

# The Foundation Review

---

Volume 12  
Issue 4 *Inclusive Growth*

---

12-2020

## Regional Inclusive Growth Through Systems Philanthropy in Essex County, Massachusetts

Lisa Payne Simon  
*The Philanthropic Initiative*

Stratton Lloyd  
*Essex County Community Foundation*

Beth Francis  
*Essex County Community Foundation*

Follow this and additional works at: <https://scholarworks.gvsu.edu/tfr>



Part of the [Nonprofit Administration and Management Commons](#), [Public Administration Commons](#), [Public Affairs Commons](#), and the [Public Policy Commons](#)

---

### Recommended Citation

Payne Simon, L., Lloyd, S., & Francis, B. (2020). Regional Inclusive Growth Through Systems Philanthropy in Essex County, Massachusetts. *The Foundation Review*, 12(4). <https://doi.org/10.9707/1944-5660.1543>

Copyright © 2021 Dorothy A. Johnson Center for Philanthropy at Grand Valley State University. The Foundation Review is reproduced electronically by ScholarWorks@GVSU. <https://scholarworks.gvsu.edu/tfr>

# Regional Inclusive Growth Through Systems Philanthropy in Essex County, Massachusetts

Lisa Payne Simon, M.P.H., *The Philanthropic Initiative*; and Stratton Lloyd, M.B.A., and Beth Francis, B.A., *Essex County Community Foundation*

**Keywords:** *Inclusive growth, income inequality, systems philanthropy, systems change, community foundation, collaborative*

## Introduction

Located in northeastern Massachusetts, Essex County is home to 790,000 residents in 34 cities and towns, including some of America's earliest industrial cities (Lawrence and Lynn) and coastal communities (Gloucester and Salem). The county has many strengths, but also many challenges: 11% of county residents live in poverty and 40% earn less than a living wage, which in Essex County is currently set at \$84,000 a year for a family of four (Glasmeier & Massachusetts Institute of Technology, 2020). Barriers to the opportunity to attain sustained financial self-sufficiency continue to rise, evidenced by statistics that show home ownership out of reach for many county residents. The region's large immigrant population — 32% in Lynn and 38% in Lawrence — faces language and access barriers to available resources, and once-vibrant industries like manufacturing, fishing, and the arts are struggling. Structural inequities deeply impact the region's economy and quality of life.

Historically lacking leadership, Essex has no county government, infrastructure, or capacity to muster a coordinated countywide response to these challenges. Since 2016, the Essex County Community Foundation (ECCF) has strived to partially fill that role through systems philanthropy — a collaborative strategy applied to stimulate inclusive growth in a region where local industries are struggling to rebuild or reinvent themselves. This article describes ECCF's systems philanthropy strategy, the roles played by the foundation and its partners, and initiatives underway to promote inclusive growth

## Key Points

- In 2016, the Essex County Community Foundation forged a cross-sector coalition of business, community, and civic leaders to identify the Massachusetts region's greatest challenges and to develop a strategy for action. Income inequality was identified as the county's most pressing issue, and the foundation and its partners launched a systems philanthropy strategy to address that issue and stimulate inclusive growth.
- The strategy involves a multipronged approach aimed at amplifying the county's strengths, launching inclusive-growth initiatives, expanding workforce training and skill development to increase a broad target population's earning potential and net worth, incentivizing and supporting small-business resiliency and growth, and revitalizing and reinventing struggling local industries. To measure progress, the foundation maintains quality of life indicators for data on income, equity, businesses, education, and jobs.
- This article shares insights into systems philanthropy, the roles played by the foundation and its business and community partners, and how funders can reduce income inequality by investing systemically in inclusive growth.

— defined as economic growth that is distributed fairly across society and creates opportunities for all (Organisation for Economic Co-operation & Development, 2020).

The foundation's mission is to strengthen Essex County's cities and towns by inspiring philanthropy, managing charitable assets, supporting nonprofits, and engaging in strategic community leadership. Since 1998, ECCF has awarded nearly \$100 million in grants to nonprofit organizations, delivering critical operating, program, and capital funding that has supported a wide range of positive outcomes in the region.

### Regional Inclusive Growth Through Systems Philanthropy

The foundation defines systems philanthropy as attracting and deploying philanthropic funds to amplify community-based, collaborative initiatives that address the root causes of systemic social issues and challenges and result in population-level impact (ECCF, 2020). Core to ECCF's community leadership, this strategy is exemplified by community/resident data as a core input; highly collaborative, systems-based solutions; and targeted, growth-oriented, long-term (five- to 10-year) philanthropic investments and engagement.

Reflecting these attributes, ECCF's systems philanthropy highlights three phases of activity:

1. Gather data to identify the county's most critical needs, and convene and engage the community to build the human infrastructure needed to implement long-term change.
2. Identify effective, viable strategies and current capacity to address those needs.
3. With a long-term-partnership lens, invest in these strategies by expanding existing or importing new programs and services that effectively address identified needs.

The foundation's first application of systems philanthropy has been a multipronged approach to regional inclusive growth. Each phase of collaborative action in support of this goal is summarized below. Multiple strategies for shared learning and information inform each phase: An operations team of ECCF staff and

*Phase 1 of its inclusive growth strategy began with ECCF's effort to gather countywide data and regularly convene a cross-sector group of stakeholders to systematically identify critical needs impacting the region's economy and quality of life, and to explore their root causes.*

grantees meets monthly; a leadership team of all program leaders meets quarterly; and a County Leadership Council (CLC) oversees inclusive growth strategy.

