

# SUCCESSFUL CHANGE STRATEGIES IN CORPORATIONS AND COMMUNITIES

## A Dialogue between Corporate Leaders and Community-Building Experts

In recent decades, progressive business leaders have guided their companies through major changes designed to improve their workforce, productivity, and profits. Inspired by the ideas of Peter Senge, W. Edwards Deming, Steven Covey, Jim Collins, Margaret Wheatley and others, they have adopted a systems approach, given employees a meaningful voice in decision making, and restructured performance reviews to focus on how each individual's work affects the entire company. They have outlined values and realigned staff so that everyone, regardless of status, shares in the company's risks and profits. And they have broadened management and oversight teams to include a variety of constituents, from shareholders and workers to customers, suppliers, and community representatives. Those changes enhanced employee commitment, corporate accountability, and overall efficiency.

Meanwhile, people and organizations working in communities to address socioeconomic disparities have sought comparable changes in service systems, public policies, community capacity, and the quality of life experienced by individuals and families. They have reorganized systems for health care, education, child welfare, and other services to make them more responsive to clients' needs and cultures and to achieve better outcomes. They have integrated programs to make sure they address the whole child, adult, or family. They have given residents of low-income neighborhoods a seat at the table and developed their leadership skills.

Despite their similar approaches to change, however, the private, public, and not-for-profit sectors have all taken different pathways to results. And, despite a growing

mutual interest, neither side has looked aggressively for ways the sectors can join forces to strengthen communities.

Could lessons from corporate renewal inform community-building efforts and vice versa? Are there common principles, strategies, and vocabulary that like-minded people from all sectors might use in partnership? How might we reframe the way we perceive community change to better achieve and sustain it? What would a cross-cutting, shared agenda look like?

In June 2004, 10 corporate executives and 10 community-building experts gathered at Bandag Learning Center in Muscatine, Iowa, for a two-day dialogue on those and other questions. The meeting, organized by the National Civility Center and the Aspen Institute Roundtable on Community Change, grew out of a premise that successful community change requires better partnership between the private, public, and not-for-profit sectors.

Participants in the Muscatine Dialogue came from diverse backgrounds, including manufacturing, environmental science, social services, corporate training and management, international development, teaching, advertising, public policy work, publishing, lobbying, and academia. Many have tried to bridge professional sectors or have studied cross-sector partnerships.

This paper synthesizes the collective wisdom and concerns of the 20 Dialogue participants, often in their own words. It does not, therefore, reflect the full views of any one person. Our intended audience is primarily people who have not yet considered the potential of corporate-community partnerships.

## THEMES OF THE MUSCATINE DIALOGUE

1. **Four factors are crucial for both corporate and community change efforts:** a culture of learning, a systems (rather than categorical) orientation, the inclusion and empowerment of all stakeholders, and the pursuit and measurement of multiple bottom lines.
2. **The private sector has knowledge about creating the skills, capacities, and structures needed for high performance that has not been applied or reinforced** in most communities, in the public and not-for-profit sectors, or in the media.
3. **People and organizations who work to improve communities understand how interrelated factors and contexts affect communities, how to include diverse constituents in change efforts, and what long-term, sustainable change requires.** That knowledge has not been applied or reinforced in the corporate sector.
4. **Effective partnerships among the corporate and community-building sectors and communities can be achieved.** There are many points of common interest and experience, especially around workforce development and the economic wellbeing of communities, although we have not yet made them explicit or widely understood.
5. **Corporate and community representatives need a new way of working together**—one committed to continuous learning, broadly inclusive, integrated across systems, and free from stereotypes. Business people need to realize that community work isn't "just touchy-feely," and community members need to know that corporations care about more than their financial bottom line.
6. **We must level, or at least balance, the playing field between three sectors:** business, government, and civil society. To many of us, the business sector appears to have more influence and impact than government or civil society, and civil society seems disconnected from the marketplace and government.
7. **The human aspect—trusting relationships, a passion for making the world a better place, individual commitment to doing what it takes to produce results—is crucial to both business and community development.** Paying attention to the human element means understanding that residents, like workers, want responsibility and an opportunity to learn, grow, and make their own decisions. It also means realizing that our future depends on healthy communities *and* thriving businesses and on the joint actions that will produce them.
8. **We need to be more intentional about developing leaders for the next generation.** Young people are a crucial resource for both businesses and communities. We should do a better job of motivating, educating, and sustaining these future leaders.

