Executive Summary

This report calls on business leaders across America to take stock of their efforts to improve pre-kindergarten through 12 (pre-K–12) public education and commit to an innovative approach called “Collective Impact.” Collective Impact (CI) is a community endeavor that addresses fundamental weaknesses in the U.S. education ecosystem and, by extension, the limitations of most business involvement in the field.

American businesses already contribute billions of dollars and countless volunteer hours each year to public education. Yet business leaders are often frustrated by the slow progress in improving outcomes.

Ironically, the way the business community commonly supports education can contribute to the slow progress. Much of business’s support is directed to nonprofit organizations that serve students outside the classroom. The tutoring, nutrition, counseling, mentoring, and other services that these nonprofits provide are crucial for the success of students affected by poverty. But in the typical town or city, each nonprofit addresses only one part of a highly interrelated education system. The nonprofits seldom collaborate with each other, rarely share common goals, and measure outcomes inconsistently. The result is service delivery chaos: Some services are duplicated, others are missing, and great providers do not displace poor ones.

Collective Impact aims to change this picture. In 145 communities across the country, CI is emerging as a new process and structure that shift the service delivery system from chaos to coherence. It brings community leaders together from the school district, nonprofit organizations, government, parent groups, businesses, and religious organizations. It keeps these diverse stakeholders working together as they move from planning to implementation and beyond. CI focuses on developing a common set of goals for pre-K–12 youngsters, improving the quality and coverage of services, identifying best practices, and measuring results. These four elements are mostly absent in today’s education ecosystem but are critical for high performance. They make systemic change possible.

In many promising CI efforts, business leaders and their employees play key roles. In the Cincinnati and Salt Lake regions, for example, business leaders have been involved since early discussions of CI and have helped move the needle for tens of thousands of students.

Collective Impact has the long-term potential to be a game changer in American education. To realize its potential, however, CI needs the skills and resources of many more business leaders. And to contribute fully to CI, business leaders will have to modify how they think about systemic change and how they allocate their philanthropic time and money.

This report is based on interviews with 70 business and CI leaders and the first national survey of CI initiative leaders and business participants. It makes the case for business leaders to get involved in Collective Impact and provides a roadmap for engagement.

A Dysfunctional System

In every community in America, a host of government programs and nonprofit organizations provide a range of services—from tutoring to mentoring to psychological counseling that young people need for learning but that schools are unable to furnish. Despite the magnitude of resources, there is scant evidence that the needs of the majority of young people affected by poverty are adequately met. As reported in The Washington Post on May 19, 2015, “The greatest barriers to school success for K–12 students have little to do with anything that goes on in the classroom, according to the nation’s top teachers: It is family stress, followed by poverty, and learning and psychological problems.” Even if you consider this an overstatement, the reality is that the system for delivering services to meet these needs has changed little over the years. Most government programs and nonprofit organizations operate in isolation and have little or no outcome data available to prove effectiveness or to compare one program’s results with those of another.

This lack of data makes it extremely difficult, if not impossible, for business leaders and others to know how to allocate their resources efficiently. Money can go just as easily to organizations with “good stories” but little impact as to highly effective organizations.

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1The education ecosystem is the community of stakeholders that affect a student’s development, either directly or indirectly. This includes the school district, nonprofit organizations, and government agencies that provide the programs—from nutrition to tutoring—that enable young people to learn. It also includes parents, the business community, and faith-based and political leaders. Please see The Brink of Renewal: A Business Leader’s Guide to Progress in America’s Schools at www.hbs.edu/competitiveness for more information.

2See Appendix I for a list of people interviewed for this report. Harvard Business School surveyed initiative leaders involved in education-related Collective Impact organizations and the business leaders who served on their leadership councils in March 2015. See Appendix II for a description of the survey methodology.
Complicating the issue, most communities suffer from an overabundance of nonprofit service providers. There may be multiple programs to address one need, but none to address others. In 2013 alone, the number of nonprofit organizations providing services to young people—from cradle to career—increased by 7%, to over 89,000.3

As noted by Keith Burwell, president of the Toledo Community Foundation and one of the founders of Toledo’s Collective Impact initiative,

Toledo had a nonprofit infrastructure that rivaled many other Midwestern cities, but our city had only half the population of most of the others. For example, there were over 60 different tutoring programs across the county, many bumping into each other in the same school, and one didn’t even know the other existed. We were adamant that we didn’t need more organizations providing more programs, but instead we needed to determine what was working and align these programs to produce even better results.