#### *Inclusive Growth: Three Phases*

Until 2016, evidence that pointed to social issues that most adversely affect the health and well-being of county residents was largely anecdotal. Phase 1 of its inclusive growth strategy began with ECCF's effort to gather countywide data and regularly convene a cross-sector group of stakeholders to systematically identify critical needs impacting the region's economy and quality of life, and to explore their root causes. Data collection and regular, ongoing meetings of local business, nonprofit, and municipal leaders; higher education institutions; and frontline health and social service providers revealed opportunities they could pursue collectively. Methods used by ECCF to collect data to support this process included:

- a community needs assessment;
- community focus groups, including residents and frontline service providers, on areas such as workforce development, housing, transportation, and hunger;

*Through a collaborative, iterative review of county data, ECCF and its partners decided to focus together on solutions that would address inequities in income and workforce opportunity and, at the same time, revitalize key sectors of the county's aging economy in ways that could promote inclusive growth.*

- distribution of surveys to business, non-profit, and municipal leaders; and
- creation of ImpactEssexCounty.org, an interactive community website that measures the region's quality of life through 105 indicators in education, housing, health, and the economy and workforce. Updated biannually, this public-access resource is designed to help stakeholders identify local needs and monitor progress.

Through a collaborative, iterative review of county data, ECCF and its partners decided to focus together on solutions that would address inequities in income and workforce opportunity and, at the same time, revitalize key sectors of the county's aging economy in ways that could promote inclusive growth. To guide and support this new work, the foundation convened the CLC, a group of 70 engaged cross-sector leaders who gather for biannual strategy sessions, bringing valuable insights and perspectives from around the county. In concert with the CLC and the broader stakeholder engagement, ECCF identified four areas for collaborative action and investment in inclusive growth:

1. financial literacy and self-sufficiency;

2. workforce training, job development, and job placement;
3. fortification and support of key sectors of the regional economy, including manufacturing, coastal industries, health care, information technology, and the arts; and
4. small-business capacity and resiliency.

All programs in these four areas include opportunities for residents earning less than a living wage. Some specifically target lowest-income and minority communities for participation in skill building, technical assistance, capacity building, and other supports. All emphasize closing the income inequality gap upward — improving opportunities for residents through job growth, education, access to capital, financial literacy, and other initiatives.

Instead of creating new programs or mandates, ECCF sought in Phase 2 to amplify and expand existing solutions already working to promote inclusive growth and economic self-sufficiency. Fifty ongoing efforts were identified, and an examination of these programs' goals, target populations, capacities, outcomes, systemic impact, and potential for scale led to the identification of candidates for multiyear investments in each area. Said a program leader who participated in this process, "Nonprofits really liked being asked what works and how a grant could amplify success. This process increased trust and ownership among nonprofits" (Stratton Lloyd, personal communication, March 2, 2020).

In Phase 3, programs advancing inclusive growth in each strategy area have been strengthened through multiyear investment commitments from ECCF and its partners, and by technical assistance that includes strategic planning, budgeting, marketing, fundraising, and ideation support. (See Table 1.) With a 10-year time frame and strategy, ECCF and its partners are moving toward venture philanthropy — a giving model characterized by larger and longer-term monetary commitments coupled with strategic partnership to assist with problem solving, project coordination, and oversight to help

**TABLE 1** Building Inclusive Growth in Essex County, Massachusetts

Organization	Funder	Funding	Grantee(s)	Activity	Target Population
Empowering Economic Opportunity (EEO; 4 programs)	Essex County Community Foundation	\$1.5 million (5 years)			Lower-income county residents & families
EEO 1: Small Business Loan & Resiliency Fund	ECCF		Mill Cities Community Investments	Microlending, technical assistance, resiliency support	Small & minority-owned businesses
EEO 2: Financial Literacy & Coaching	ECCF		5 Community Action Agencies	Personal finance education & coaching, financial empowerment	Lower-income county residents; CAA clients
EEO 3: Credit for Prior Learning	ECCF		North Shore Community College	College credit earned for specialized skills & life experience	Lower-income adults
EEO 4: Think Labs	ECCF		ECCF-operated	Innovation-focused convenings that tackle specific regional issues & opportunities	State & county leaders in business, science, policy, higher education; investors
North Shore Blue Economy Initiative	UMASS Amherst, State, ECCF, others TBD	>10,000 (more expected)	North Shore Blue Economy Collaborative	Inclusive growth strategies to transform struggling North Shore coastal industries into a blue economy	Leaders in coastal industries, business, science, tourism, higher education; investors; state & municipal policy
Advanced Manufacturing Training Expansion Program	GE Foundation, State, others	\$6.8 million (5 years)	NE Advanced Manufacturing Consortium	Advanced manufacturing skills training, workforce development, and job placement in the county	Unemployed/underemployed adults; students at vocational & technical high schools
Merrimack Valley Business Relief	Columbia Gas, ECCF	\$10 million (3 years)	ECCF (coordinator & fiscal agent)	Disaster relief & rebuilding; long-range planning & investment in business ecosystem	Affected nonprofits, businesses; municipal leaders; business & lending
Creative County Initiative	Barr Foundation, ECCF, others	\$2 million (3 years)	ECCF (coordinator & fiscal agent)	Build region's creative economy through investment in capacity building, cultural planning, cross-sector relationship building, resiliency, & growth	Artists, art nonprofits, small businesses, state & municipal leaders, creative economy

ensure program success and sustainability. This approach is effectively expanding local program capacity, reach, and, in many cases, access to new funding sources. Importantly, this model also enables new programs addressing areas of emerging opportunity or unmet need to take hold.