## VALUES SHARED BY PARTICIPANTS

1. **Every person has to take responsibility** for him- or herself and for making the world a better place for current and future generations.
2. Instead of merely giving charity to people in times of severe need, we should **empower all people** to develop their strengths and achieve their goals. Social and economic remediation programs, while worthwhile, treat symptoms without offering a cure.
3. America's racial, cultural, and linguistic **diversity is a strength** rather than a problem to be solved, especially in an era of globalization.
4. **Change is a constant, not an exception.** People who believe they can fix serious problems with one-time changes are misguided, because something new will always crop up to alter the problem and redefine the solution. We have to accept the need for continuous change and acquire the flexibility needed to pursue it.
5. High-performing communities, like businesses, grow from a **combination of technical factors** (e.g., improved institutions and processes) **and human elements** (e.g., trusting relationships, passion, commitment).
6. **A corporation should give back as much as it takes** from a community, and not just in financial terms. A corporation benefits from its community in many ways, some of which are invisible or indirect: investments made in public education, public infrastructure, environmental resources, and tax subsidies. A corporation's reinvestment in the community should be at least commensurate with the benefits it enjoys.

## VISION AND ELEMENTS OF CHANGE

In our ideal vision, communities are free from all forms of abuse, community members share a core set of values, people treat each other respectfully despite their differences, and all stakeholders collaborate “for the good of the children.” We envision places populated by lifelong learners seeking personal and spiritual growth, where everyone is well-educated and knows that he or she can keep evolving. We imagine communities characterized by planned growth, socially responsible business practices, and integrated—not merely “connected”—efforts across the community, corporate, and government sectors.

**“If we don’t specify where we want to go, it’s very hard to set the compass, muster enthusiasm, or measure progress. But in this culture visionaries are viewed as silly, childish, soft-minded Utopians. We speak often about our issues and challenges but only rarely, and often with embarrassment, of our dreams and values.”**

### WHAT DO WE MEAN BY “COMMUNITY”?

Communities are groups of people bonded by a common culture, geography, demographic characteristic, philosophy, affiliation, or any number of other factors. We are all members of numerous communities, including some with distinct boundaries and some that overlap.

When we talk about corporate-community partnerships, we use “community” to encompass diverse groups, and we assume that one aspect of community building will be to bridge those boundaries.

### KEY FACTORS FOR SUCCESSFUL CHANGE

We recognize four factors, shared by both corporate and community efforts, that contribute to a healthy environment and positive outcomes. They are: a culture of learning, a systems orientation, the inclusion and empowerment of all stakeholders as change agents, and the pursuit and measurement of multiple bottom lines.

#### A CULTURE OF LEARNING

Learning is a prerequisite for change. Sometimes learning prompts slight in-course corrections; sometimes it inspires stakeholders to completely rethink the paradigms behind their systems and their goals. Knowledge also makes people more valuable to themselves, their organizations, and their communities.

If we want positive changes to occur, we should encourage people to learn and support the learning process instead of simply tolerating it. We should cultivate a culture of learning.

A culture of learning promotes a continuous loop of reflection, measurement, feedback, and action. It rewards people for learning as well as for achieving results.

A learning organization or community is dynamic, constantly discovering and applying better practices and policies. People in a learning community accept the fact that learning occurs through a variety of means, styles, and media at different times and rates for different people. They apply research on multiple intelligences (Howard Gardner), emotional intelligence (Daniel Goleman), and learning styles (Anthony Gregoric) to ensure that everyone has a chance to absorb the knowledge.

A learning organization/community encourages open, honest dialogue. It has rules of engagement that promote trust, and it gives participants freedom to fail without penalty. Interactions in learning communities display a healthy level of irreverence. People of any status can ask tough questions without fear of reprisal.

A learning community is in a continuous state of change. Information readily flows in, around, and out of the organization or environment. In companies, a culture of learning extends beyond the corporate executives and research department to every corner of the workplace, including feedback from customers. In communities, it reaches beyond the anointed leaders to the residents who have valuable information and insights to share. In both cases, the learning process is neither top-down nor bottom-up but a little of both.

