

TELL US WHAT YOU NEED TO SUCCEED

**A Profile of Dalio Education's
Connecticut Opportunity Project**





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Barbara Dalio vividly remembers the meeting when she realized she had to pivot the [Connecticut Opportunity Project](#) (CTOP) to generate positive outcomes. **David Hunter**, an experienced consultant on philanthropic and nonprofit performance, told her that there was no way her giving through CTOP at the time was having a lasting impact on the young people whose lives she wanted to help change. If she wanted to improve their life prospects, he explained, she needed to change her strategy and provide a whole other level of support. Hearing it was painful. And she knew he was right.

When Dalio first started her education philanthropy more than a decade ago, she felt that [Dalio Philanthropies'](#) significant resources would allow her to achieve anything. She'd visit schools, talk to teachers, understand what their needs were—and fund one project after another, from the school library that needed more books to the community-based mental health center. “Everything felt important. I'd hear about great programs and think, why wouldn't I do that?”

But Dalio quickly saw that there are many more education initiatives than any one philanthropist can meaningfully support, and she began to learn that saying no to some projects allowed her to focus her efforts in ways that enabled her to have a greater impact. She had made changes to her philanthropic approach gradually, and when she met Hunter, his advice about CTOP resonated.

Today, CTOP is one of two major initiatives that Dalio oversees to help young people and public education in Connecticut. CTOP invests in helping nonprofits work effectively, reliably, and sustainably to get young people at risk of dropping out of high school—and those who have already dropped out—through secondary education and into satisfying, family-supporting jobs. CTOP supports a small number of grantees with large, unrestricted, multiyear grants and lots of non-financial support. Dalio has come to believe that helping nonprofits become stronger is key to helping young people succeed in school and life.



An Initiative of Dalio Education

Mission: To invest in and help strengthen youth-serving organizations in Connecticut so they can work effectively, reliably, and sustainably with young people ages 14 to 22 who are disengaged or disconnected in order to help them re-engage in and complete secondary education, then transition successfully to the pursuit of post-secondary education, such as a technical certification, military enlistment, or an academic degree – with the ultimate goal that all young people will achieve satisfying employment that supports their agency and self-sufficiency.

Location: Connecticut

Year Established: 2017

Staff: 4

2020 Grants: \$5M

Average Grant Size: \$1M



Hands-On Learning

Dalio began her education philanthropy after her four boys were grown. Her husband, **Ray Dalio**, had built Bridgewater Associates, the world's largest hedge fund, and the couple invested part of their fortune in founding Dalio Philanthropies in 2003. The foundation invests in the family's home state of Connecticut, and each family member focuses on grantmaking in areas of special interest to them. Dalio's special interest is supporting struggling high-school-age youth. As a mother, she knows that plenty of factors can make it hard for a teen to succeed, even if that teen has two parents and the benefit of stable resources. The complexities of poverty and racial inequities make it even harder.

"I've always been hands on," Dalio says. "That's how I learn." One of her most cherished early experiences involved volunteering at an alternative high school in Norwalk. She

remembers it as "an immersive experience, being so close to the students and seeing firsthand how challenging their circumstances were." She firmly believed that the students, who had struggled in traditional school settings, could succeed with sufficient support. Providing that support was expensive, and Dalio's support eventually helped to secure significant additional resources for the school from the State of Connecticut, leading the school community to embrace the transfer school model and develop a plan for adopting it.

In a stakeholder meeting at the school, she met **Andrew Ferguson**, then working on the turnaround of low-performing schools for the Connecticut State Department of Education. Ferguson, who had been a public school teacher earlier in his career and shared Dalio's passion for giving every student a great education, would become Dalio's first staff member as Dalio Philanthropies' chief education officer in 2014. Together, they started looking for the most effective ways to help struggling young people succeed.

Untapped Potential

To improve their understanding of the needs and experiences of struggling high-school-age youth and carve out their strategy to help, Dalio and Ferguson commissioned a statewide analysis. The resulting 2016 report [*Untapped Potential*](#) made plain that the scope of the problem was staggering: One in five Connecticut teens of high-school age—39,000—was disengaged (enrolled, but at risk of

dropping out) or disconnected (not in school, younger than 21, and without a high school degree). Without a high school diploma, the prospects of a satisfying job with a living wage are miniscule.

“As a funder, we don’t want to force them to work in certain ways, but we want them to be strong. There’s a fine line between having high standards and being too controlling.”