### *Empowering Economic Opportunity*

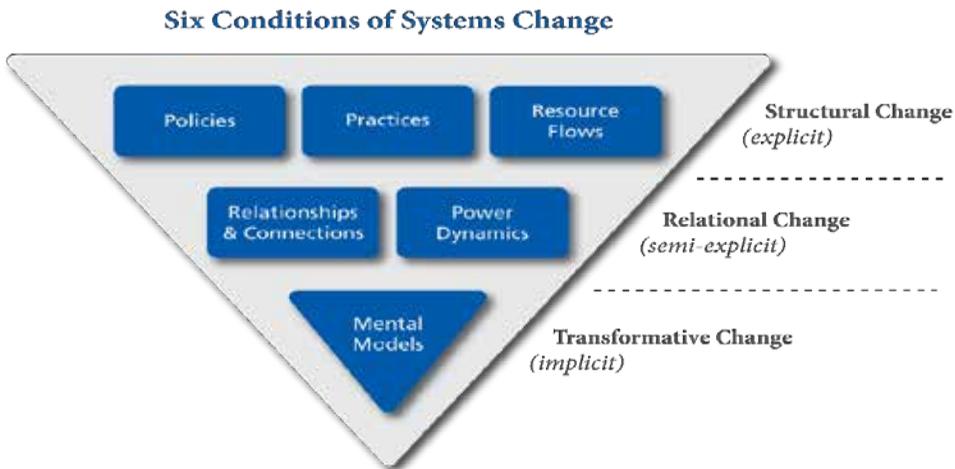
Other ECCF-led investments and partner's programs are aligned with a regional strategy

of inclusive growth. Empowering Economic Opportunity (EEO) is a three-year, \$1.3 million ECCF investment in systems solutions to equip county residents earning below the living wage with knowledge, tools, and opportunities to make economic gains for themselves and their families. Four EEO programs provide a continuum of supports designed to help lower-income residents move up the income pathway:

- *Small Business Loan and Resiliency Venture Fund.* Investment in small businesses creates jobs, increases local commerce, and drives community revitalization. This fund expands a successful commercial lending program led by the Lawrence Partnership, a public-private collaborative, and Lawrence-based Mill Cities Community Investments, a regional provider of commercial lending and services focused on bridging the lending gap in low- to moderate-income communities. The program offers microloans (less than \$100,000) to small businesses that are ineligible for standard bank loans (nonbankable) from a fund pool assembled from the contributed capital of banks and partners in the region and a loan-loss reserve contributed by philanthropy. Targeting minority-owned and low-income neighborhood businesses with financial and technical support, the program prepares them to receive loans and maximize long-term success. Program goals are to stimulate small business in economically challenged urban settings, establish a local self-sustaining perpetual loan fund, provide \$1.5 million in loans to 60 small businesses, offer financial literacy training and technical assistance to business owners, and preserve or create 200 local jobs.
  - *Financial Literacy and Coaching.* Individuals without a strong financial literacy base are more likely to borrow more money, accumulate fewer assets, pay more in financial product fees, and go into debt. To equip people living in poverty with a tool to help put them on a path to economic independence, the countywide Financial Literacy and Coaching program integrates personal finance education into existing services provided at Essex County's five Community Action Agencies (CAAs), expanding their capacity to provide education and coaching to thousands of low-income residents. The CAAs formed a coalition to promote integration of this financial empowerment model within CAAs and other agencies delivering adult education and services to low-income residents.
  - *Credit for Prior Learning.* The attainment of a college education directly influences individual income and lifetime earning potential. For most adults earning less than a living wage, continued education or a college degree are financially out of reach. Expanding North Shore Community College's nationally recognized Credit for Prior Learning program gives more adult learners the opportunity to translate their specialized experience and skills into college credit. With a grant from ECCF to administer and grow this program, North Shore Community College is leading a Regional Prior Learning Assessment Consortium of nine area colleges, workforce investment boards, employers, and adult education and ESL providers. Program goals are to decrease the time until graduation by 15%, which can impact thousands; increase graduation rates; and create a better-prepared regional workforce with more earning potential.
  - *ECCF Think Labs* convene county leaders, nonprofits, businesses, issue experts, and funders to tackle issues and take advantage of opportunities in Essex County. Think Labs are envisioned as places where new ideas can incubate and coalitions form around specific areas of interest. The North Shore Blue Economy initiative, detailed below, leveraged a Think Lab to broaden engagement and prioritize action. Similarly, *Imagining a Stronger Essex County Post COVID-19* — a 2020 Think Lab — is aligning economic and social-sector recovery and rebuilding plans with a strengths-based visioning process, inclusive growth goals, and collaborative infrastructure.
- Another four EEO programs have other funding leads but are administered and supported by ECCF and align with the foundation's systems philanthropy approach to regional inclusive growth:
- *Merrimack Valley Business Relief.* In September 2018, gas explosions in Lawrence, Andover, and North Andover

destroyed homes, displaced thousands of residents, and forced the closure of more than 850 businesses, resulting in widespread job losses and disrupting the local economy. Merrimack Valley Business Relief is Essex County's \$10 million-plus initiative to support small businesses in the Merrimack Valley in the wake of the disaster. Building on the county's collaborative infrastructure and approach to inclusive growth, a broad coalition co-led by ECCF and including municipal leaders, the Lawrence Partnership, EforAll/EparaTodos, Mill Cities Community Investments, Merrimack Valley Career Center, Massachusetts Growth Capital Corp., and state and federal delegations was formed to help small businesses in the area recover and rebuild. The initiative supported the immediate needs of affected businesses and continues to strategically support ongoing investment in establishing a vibrant small-business ecosystem that will recover, rebuild, and be resilient. The foundation and its partners worked to align the crisis response with ECCF's systems philanthropy strategy, and disaster relief capital helped galvanize collective action and reinforce inclusive growth. Today, the initiative is investing to expand local business resiliency through technical-assistance grants, capacity-building programming delivered by local business-oriented nonprofits, a regional microlending fund, and investment in a new, regional economic development entity focused on macro workforce and industry trends.