The same situation exists in communities across America—too many government programs and nonprofit organizations working independently, with few if any shared goals, service redundancies existing alongside service gaps, and inadequate means to measure effectiveness. What results is a form of service delivery chaos. This disarray has prevailed for decades. Viable ideas for ameliorating it were few and far between before the advent of Collective Impact.

Collective Impact: A Response to Service Delivery Chaos

Collective Impact fundamentally changes the way essential services are delivered to young people living in poverty.

Collective Impact began in the early 2000s and was formally described and named by John Kania and Mark Kramer in their 2011 Stanford Social Innovation Review article, “Collective Impact.” As applied to education, the idea is relatively simple: The rate of educational improvement will accelerate, particularly for students living in poverty, if the numerous service providers in a community delivering programs from “cradle to career” work together and in partnership with the school district to align their activities around a set of agreed-upon goals, use metrics to make decisions and determine progress, and identify and implement best practices.

CI in education is relatively new to the scene, but it is in various stages of development in 145 communities. In a number of communities where Collective Impact has made impressive gains, business leaders have been engaged in virtually every step of the journey, from planning CI to implementing it.

Business engagement with education-related nonprofits is not new. For decades business has supported education nonprofits with significant time and money. However, despite this support and the contributions of philanthropy and government at all levels, a large number of American youth are not making adequate progress. Business leaders have joined others in voicing deep frustration and have called for more fundamental systemic changes. Over the years, there have been many attempts to transform the education ecosystem, but in the end, little has changed. Collective Impact has the potential to rewrite this narrative.

Perhaps for the first time, business leaders have valid reasons to believe that the education ecosystem in their communities can be transformed and that they can play an important role. Business leaders we interviewed commit to CI because they feel:

• satisfaction that they are involved with a well-organized approach for changing the education ecosystem, rather than the frustration of treating the symptoms of the problem;

• pride that they are giving opportunities for a large number of young people to succeed in life;

• gratification that they are helping to create a skilled workforce well into the future;

• comfort that they are not acting in isolation but are part of a broad-based and sustainable community effort.

For example, eight years ago, leading members of the corporate community in greater Cincinnati, concerned with the lack of improvement in their community’s public education system, helped launch one of the first Collective Impact initiatives and they remain active members of the initiative’s leadership team today. Cincinnati’s results in five key education indicators are encouraging and are receiving a great deal of national attention: The number of children ready for kindergarten is up 13 percentage points; reading proficiency in 4th grade has increased by 21 percentage points; 8th grade math proficiency has improved by 24 percentage points; high school graduation rates are up by 14 percentage points; and post-secondary enrollment has increased by 11 percentage points.” (See Appendix IV.)

This report is designed for business leaders who want to understand better:

• why education ecosystem change is essential;

• what Collective Impact is and what it might achieve; and

• how they can get involved in existing Collective Impact initiatives or start new ones in their communities.

*While the trajectory is up for most indicators, gains are not consistent across all indicators and may even show a decline in any given year or over time.
The National Problem

Students in Need

While national high school graduation rates have reached 81%, many cities where poverty is prevalent lag far behind: Rochester, NY, has a graduation rate of 43%, and Minneapolis, MN, 59%. The Alliance for Excellent Education estimates that the almost 12 million students likely to drop out of school during the next decade will cost the country $1.5 trillion in lost income. While estimates vary, somewhere between one-third and more than half of those who do graduate from high school require remedial programs in order to participate in college courses.