The model for learning that we embrace represents a significant paradigm shift from previous generations, when knowledge was dispensed through a hierarchy rather than accessible to all. Knowledge still constitutes power to many people, and they don't want to give it away. Even when knowledge is available, not everyone wants it.

People need opportunities to relate what they learn to what they already know and to apply it to a new task. Those activities, along with learning itself, take time—and, in both communities and corporations, people have little time to spare.

### ***THINKING ABOUT SYSTEMS, NOT SILOS***

Innovative business management and successful community change share a commitment to integrated, noncategorical approaches. In corporate America, the concept is linked to W. Edwards Deming's seminal work on "systems thinking." In communities, these concepts are grounded in service integration, comprehensive initiatives, and community building.

### **A system is a group of interdependent entities or variables that have a common purpose.**

Systems thinking focuses on the interdependency of everything that contributes to a change, on the premise that companies, organizations, or communities are like a tightly woven cloth: When one thread gets pulled, all are affected.

Systems thinking is crucial to business and community improvement because it helps us recognize the root causes of the problems we're trying to address. For example, we can build homes for low-income families but there will always be an endless supply of applicants—unless we eliminate the financial disincentives and the barriers to accumulating wealth or obtaining credit that help to keep poor people poor.

What does systems thinking look like? In a corporation, workers leave their office doors open and gather in common spaces to converse. They seem energized and eager to talk their work, and they can describe how their own work relates to that of their colleagues. In a community, residents and organizations mobilize to achieve a common goal, such as neighborhood safety. One sees welcome mats in front of homes, windows without bars, school programs that offer safe activities after hours, community police officers walking their beat, and other signs that the systems are working to make residents feel safe.

It may be easier for business leaders to act systemically than for community builders to do so. The corporate world already is driven to eliminate redundancy, which makes integration inherently desirable; and, presumably, most members of a particular business are likely to share the same purpose. Communities encompass many competing agendas and values, and it can be hard to find a common goal.

## **INCLUSION AND EMPOWERMENT OF ALL STAKEHOLDERS**

Profound, lasting changes in corporations and communities do not flow from the top down. They grow from the ideas and efforts of people at all levels who have a stake in the process or its outcome.

**What is a stakeholder? Someone who has an interest in or receives some benefit from the activity in question; someone who has the capacity to give back to his or her community. Some important but often-excluded stakeholders are poor people, future generations, and members of new demographic groups.**

In a truly inclusive change process decisions are based on consensus, not majority vote. Often, advisory groups exist to build consensus and to equalize the weight that each voice carries. In Baltimore's Empowerment Zone, for instance, every proposed change had to be raised with an advisory council twice before coming to a vote. In the meantime, council members had to discuss the plan within their organizations, to ensure that the community vetted each idea.

Given that some stakeholders hold more power than others, how can we create a safe environment for broad participation? We need to recognize and accept cultural differences—in communication styles, in priorities, and in level of comfort with the visioning process. We can establish a norm for joining in community change so it becomes unacceptable *not* to participate. We can mentor new participants until they are comfortable. We can find opportunities for people to develop their capacity for civic involvement—as, for example, Bandag Incorporated did by offering a literacy program to its workers.

We also can try to address issues of power, which in this country are entwined with the concepts of democracy and capitalism. As we think about balancing power and priorities in corporate-community partnerships, we should examine our expectations for each type of stakeholder: business, or “the market”; government, or “the state”; and the community, or “civil society.”

The **market** exists to distribute goods and services. The main function of the **state** is to make the rules by which the market operates, including environmental regulations, laws that reduce barriers for small firms trying to enter the market, and safety-net policies that promote equity for disadvantaged populations. **Civil society's** role is to articulate social values and make sure they are reflected in public policies and institutional practices.

Is there an ideal balance point for power among the market, state, and civil society? How much overlap should there be? As a nation we might want a balance of power among stakeholders, but as individuals we have different values based on our personal history and status in society. How can we reach a true consensus on the appropriate balance? Is it even possible? If not, how will we convince people with divergent views to give up their personal agendas for the greater good?

In corporate-community collaborations, the most convincing argument for sharing power may be the desire to create better opportunities and outcomes for young people. But as one Dialogue participant said, “How do we get to the point where I love your children as much or more than you do? The minute you say that middle-class families may have to give up something to help working-class and poor children, they don't love those children as much anymore. Immediately, we don't have such a civil society...[and] conversations start to stall.”