- Advanced Manufacturing Training Expansion Program.* Implemented by the Northeast Advanced Manufacturing Consortium, a partnership of large regional manufacturers with funding from the General Electric Foundation and fiduciary and management support from ECCF, the program is a \$6.8 million, five-year investment in vocational-technical skills training, workforce development, and job placement in the North Shore region of Massachusetts. Its goals are to address skills gaps for advanced manufacturing and unmet hiring demand for skilled workers through a six-month training program that results in certification in advanced manufacturing. Following certification, trainees are connected to full-time employment opportunities in Essex County. The program aims to train 900 adult learners and high school students by 2024 — tripling the current training footprint — and place 85% of graduates in jobs through apprenticeships, career support, and mentorship. Targeting high school students at vocational/technical schools and unemployed or underemployed adults, it promotes workforce development among the county's diverse, lower-income workforce and aligns with Massachusetts' recent \$2 million investment to address skills gaps in manufacturing.
- North Shore Blue Economy Initiative.* The World Bank (2017) defines the blue economy as “the sustainable use of ocean resources for economic growth, improved livelihoods and jobs, and ocean ecosystem health.” Essex County's Blue Economy Collaborative aims to stimulate long-range investment and job growth to develop a sustainable, resilient blue economy ecosystem on the county's North Shore, and is assessing its coastal industries to identify strengths upon which to build. It is engaging key stakeholders — including business leaders, nonprofit organizations, municipal and community leaders, blue economy experts, funders, and investors — in conversations about regional strengths, challenges, and opportunities to inform next steps in revitalizing and reinventing the region's centuries-old maritime industries. Blue economy industries create well-paying jobs at a range of skill and educational attainment levels, including day labor jobs like boat repair and offshore wind staging, advanced manufacturing occupations, skilled trades, and Ph.D.-level occupations in marine science and engineering.
- Creative County Initiative.* The arts play an important role in the history, culture, and

**FIGURE 1** Shifting the Conditions That Hold a Problem in Place

economy of Essex County, but creative businesses, arts and culture nonprofits, and artists struggle to remain vibrant. Aided by funding and expertise from the Barr Foundation, this initiative's \$2 million, multiyear effort invests in local artists and creative enterprise. The goal is to strengthen the creative economy and — with investments in capacity building, cultural planning, education and awareness, cross-sector relationships, and collaborative grants — to create a countywide ecosystem that is sustainable, equitable, and accessible to all. The initiative provides economic opportunity and empowerment to the creative community so that artists can thrive, improve neighborhoods, and bring business and tourism to the region.

These programs have many points of overlap, reinforcing income mobility and inclusive growth across major sectors of the local economy. For example, multiple programs refer participants to financial literacy training and the small-business loan fund. In addition, municipal and state government partnerships reinforce ECCF's systems work, and vice versa.

### A Deeper Look at Systems Philanthropy

The foundation's systems philanthropy approach is rooted in systems thinking and systems change,

which Kania, Kramer, and Senge (2018) describe as shifting the conditions that hold a problem in place. They outline six conditions of systems change, organized into three levels. (See Figure 1.) This model distinguishes between the types of systems change work that one can embark on and, as a result, empowers practitioners to not only have greater awareness of what their work is, but also to better focus and balance tactics to optimize long-term systemic impact. The foundation has adopted this model for planning and monitoring its systems philanthropy.

Leveraging its position in the community and its core competency of convening and relationships, ECCF began inclusive growth efforts by emphasizing relational change. Phase 1 was committed to building regional partnerships, trust, and political will with the goal of creating and continuously fostering the human infrastructure needed for resiliency and long-term systems work. The foundation and its partners also work toward structural change by influencing resource flows like funding and lending streams. Resources for systems change come from ECCF's discretionary funds and its ability to raise and leverage support from public and private funders, business partners (e.g., General Electric Co.), and higher education institutions. Through grantmaking and advocacy, ECCF is influencing

both public- and private-sector policies and practices to support inclusive growth.

As an example of advocacy, in 2020 the foundation and its partners are playing a leadership role in the Ad Hoc Massachusetts Small Business COVID-19 Response Coalition, which is working to influence state policy by urging the governor to provide economic recovery resources targeting minority-owned businesses and those in low-income communities. Advocacy for state and local funding and policy support for the arts is another ongoing effort. Also, efforts by ECCF and its partners are rapidly changing workforce education practice and participation by increasing capacity for vocational-technical training and workforce development, removing barriers, and expanding enrollment opportunities for workers and students. These programs are also directly and indirectly influencing hiring practices.

### *Transformative Change*

Changing the norms that reinforce existing systems is an emerging focus for ECCF and its partners. Changing how people perceive equity — elevating investor and public awareness of inequity, highlighting the lived experience and missed opportunities inequity creates in a regional economy, and changing people’s level of comfort with inequity — will influence new norms or mindsets that can help drive systems change. Feedback on the impact of COVID-19 is playing a role in transformative change by shedding light on unequal suffering in Essex County communities based on income inequality and race. The foundation and its partners see the impact of the coronavirus pandemic as a teachable moment for community awareness and investment in inclusive growth. Other “mental model” examples include normalizing the role and value of artists as key stakeholders in community planning and economic development, and shifting perceptions about the ocean’s economic potential beyond fishing and tourism.

