had approximately 80 child care provider positions to fill when the cluster began. Furthermore, there has been more than 100% growth in the number of families the agency served in the prior 10 years. The cluster provided opportunities for networking with peers, focusing on leadership development, and hearing from nonprofit development experts proved invaluable for CDI, its president, Doris Fredericks, said.

The cluster experience led directly to the agency's involvement with four new community partners, who in turn helped CDI offer new programs and services

training child care providers and spurring public and private investment in child care. CDI's private donations (not including Packard funding) increased by $130,000, and Fredericks says that the agency's ability to pursue contacts it made in the cluster led to a new information/ technology system, programs to improve the workplace culture, a revised mission statement, a new "job description" for board members, and an increased focus on CDI's core values. "I rate meetings by how many light bulbs go off in my head from what I learn; in other words, how much I gain that I can bring back to the agency," Fredericks said. "These cluster meetings had lots of light bulbs."

"We called ourselves a model program, but our partnerships with the child development world were lacking before the cluster."

The smallest agency in the Child Care Cluster and the last to join the group, the child care center at **Monterey Peninsula College** was both a provider of services to children and families and a training ground for new child care providers. Yet, the center, located on the college campus, had struggled in the past to establish good relationships with the college administration. Its new director, recently plucked from her role as a child care provider herself, felt overwhelmed with her new leadership role.

The assessment phase of the Child Care Cluster proved an excellent tool in improving relations between the center and college administrators, at the same time that the meetings helped foster leadership development and gains in managerial skills for the director. "The center had hardly any budget at the beginning of the cluster

and little support from the college," said Caroline Carney, coordinator of the college's Child Development Department. "The process of the assessment changed the views that some administrators held of the child care center, raising their awareness and making them think more about the center. It has led the college to providing more institutional support."

Private donations to the center grew from just $350 in 1998 to $4,000 in 2002, and the center estimates that it has added more than 20 new community partnerships because of what it learned from the cluster. The center also adopted new personnel policies focused on improving staff communications and a computer-based record keeping system that eased data tracking. The center's capacity increased 44% in four years, and center director Cathy Nyznyk attributes the growth directly to the cluster experience. "The cluster helped me personally, providing new tools and guidance," she said. "I was so green going in, but I have more confidence now. I feel I have grown professionally. I'm more comfortable with my job because of the cluster. That has helped lead me to successful fundraising for the College."

"In the cluster, we can tackle topics that are hard for us to get to under ordinary circumstances."

Bayshore Child Care Services in northern San Mateo County experienced higher staff morale, better board involvement in fund-raising, and tangible developments at its site as a result of the cluster experience, according to agency leaders. Much of this came at a difficult time for Bayshore, when the agency was coping with a fire at a child care center and concerns about toxins at another, state budget cuts, and other difficult issues such as staff shortages. "Of all times, this felt like the period when networking, input, and support were most needed," said Richard Brownscombe, Bayshore's associate director. "The bottom line result has been helping us to feel appreciated and motivated." Using cluster-related grants, the agency performed necessary building maintenance and developed an "extremely helpful" database for all Bayshore records. The agency was also able to hire an additional staff person to support administrators in keeping enrollment up and to allow for the development of a new Family Resource Center. Bayshore staff believe the cluster experience helped the agency reduce staff turnover, improve its media relations skills, and add 30 new community partnerships that have benefitted the agency. "Our child care quality for kids seems to have improved," said executive director Ann Sims, "not only because of the cluster, but it certainly caused us to think about it. Our center sites have e-mail and Internet capabilities now because we know that's important. The board has been talking about fund-raising more than they used to and in deeper terms.

The cluster has sort of given us permission to take on these issues."

"If it hadn't been for the cluster, the planning council wouldn't have a logo, a web site, or community awareness pieces. The council took the assessment and directly addressed those issues."

The **Monterey County Child Care Planning Council,** an appointed government body convened to assess child care needs and make recommendations countywide, benefitted from hearing outsiders' views about where it should be headed as a council. The assessment phase of the cluster experience helped members determine which areas would become the focus of the council's advocacy efforts. Council members developed their leadership skills and learning at cluster meetings and, perhaps especially, at the Packard board summit. "Council members are very well informed about what happens at the cluster meetings," said coordinator of the council Kathleen Murray-Phillips. "Regularly, a member gives a presentation on what he or she learned at the cluster. And the board summit helped strengthen the commitment of the council and the dynamic of the group." The council improved its relations with the media and the

community by creating a media subcommittee and a set of communications materials, based on lessons it learned in cluster meetings. "It has been exciting to be able to think about, live, and breathe organizational development," Murray-Phillips said. "As a result of the cluster, I'm able to get more buy-in. I learned to be a better team player and became a better manager."