## **PURSUIT AND MEASUREMENT OF MULTIPLE BOTTOM LINES**

In a healthy community, people recognize that results matter if they want to rally diverse stakeholders, demonstrate the power of a strategy, and calculate the value added by an initiative.

We define “results” broadly to include measurable success not only in terms of money earned or saved but also in terms of social justice, the efficacy of service systems, the experiences and well-being of community members, and the conditions and qualities of the community itself. Thus we try to think about multiple bottom lines. The results we seek are notoriously difficult to measure. It’s one thing to measure cash flow, but what about customer satisfaction and employee engagement—elements intrinsic to learning, change, and excellence but hard to quantify when calculating value added and rate of return? How does one

**“The most important thing we learned was that it’s not what you do, it’s how you do things [that matters]. This is a very difficult thing for business people to grasp, because there’s so much pressure to perform. We tend to pull flowers up by their roots to see how they’re growing rather than try to understand the development rate of that particular process.”**

accurately measure things that *didn’t* happen, such as the number of teens who didn’t become pregnant or the number of families who avoided homelessness because of changes in policy and practice? In a cross-sector partnership, who gets to define “success”? Who gets to choose the measurement technique?

**“We need to articulate how investments in community capacity, learning, inclusiveness, and trusting relationships eventually lead to sustainability. [Business executives] have the ability to make that decision for their corporation. But in a community my funders will say, ‘Yeah, but how many children didn’t drop out of school because of my investment?’”**

Then there’s the issue of timing. The business sector typically measures results on the quarterly cycle established by Wall Street, while community-based recipients of government funds follow the four-year election cycle. But real change, especially in communities, can take decades or even generations to produce results.

It may be impossible to find metrics that are exactly right for the work of corporate-community partnerships, but we believe it’s imperative to try. Above all, the process of setting goals, measuring progress, and capturing results should be just that—a *process* through which people learn, not an end in itself.

## **MOVING TO ACTION**

**H**ow can corporations and community groups work together to get results? What can we do to motivate the corporate and community sectors to work together toward a better future? How can we help communities go from good to great and from great to thriving?

**“We’re always trying to keep in mind the real bottom line: improving people’s lives.”**

## WHAT IT TAKES

The examples in Appendix C describe four promising partnerships discussed at the Muscatine Dialogue. From those and other experiences, we make the following observations about what it takes to turn a shared vision into a successful corporate-community partnership:

- Language is clear and purposeful. Goals are expressed in terms that both community and business people understand, such as “return on investment.”
- Power and authority belong to all partners, not just a few. Leaders realize that everyone brings some value to the change process, and they encourage broad participation. They respect diverse viewpoints and can unite people around a common cause.
- Respectful rules of engagement help build trust and a culture of collaboration.
- The goal is to achieve results, not just to feel good about doing good.
- Partners are courageous; they will persevere against daunting odds.
- Change agents exist both within and outside the organization or community, and they work to unite the sectors.
- A public forum or other process enables stakeholders to discuss issues and gives everyone a voice in the solution.
- Business representatives contribute more than money. They see themselves as active partners in community change.
- Community members see themselves as vital and powerful partners, not as charity cases.

**“You feel as if you’re swimming against the current in a tornado. You have to keep pushing back against the people who devalue this work and don’t believe it can make a difference.”**

- Partners take risks and are willing to adapt if their first plan fails.
- Strategies are intentional, not reactive.
- The value of the partnership to both sectors is explicitly discussed. People in the community and not-for-profit sectors understand what motivates the business sector, and vice versa.
- Partners are well-connected to community dynamics. They continuously reach out to residents to engage them in the work, and they know when it’s time to pull out and let the community take over.
- Leaders support the vision for change wholeheartedly and can link it to actions. They are confident sharing the leadership role and able to relinquish some control to others.
- Leaders realize that one doesn’t empower people, they empower themselves.
- Leaders create benefits and rewards to build incentive for change and to keep people motivated.

## SUSTAINING IMPROVEMENTS

Humans don’t have a very good record of sustaining environmental systems, and systems for community improvement haven’t fared much better. One barrier is the intense competition among change agents for a limited amount of funding. Another is the lack of vehicles for the dialogue and self-discovery that corporate

leaders need in order to connect with the public and not-for-profit sectors.