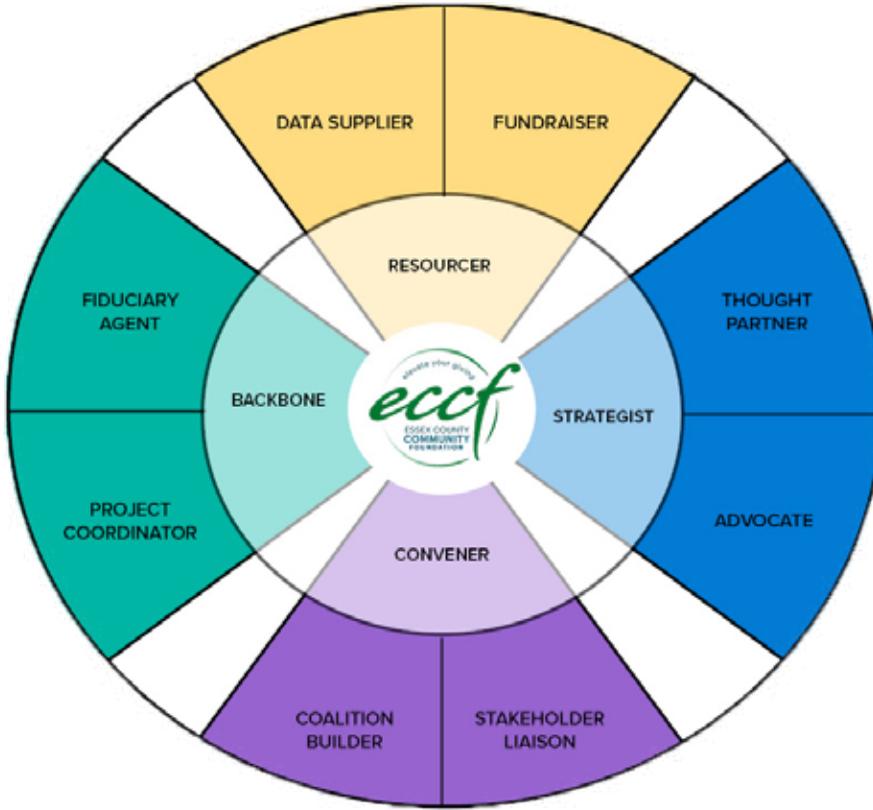
While systems change is not a new concept, foundations and nonprofits increasingly see it as a promising way to achieve greater impact. Foundations are well-placed to undertake systems work. Their independence allows them to

*Changing how people perceive equity — elevating investor and public awareness of inequity, highlighting the lived experience and missed opportunities inequity creates in a regional economy, and changing people’s level of comfort with inequity — will influence new norms or mindsets that can help drive systems change.*

make choices about entering and exiting systems. They can also adopt many different modes of working in a system, such as fostering innovation and disruption, building consensus, amplifying unheard voices, creating institutions, growing grassroots, investing capital, and reframing arguments (Corner, 2019). Foundations embracing this strategy are, like ECCF, moving beyond grantmaking toward a much larger and more proactive community role.

A focus on systems is innovative within the traditional structure and role of community foundations. However, these foundations are particularly well positioned to support systems change given their place-based focus, deep local connections, knowledge of community needs and assets, capacity as funders and conveners, neutrality, and their ability to support collaborative infrastructure and take the long view needed to address the root causes of critical social issues. One ECCF leader observed that the model of systems philanthropy “has become who we are. The community looks to us [for this role] and expects it. Increasingly, it’s what makes us relevant as a community foundation” (Stratton Lloyd, personal communication, March 2, 2020).

**FIGURE 2** Essex County Community Foundation's Roles



*Roles in ECCF's Systems Philanthropy*

How do ECCF and its partners work together toward inclusive growth? “Collaborating effectively is key to our model,” another ECCF leader observed. “Diverse partners coordinate their efforts and hold each other accountable through continuous communication and common goals” (Beth Francis, personal communication, March 2, 2020). Essex County’s inclusive growth initiatives are designed, implemented, and led by a holistic coalition whose partners come from different sectors, share goals, and commit to sustained communication and collaboration to achieve those goals (Wang, Cooper, & Shumate, 2020). Also, by design, regional collaboration operationalizes components of collective impact (Kania & Kramer, 2011). For example, partners share a vision, common goals, and metrics; ECCF leadership and infrastructure support alignment and coordination of activities; and

decision-making is shared and data-driven. Coalition partners also play varied and critical independent roles.

The foundation plays multiple roles in regional systems philanthropy focused on inclusive growth. (See Figure 2.) Its primary role is as an accountable backbone organization that convenes and facilitates partners’ efforts to enact a common agenda; it also ensures effective coordination and decision-making about partnership activities (Kania & Kramer, 2011). As a community foundation, ECCF has many long-standing community relationships and is a trusted, neutral partner. Collaborative vision, planning, operations, and advocacy are coordinated by ECCF. One ECCF leader describes ECCF’s backbone role as “engaged thought partner,” “convener and connector,” and “servant leader” (Stratton Lloyd, personal communication, March 2,

2020). In addition, ECCF supplies data through ImpactEssexCounty.org and other commissioned research and plays a critical funder role, raising endowment and operational funds as needed and encouraging co-funding from its peers.