These data are accompanied by a persistent achievement gap among racial groups that has existed for decades but was masked by a lack of accurate or publicly available data. Since the enactment of No Child Left Behind legislation in 2002, schools have been required to collect student data in a uniform way, thus highlighting the disparities in achievement between children living in poverty and their more affluent peers. While some progress has been made over the past 30 years in closing the gap, the rate of change has been extremely slow. For example, in 1982, on average, black students scored 34 points below their white counterparts on the math portion of the National Assessment of Educational Progress (NAEP); thirty years later, the gap was 28 points.

Exacerbating this problem is the number of students living in or near poverty. Between 1994 and 2013 the number of U.S. public-school students eligible for free or reduced-price lunch rose from one-third of all students to more than half. Many impoverished students begin kindergarten with a deficit that often cannot be overcome during their lives. For example, a three-year-old working-class child has a vocabulary of 749 words, while her counterpart living in poverty has a vocabulary of 525 words, a deficit of 30%.

As shown by the regression analysis in Figure 1 from one representative school district, the relationship between poverty and low academic achievement is strong.

*Students living in households earning 130% or less of the poverty level according to Federal policy guidelines are eligible for free lunch under the National School Lunch Program. Students living in households earning between 130% and 185% of the poverty level are eligible for reduced-price lunch.

FIGURE 1: RELATIONSHIP BETWEEN POVERTY AND STUDENT OUTCOMES

Source: United Way of Salt Lake, based on data from the Utah Comprehensive Accountability System (UCAS) Report, 2013–14 for 79 elementary and middle schools in one Utah school district.
A report by the Southern Education Foundation captures the gravity of the problem:

*No longer can we consider the problems and needs of low-income students simply a matter of fairness... Their success or failure in public schools will determine the entire body of human capital and educational potential the nation will possess in the future. Without improving the educational support that the nation provides its low-income students—students with the largest needs and usually with the least support—the trends of the last decade will be a prologue for a nation not at risk, but a nation in decline.*

**American Competitiveness**

The ability of this country to prepare young people for college or career will dramatically affect how well America will compete in a global economy.

The U.S. Competitiveness Project at Harvard Business School (HBS)* defines competitiveness in the following way:

*The United States is competitive to the extent that firms operating in the U.S. can compete successfully in the global economy while supporting high and rising living standards for the average American.*

But how can the United States increase living standards without improving its public education system and preparing enough students for college or career?

Research used for the U.S. Competitiveness work revealed that countries are outpacing the United States, causing American students to fall further behind. For example, in 2012 on the Program for International Student Assessment (PISA) tests of 15-year-olds, 23 of 65 countries scored higher than the U.S. in reading, up from 16 countries when the test was previously administered in 2009, and 35 countries outperformed the U.S. in math, up from 30.** Also the U.S. no longer holds the lead in high school graduation rates. For citizens 55–64, the U.S. has the highest high school graduation rate of the 34 countries of the Organisation for Economic Co-operation and Development (OECD). However, for citizens 25–34 years old, a third of OECD countries have high school graduation rates as high as or higher than that of the U.S.**

It is difficult to make the case that the U.S.’s slow progress is due to a lack of resources. America spends more than $600 billion annually on public education, almost twice the amount in inflation-adjusted dollars as it did 30 years ago. Per student, it spends more than 27 of the 32 OECD countries for which data are available.**

Business leaders recognize that U.S.-based firms cannot compete without an educated populace and a skilled workforce. Partly for that reason, businesses contribute 3 billion to 4 billion dollars annually, either directly to public schools or to education-oriented nonprofits.** They and their employees participate in a range of activities—from advocacy to mentoring to strengthening leadership and management capacity. A survey we conducted of 1,100 public school superintendents found that business is actively engaged in some way in 95% of school districts.** But often, these well-meaning efforts are fragmented, lack impact data, and address only one aspect of a complex and dysfunctional education ecosystem.

Collective Impact addresses these issues. It helps transform this “shotgun,” or piecemeal, approach to systemic change into one that integrates the components of the education ecosystem. It is no surprise that transformation of any complex system defies simple solutions. While CI has its complexities, we now know a great deal about how it is implemented and what makes it effective.

*See Appendix III for more information on the HBS U.S. Competitiveness Project.