A third obstacle is our tendency to mobilize people *against* an issue rather than *for* a systematic change. As a Dialogue participant remarked, “We can rally people but unless we make the connections between logic, intellect, and emotion it won’t last.”

**“I believe there are armies of people like me in every community. Part of our responsibility is to create vehicles and ways for these armies to share and give what they know.”**

One useful strategy for pursuing sustainability is to foster social capital, which we define as mutual trust, networks among people and groups, collaboration, and a sense of collective identity. Researchers have identified two kinds of social capital: bonding social capital, which links people who are like one another, and bridging social capital, which links people to others who have something different to contribute. Both types of social capital are needed to produce the diverse, flexible networks that people need to overcome life’s challenges, and strong corporate-community partnerships are a step toward fostering such capital.

## NEXT STEPS

**T**alk is cheap; what matters is that we act on our beliefs. We hope that the Muscatine Dialogue becomes a catalyst for broader discussion and action by our counterparts around the country. Meanwhile, what can we do right away?

Nationally, we and our peers can develop value statements and form coalitions to clarify and promote successful change strategies. We can share promising practices, establish a professional (paid) office to facilitate corporate-community partnerships, and find a way to fund them.

Regionally, a subset of the Muscatine Dialogue will reconvene to brainstorm about actions and structures that will build momentum behind our ideas. Major steps will include: (1) creation of a broad yet actionable vision statement; (2) formation of a leadership group to promote the vision, coordinate activities, and facilitate communication; (3) engagement in an on-going dialogue about long-term results; and (4) efforts to identify “mavens” (leaders around whom many independent groups flock), foster their commitment, and leverage their influence.

Using Muscatine as a pilot site, our next steps locally might be to: (1) recruit allies and leaders within each constituency; (2) identify assets and deficits; (3) target key issues and the players and systems involved; (4) incorporate knowledge about multiple ways of learning and thinking into our processes and actions; (6) stimulate work across constituencies and systems; (7) attract resources for the change agenda; and (8) foster a culture of learning.

These are not easy tasks, but we are committed to trying. As one participant recalled, “A Japanese friend once said that if you want to plan for one year from today, you plant rice. If you want to plan 10 years ahead, you plant bamboo. But if you want to plan for 100 years from now, you plant the seeds of education.” The Muscatine Dialogue was the first planting of what we hope will be a rich harvest.

**“Together we can, through this process, improve communities one at a time. We can build a better nation.”**

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## APPENDIX A: DIALOGUE PARTICIPANTS

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## **APPENDIX C: PROMISING PARTNERSHIPS FOR CHANGE**

### **SWOPE PARKWAY NEIGHBORHOOD, KANSAS CITY**

In the early 1900s, Swope Parkway was a long-segregated, disinvested Kansas City neighborhood marked by high crime and drug abuse, low employment, poor education, and substandard housing. By the late 1990s, it had become a promising example of how community organizing, access to networks of business leaders and policy makers, and collaboration with philanthropies, universities, and data holders can begin to improve community outcomes.

The partnership began when the city announced plans to open a drug treatment program in the neighborhood near a school, in an area struggling to achieve stability. Residents organized against the plan. Led by Swope Community Builders, a community development corporation (CDC), and its leader, Chuck Gatson, the community mobilized to create a primary health care center that offers much more than a drug treatment.

Gatson and his allies (some paid professionals and some volunteers) organized community members block by block. Their efforts eventually spawned a Head Start program, centers for senior citizens and young people, and infrastructure, such as street lights and landscaping. With help from the university, the CDC acquired vacant land and built 100 units of affordable housing. Young people learned marketable skills while helping to construct the homes.

By 1998-99, outsiders were beginning to perceive Swope Parkway as “investment-ready.” H&R Block, which wanted to consolidate some of its offices, built a 66,000-square-foot facility in the middle of the revitalized boulevard. Swope Community Builders constructed a second, 72,000-square-foot office and retail building across the way, and the partnership is now working on a grocery store and shopping center.

Swope Parkway is on a positive track, but the progress is fragile. Schools still struggle, and pockets of crime persist.