Barbara Dalio

From an equity perspective, it was no less alarming. Low-income and minority students represented 38% of the state high school population—but double that percentage of the young people were disengaged and disconnected; 15% of students had disabilities or were English-language learners, but twice that percentage made up the disengaged and disconnected population.

After crisscrossing the state to learn how others were working with this group of youth, Dalio and Ferguson launched a statewide innovation challenge to plant the seeds for the CTOP pilot. Aiming to improve outcomes for as many disengaged and disconnected youth as possible—and help close the achievement gap—they invited proposals from almost 80 organizations. Nine public and private organizations ran programs that met the criteria and were funded for a two-year pilot phase, starting in 2017.

Halfway in, problems became apparent. Not every partner organization was serving the most struggling students, yet many more of the most struggling students needed support. Moreover, many partner organizations couldn’t produce data to show they were making a difference. “We were data-driven, we knew the importance of data, but this field was different,” Dalio recalls, comparing it with the school system, where she had more experience. “It was harder to see how much services kids were getting and what happened to them. We knew instinctively that something was lacking, but we didn’t know how to address it.”

The youth workers were doing heroic work, but their organizations faced complex challenges, and it was about much more than data. They had limited access to the kinds of funding streams and outside expertise that could best support them in strengthening their practices and systems, and they had to cater to many different donors, which sometimes meant deviating from their missions to secure funds. On top of that, it’s far from easy to help young people who are disengaged or disconnected to succeed.

But understanding the challenges didn’t help Dalio and Ferguson figure out how to overcome them. “As a funder, we don’t want to force them to work in certain ways, but we want them to be strong,” Dalio says. “There’s a fine line between having high standards and being too controlling.” If there was one thing she didn’t want to be, it was controlling. She wanted to be supportive. And she wanted positive outcomes for young people.

Strength From Clarity

Dalio and Ferguson were always looking to learn from the best. **Hector Rivera**, COO of [Our Piece of the Pie](#) (OPP), one of the grantee partners, recalls that already in the early pilot phase, “Barbara and Andrew would often ask whom they should talk to and what we needed.” He suggested they talk to [Roca](#), based in Chelsea, Massachusetts, and added an ask: “I said, ‘We’re missing the social-emotional model that Roca is using. I need you to get that model from Roca.’”

Roca, which has had stellar results serving young adults involved in gangs and the justice system, had adopted—and adapted—Cognitive Behavioral Therapy (CBT), an evidence-based practice traditionally used in a clinical

setting, for community-based work. While OPP’s population was a little different, the leadership had no doubt that their existing youth development model could be strengthened by adding the targeted CBT component to regulate emotions and build resilience. OPP CEO **Enid Rey** and her predecessor had tried to get Roca’s CBT model for years. But it wasn’t available as a neat package that could simply be dropped into another organization without elaborate training and coaching. So when Dalio and Ferguson asked what they needed, access to Roca’s model was a high priority.

Rivera wasn’t the only one to recommend Roca, and Dalio and Ferguson had already visited the organization after the release



of *Untapped Potential*. They did so again several times. CEO **Molly Baldwin** blew Dalio away. “To see how clear and disciplined she is, and how simple her execution is—it was beautiful. Some things that seem very complex, which I’ve always struggled with, she’s made so simple.” When Baldwin raved about a Connecticut-based man named David Hunter and credited him with having had an outsized influence on Roca’s success, Dalio and Ferguson had to meet him.

“We wanted his fresh perspective,” Ferguson says about their first meeting in 2018. They got it. In a nutshell, it would take large grants for general operations rather than ones restricted to specific programs, and deep non-financial support over the long term, for nonprofits to overcome systemic barriers to their success and become able to produce outcomes with consistency. And CTOP would have to build its own capacity to provide it. “David spoke the truth, and he spoke it bluntly. We appreciated that, because few people speak truthfully and bluntly to philanthropists.”

Dalio and Ferguson hired Hunter to lead what would become an intense—and deeply emotional—process to develop a new investment strategy for CTOP. After one meeting, “It was like having had an exhausting workout, because my brain was working so hard, and I started questioning everything we were doing,” Dalio says.

Amanda Olberg, the only one of three current portfolio directors who was with CTOP at the time, remembers the team’s process of developing a theory of change as a powerful experience. (Hunter’s methodology is outlined in [Working Hard and Working Well](#).) Having developed a deep passion for

youth development and education policy as an AmeriCorps VISTA volunteer, she had just joined CTOP from the position as managing editor of *Education Next*, a national journal based at Harvard, and it was a “dive into the deep end to learn so much about program design and what it should look like if you want to be effective.”