Other partners play their own roles:

- *Nonprofit leaders.* Foundation grantees and other nonprofit partners understand community needs and challenges. They inform inclusive growth strategies, implement related programs, and amplify program reach through community engagement, education, and referral networks.
- *Local public-private networks.* Conveners such as the Lawrence Partnership and North Shore Alliance provide small-area connection and network investment opportunities. These groups help extend coalition programs and communications to network participants and their businesses.
- *Municipal leaders.* Each local leader has a vision for their city or town, and they know which segments of the community will be best served by ECCF and other inclusive growth programs. Municipal leaders promote these opportunities in their communities, identifying needs and helping to strategize program uptake and expansion.
- *ECCF's board of trustees.* The foundation's trustees embrace the longer time horizon (five to 10 years) of systems philanthropy relative to that of traditional philanthropy; its higher degree of investment risk; civic leadership and community engagement requirements; and shared responsibility and credit for its accomplishments.
- *State and regional agencies.* These government and public/private organizations play key roles in economic growth efforts. In Massachusetts, they include the Massachusetts Growth Capital Corp., the Massachusetts Development Finance Agency, the Mass Cultural Council, the

governor's office, and state and regional planning commissions.

Others engaged in the planning, implementation, and spread of inclusive growth strategies include co-funders and philanthropists, county businesses and employers, social service agencies, and universities, colleges, and vocational-technical schools.

### *Measuring Inclusive Growth*

Inclusive growth in Essex County is measured at multiple levels. ImpactEssexCounty.org and other indicators tracked at the city and county level monitor economic growth and inclusivity through measures of growth in business, jobs, employment, household income, and financial self-sufficiency. Program outputs and outcomes are also monitored. The Financial Literacy program, for example, tracks the number of participants who open a savings account; increase their savings, credit score, or net worth; and report improved financial well-being via a pre-post assessment. New fundraising is assessed as well. Since 2016, ECCF's systems philanthropy initiatives have attracted \$19 million in outside, non-ECCF investment.

Key qualitative assessments include:

- Are organizations working together more to promote inclusive growth?
- Is a stronger, more resilient nonprofit sector emerging?
- Is there collaboration or expansion beyond planned scope? For example, Essex County's five CAAs are collaborating for the first time, and in new ways, to support low-income residents.
- Are relationships stronger among local leaders?
- Are fellow travelers emerging who embrace, spread, or advocate for the county's collaborative goals, infrastructure, and programs?

*The foundation's systems approach to inclusive growth, for example, has created fertile ground for stakeholder engagement and outside investment in Essex County, and coalition members identified several particular strengths in this area[.]*

- Is awareness of ECCF and its role in the community increasing?

### **Strengths, Challenges, and Lessons Learned**

The coalition created by ECCF and its partners is in a position to share its perspectives on the strengths of and challenges posed by the systems philanthropy approach as well as lessons learned from pursuing this strategy in Essex County. The foundation's systems approach to inclusive growth, for example, has created fertile ground for stakeholder engagement and outside investment in Essex County, and coalition members identified several particular strengths in this area:

- *Commitment to collaborative community leadership.* The foundation fills a role as a neutral backbone entity in a county with no government and 34 disparate cities and towns. As such, it also fulfills a requirement of systems philanthropy: leadership for coordinated action. In collaboration with the CLC and many stakeholders, ECCF and its partners have created local leadership and infrastructure to mobilize a shared vision and common goals around inclusive growth.
- *Investment in relationships and human infrastructure.* These investments build cross-sector trust and working relationships. This capacity, manifested in dedicated

ECCF staff support, the CLC, Think Labs, and many smaller advisory groups and coalitions, ensures long-term resiliency, teamwork, and agility to work on complex systemic challenges and crises like COVID-19. One partner observed, "The beauty of ECCF's collaborative approach is that the sum is greater than its parts ... and we are stronger together" (Derek Mitchell, personal communication, February 21, 2020).

- *Coordinated programs.* A coordinated strategy allows partners and their programs to address different components of inclusive growth and reinforce one another's efforts.
- *Dedicated staff resources and board leadership.* As this work is now part of its strategic plan and priorities, ECCF leadership and its board commit resources, time, and talent to ensure success. The foundation has strong board support and a strategic vision to support its systems philanthropy.
- *Commitment to data gathering.* Central to this strategy are regional data, in the form of indicators, surveys, and convenings, to support problem identification, planning, and evaluation. ImpactEssexCounty.org, now in its fifth year, raised awareness about rapidly changing demographics, widespread income scarcity, and deep pockets of poverty. Compelling evidence of need for innovation in key sectors of the local economy, combined with employer-reported disconnects between workforce supply/education and demand, also helped many business, civic, and nonprofit stakeholders see roles they could play to advance inclusive growth.

The foundation's contributions as seed funder, convener, fiduciary agent, advocate, and source of administrative support also attract investment. Examples of aligned outside investments include the GE Foundation's advanced manufacturing workforce development program and the Barr Foundation's investment in Essex County's creative economy.

### *Building on System Capacity and Collaborative Infrastructure*

Early successes resulting from Essex County's collaborative infrastructure and program achievements have proven effective in attracting recognition and outside investment. Following the 2018 gas explosions, for example, the state of Massachusetts and Columbia Gas of Pennsylvania approached ECCF to manage the philanthropic disaster relief funds for both the residents and the business community. When the governor asked the foundation to step up as fiduciary agent and coordinate the disaster philanthropy, the capacity from ECCF's systems philanthropy activities was already in place to absorb and effectively distribute \$13 million to residents and \$10 million in business relief. The business recovery work was thoughtfully and collaboratively aligned with the region's broader inclusive growth goals and activities.