### **TIMES SQUARE, NEW YORK CITY**

The Times Square Business Improvement District was established in 1990 to collect fees for extra security, sanitation, and programming in the neighborhood. Its incoming president committed the BID to making Times Square “clean, safe, and friendly.”

The BID joined forces with the Vera Institute for Justice, a nationally recognized research institute, and the Midtown Community Court. The partners designed a system to make geocoded data on petty crime instantly available to the law enforcement community. Petty offenders received alternative sentences, all of which involved community service. A graffiti artist, for instance, might have to clean up graffiti. People arrested for drug infractions were immediately connected to drug treatment and health counseling services.

Working with Broadway organizations, the BID staged free one-act performances in the Square. Restaurants collaborated to offer periodic low-price samples of their wares. Lighting was redirected toward streets and sidewalks, making them safer at all hours. And a housing partnership formed to find permanent placements for the homeless—a move to treat some of the underlying issues of urban decay rather than just its symptoms.

## **BALTIMORE EMPOWERMENT ZONE**

Baltimore's Inner Harbor boasts new, high-dollar hotels, upscale retail and restaurants, and newly built or redeveloped mixed-income housing for the city's thriving professional community. But it also is home to a pocket of low-income, disenfranchised residents—mostly African American, Italian, and, increasingly, Latino.

In 1996, representatives of Allied Signal, a major bank, and other local businesses approached Diane Bell, president and CEO of Empower Baltimore Management Corporation, and asked to be included at the planning table. Bell agreed to facilitate a dialogue between the private sector and community leaders and to broker a relationship between white residents and residents of color, helping to bridge not only the economic divide but the racial one. After a rocky start, the sectors began exploring ways to work together. Around 2000, a CDC was established and the vice president of Allied Signal became chair of its economic development committee. Slowly, the partnership helped the community understand business practices and priorities and helped the private sector become more sensitive to the community.

Building on the relationships that developed, community leaders developed a land use plan that partners have followed faithfully. Administrators of the University of Maryland initiated a partnership with the National Institutes of Health, biotechnology firms, the city's medical system, and community nonprofits that resulted in development of a new biotech building on the city's west side—a major accomplishment, given the historically fractured town-and-gown dynamic. The new building will house a Starbucks store, with the franchise owned by community members. Another CDC partner is providing customized workforce training for local businesses, linking low-income workers to career paths that will increase their wages and financial assets.

Overall, the Baltimore Empowerment Zone has created more than 6,000 jobs in disinvested neighborhoods, moved 5,000 people into the workforce, increased property values in tough areas, and decreased the crime rate by 45 percent. In the process, each sector learned that the others have valuable assets to contribute; that language can be used either to divide people or to unite them around a common vision; and that where one sits in the community affects how one views issues of race, class, and culture but it is possible to move forward collectively.

## **TUPELO, MISSISSIPPI**

Before 1946, Tupelo was a desperately poor cotton town. Then newspaper publisher George McLean rallied other civic leaders to jointly invest in a high-quality stud bull that could jumpstart Tupelo's dairy industry. The business flourished, and the collaborators looked for other opportunities to improve incomes and quality of life in the town and surrounding Lee County. They established a Community Development Foundation (CDF) to pursue their goals, acting on the following principles: local people must address local problems; people are resources, so community development begins with the development of people; community development should help people help themselves; leadership, organizations, and structure are essential; development must occur both locally and regionally; community development expenditures are investments, not subsidies, and will return gains to investors; and efforts should begin by focusing on the needs of the poorest residents.

CDF has now spent more than 50 years working with Tupelo residents, business leaders, farmers, and other community members to develop and promote the area. Lee County now has more than 55,000 non-agricultural jobs, nine industrial parks, a regional center for advanced education, a hospital that employs 6,000 workers, and the second-largest furniture market in the United States. More than a dozen Fortune-500 companies and several international firms have located manufacturing plants in or near Tupelo. And, after CDF arranged for extra paraprofessional help in all K-3 classrooms, children's scores on reading tests jumped from the 5<sup>th</sup> to the 95<sup>th</sup> percentile on standardized tests. (Additional sources: "Hand in Hand: Community Economic Development in Tupelo," Aspen Institute, 1999; *Bridges*, The Federal Reserve Bank of St. Louis, Winter 1999; comments by Vaughn Grisham, [www.bettertogether.org](http://www.bettertogether.org))