The 2018 crisis required ECCF to rapidly activate community relationships and its leadership role. It also propelled systems philanthropy to a larger scale with more urgency, giving the foundation and its partners the opportunity to expedite this approach and hone its effectiveness. The disaster response effort required rapid and effective communication, trust building, deep collaboration, program management, and mobilization of resources and distribution networks.

In 2020, the region's collaborative infrastructure and recent experience from the gas disaster positioned ECCF and Essex County for a rapid response to COVID-19. Efforts to address the pandemic-related economic crisis efforts are well underway, with the Merrimack Valley Business Support Coalition focused on maximizing small-business participation in stimulus opportunities (e.g., the CARES Act), advocacy for additional state and private funding, technical assistance, and capacity building for small businesses. A broader county recovery and resiliency plan for all is emerging.

### *Challenges*

Despite these successes, systems change and inclusive growth in Essex County face many

*The 2018 crisis required ECCF to rapidly activate community relationships and its leadership role. It also propelled systems philanthropy to a larger scale with more urgency, giving the foundation and its partners the opportunity to expedite this approach and hone its effectiveness.*

challenges. Chief among these are the need to institutionalize change efforts, persistent gaps in response and participation among municipalities, effective measurement of impact, and fundraising.

Some stakeholders questioned how a long-term systems-based initiative like the ECCF's effort achieves impact. "Is it the grit of people who believe in the vision," one partner asked, "or is it the organizations involved that bring about change?" (Derek Mitchell, personal communication, February 21, 2020). Both have been essential in Essex County. Widespread organizational change and cross-sector alignment, however, are not possible without leadership that believes in the vision. One ECCF leader observed,

Some of the success of this work to date has been relational — it's about the people involved. We're vulnerable to regime change and having to rebuild when key leaders change jobs or retire. Our ability to scale and continue this work depends on building sustainable business models, infrastructure and local capacity" (Jon Payson, personal communication, February 28, 2020).

It is also the case in Essex County that some communities have been more ready to engage than others. This uneven level of response can be traced to a variety of factors, including leadership style, cultural differences, degrees of trust, and

*Some stakeholders questioned how a long-term systems-based initiative like the ECCF's effort achieves impact. "Is it the grit of people who believe in the vision," one partner asked, "or is it the organizations involved that bring about change?" Both have been essential in Essex County.*

---

budget constraints. One ECCF leader observed, "Nearly all municipal officials are on board conceptually with systems change and are active participants in the coalition dialogues. But we have not unlocked discretionary contributions and deeper organizational engagement from all communities" (Beth Francis, personal communication, March 2, 2020).

Another challenge arises in identifying the best models for measuring the impact of systems change. One stakeholder noted,

For example, we can track recruitment, retention, and graduation from the financial literacy program, but how do we show that these financially literate workers are participating equitably in economic benefits generated from inclusive growth? (Mary Sarris, personal communication, February 27, 2020).

In addition to longitudinal follow-up, ECCF is working on a measurement model that captures broader, systems-level outcomes of inclusive growth.

While ECCF sees substantial donor interest in systems philanthropy and inclusive growth, the foundation also notes that donor cultivation can take time. "Some donors want to see results before they commit resources," one ECCF

leader reported, "but resources will be needed to make results visible" (Jon Payson, personal communication, February 28, 2020). In contrast to traditional philanthropy, investors in systems philanthropy must have a growth mindset, a long-range view, a belief in ECCF as a change agent, and greater tolerance for uncertainty.

### *Lessons Learned*

The foundation and its partners identified seven lessons learned through their efforts to promote inclusive growth through regional systems change that can be of use to other foundations and organizations pursuing this work.

1. *Take time to establish trust.* As is necessary for any successful effort to create regional systems change, ECCF began by proactively building relationships and trust that ultimately led to productive collaboration (Payne Simon et al., 2018). Over time, mutually agreed-upon goals, available data related to goals, and good communication enabled individuals to believe in the collaborative, share their knowledge and experience, remain engaged, and pivot to respond to problems when they arose. An ECCF leader noted, "When established trust finally emerged, things happened fast. Today, the partners feel a sense of ownership; they independently move collaborative agendas forward" (Beth Francis, personal communication, March 2, 2020).
2. *De-aggregate data.* The foundation routinely de-aggregates data to shed light on sub-groups and geographies with greatest needs and vulnerabilities. For example, compared to county-level data, city-level data are much more instructive and actionable for identifying needs. De-aggregated data quickly reveal that income insecurity deeply and disproportionately affects people of color in the region. The foundation's practice of de-aggregating data and strategy addressing income inequality creates and reinforces a race-equity focus for inclusive growth.
3. *Provide multiyear funding.* Essential to systems philanthropy, growth capital — larger,

longer-term grants — enables nonprofits to commit to collaboration; build competence through staffing, training, and infrastructure development; expand programs; identify and test sustainability strategies; and institutionalize all of these before necessity dictates a focus on new fundraising.

4. *Designate backbone support for regional convening, leadership, and communications.* As the backbone organization, ECCF plays a critical role in advocacy and in aligning and expanding interconnected programs and activities. The foundation also helps maintain communication and vision to support stakeholders' investment of time, effort, and resources over the long term. Within ECCF, two types of support have proven essential: board support, and among senior staff a "servant leader" mindset and skill set to support collaboration and coordination.
5. *Act like a system; look like a program.* Systems work can be daunting and long-term, resulting in fatigue. Teams can become overwhelmed by the effort to understand a system's complexity. Stakeholders immersed in the Merrimack Valley Business Relief initiative adopted this mantra: "Look like a program, but act like a system." They identified smaller systems-change wins that enabled teams to roll up their sleeves and move quickly to act around shared goals. For example, working together to launch an emergency loan fund was a goal partners could accomplish, and one that built confidence to continue the broader work of increasing resiliency among minority-owned and low-income businesses.
6. *Respond with agility.* Collaboration and coordination allow for agile collective learning and recalibration. The foundation meets regularly with partners, the CLC, and leadership teams in each initiative to monitor both tactical and strategic challenges and decisions. Performance indicators established for every project provide a

*Through systems philanthropy, ECCF and its partners are witnessing firsthand how funders, nonprofits, community leaders, and social entrepreneurs — when incentivized and encouraged to work together through a root-cause lens — can attract the participation of multiple sectors to positively impact inclusive growth.*

data-driven approach to tracking and refining efforts. Engaging in collective learning allows partners to act quickly, evaluate outcomes and processes, continuously learn, and adapt.

7. *Celebrate small wins and measure outcomes.* Celebrating small wins demonstrates value to stakeholders and helps those involved feel a sense of pride in their efforts, keeping them energized to tackle other challenges. CuriousCity, a children's museum and project based in Peabody, Massachusetts, and funded by ECCF's Creative County Initiative, provided an immediate visual and tactile success story and resulted in profound community support and municipal engagement.

### Looking Ahead

Through systems philanthropy, ECCF and its partners are witnessing firsthand how funders, nonprofits, community leaders, and social entrepreneurs — when incentivized and encouraged to work together through a root-cause lens — can attract the participation of multiple sectors to positively impact inclusive growth. The

foundation and its partners have also seen how regional collaboration builds resiliency and can be rapidly and effectively mobilized to address other crises, such as the Merrimack Valley gas disaster and the COVID-19 pandemic, through economic recovery and rebuilding efforts aligned with inclusive growth goals and strategies.

Where will inclusive growth efforts go from here? Stakeholders believe the work has only just begun. The foundation and its partners will continue to work toward, measure, and achieve desired outcomes in workforce development, job growth, and employment; increasing incomes for people earning below the living wage; business growth and resiliency; and, in several sectors of the local economy, large-scale innovation.

The foundation will continue to foster collaborative relationships and invest in the data and infrastructure necessary for collaboration to flourish. It will play the backbone role where appropriate, and for some programs, like the Blue Economy Initiative, ECCF will play a backseat, supporting role. Inclusive growth efforts will expand geographically to include more low-wage earners, local communities, and businesses. Regional recovery efforts will reinforce inclusive growth and address disparities exacerbated by the economic effects of COVID-19. The pandemic has underscored the need for a local, systems-based strategy of inclusive growth.

The foundation and its partners will continue to measure the impact of this work. While much remains to be done to achieve sustained inclusive growth, with additional funding, efforts could expand to address other structural impediments, such as transportation and housing. Lessons learned in Essex County can inform ECCF and others engaged in place-based systems philanthropy.

## References

- CORNER, J. (2019, March 5). Systems change and philanthropy: Philanthropy and systems approaches are an obvious coupling but the future of their relationship remains far from clear. *Alliance*. Retrieved from <https://www.alliancemagazine.org/feature/systems-change-and-philanthropy/>
- ESSEX COUNTY COMMUNITY FOUNDATION. (2020). *Essex County Community Foundation and the case for systems philanthropy*. Author. Retrieved from [https://www.eccf.org/wp-content/uploads/2020/07/ECCF-Systems-Philanthropy-Position-Paper\\_FINAL.pdf](https://www.eccf.org/wp-content/uploads/2020/07/ECCF-Systems-Philanthropy-Position-Paper_FINAL.pdf)
- GLASMEIER, A. K., & MASSACHUSETTS INSTITUTE OF TECHNOLOGY. (2020). *Living wage calculator for Essex County, Massachusetts*. Authors. Retrieved from <https://livingwage.mit.edu/counties/25009>
- KANIA, J., & KRAMER, M. (2011). Collective impact. *Stanford Social Innovation Review* 9(1), 108–117.
- KANIA, J., KRAMER, M., & SENGE, P. (2018). *The water of systems change*. FSG. Retrieved from [https://www.fsg.org/publications/water\\_of\\_systems\\_change](https://www.fsg.org/publications/water_of_systems_change)
- ORGANISATION FOR ECONOMIC CO-OPERATION & DEVELOPMENT. (2020). *Inclusive Growth*. Paris, France. Retrieved from <https://www.oecd.org/inclusive-growth/>
- PAYNE SIMON, L., SCOBIE, K., BACKLER, P., McDOWELL, C., COTTON, C., CLOUTIER, S., ET AL. (2018). By us and for us: A story of early childhood development systems change and results in a rural context. *The Foundation Review*, 10(4), 22–39. <https://doi.org/10.9707/1944-5660.1441>
- WORLD BANK. (2017, June 6). *What is the blue economy?* Author. Retrieved from <https://www.worldbank.org/en/news/infographic/2017/06/06/blue-economy>
- WANG, R., COOPER, K., & SHUMATE, M. (2020, Winter). Community system solutions framework offers an alternative to collective impact model. *Stanford Social Innovation Review*, 18(1), 34–39.

**Lisa Payne Simon, M.P.H.**, is a partner with The Philanthropic Initiative. Correspondence concerning this article should be addressed to Lisa Payne Simon, The Philanthropic Initiative, 75 Arlington Street, Suite 710, Boston, MA 02116 (email: [lsimon@tpi.org](mailto:lsimon@tpi.org)).

**Stratton Lloyd, M.B.A.**, is chief operating officer and vice president for community leadership at the Essex County Community Foundation.

**Beth Francis, B.A.**, is president and chief executive officer of the Essex County Community Foundation.