Photo courtesy of Andre Wagner

Hunter’s relentless drive for discipline stuck with her, and she recalls how narrowing down the target population was emotionally difficult for the group. Clarity about *whom* to serve was important because it would determine *how* to work to produce results, but it also meant deciding to say no to those who fell outside that group. And six of the nine pilot grantees did.

Developing the new strategy “was like destroying everything and starting from scratch,” Dalio says. “It was hard, but now I love it.” The beautiful clarity she craved is spelled out in a sophisticated, 32-page [Investment Strategy](#), which is worth a read. [Ten social investment principles](#) articulate the investment philosophy (see next page). While clarity gave Dalio strength, parting with six grantees she knew and respected wasn’t easy. She tried to do so thoughtfully, giving them time to plan ahead.

The Connecticut Opportunity Project's

Ten Social Investing Principles

1. Maintain an ethical duty to do no harm;
2. Invest to create social value above all else; in other words, social investing is not charity;
3. Hold the grantee organization and the investor accountable for creating social value; the investor (not just the grantee) needs to continuously improve in order to create social value;
4. Make investments within a well specified and delimited domain within which the specific outcomes and impacts that will count as social value are clearly identified;
5. Make investment decisions based on rigorous selection criteria and due diligence assessments based on them;
6. Provide long-term, unrestricted capital aligned to performance metrics for helping organizations build their capacity to deliver effective services reliably and sustainably at high levels of quality;
7. Track performance and provide non-financial supports to help organizations succeed in helping people they serve actually improve their lives and life prospects;
8. Diminish transaction costs to help organizations stay focused on achieving their missions;
9. Protect investments through restructuring and/or non-financial supports as needed and stay committed if grantee organizations demonstrate the will to create social value so they have the time necessary to develop the capacity to benefit the people they serve; and
10. Help organizations build reliable revenue streams that will support them sustainably at the appropriate level of scale.

Depth, Duration, and the Performance Imperative

CTOP has three goals for the next 10 years. First, grantees will create 2,500 program slots providing disengaged and disconnected youth with the quality and dosage of services believed necessary to produce positive outcomes (as defined by each grantee’s theory of change). Second, this work will result in measurable improvements in “their [participants] re-engaging in and completing secondary education and successful and sustained participation in the labor market.” And third, because disengaged and disconnected youth are disproportionately Black and Latinx, CTOP aims to contribute to advancing ethnic and racial equity through its direct work with grantees and their resulting outcomes for youth.

The strategy to achieve these goals is a long-term one based, in large part, on lessons Hunter learned as director of assessment and knowledge development at the Edna McConnell Clark Foundation (EMCF) in the 2000s. Under the leadership of **Michael Bailin** and later **Nancy Roob**, EMCF pioneered an engaged, venture-philanthropy approach to help the best nonprofits build up their organizations’ capacity to deliver outcomes as intended and increase the number of young people they served.

“One of the big things we didn’t know was how underdeveloped the ability to manage performance was, even though we were being very selective,” Hunter says. “We thought the leaders knew how to do it, which seemed reasonable at the time, and

that turned out to be a naïve assumption.” The most successful investments [were](#) in the few nonprofits with the best track records at the outset. Even then, the amount of capital needed to scale was far larger—and the time horizon far longer—than EMCF had expected.

“From the very beginning, we imagined a 10-year investment, with the first five years in each organization yielding nothing more than organizational capacity in the form of increased capacity to manage performance.”

David Hunter

Building on those lessons—and the fact that most local grantees will be much less advanced—the CTOP investment strategy is longer and deeper. “From the very beginning, we imagined a 10-year investment, with the first five years in each organization yielding nothing more than organizational capacity in the form of increased capacity to manage performance,” Hunter says. “It’s only once you have that, and you’ve had an implementation evaluation that shows to what degree it’s been successful—and fixed whatever isn’t working—that can you expect positive youth outcomes. That’s five years into the future.” Only when organizations have the infrastructure to support continuous improvement will they receive support to scale. An exception—one expected to produce outcomes quickly—is the plan to support advanced organizations to replicate what CTOP considers proven



Photo courtesy of Andre Wagner

programs in Connecticut. The first such grantee was recently added to the portfolio: Roca will begin running its [Young Mothers program](#) in Hartford in mid-2021.

The level of investment and the type of non-financial support is matched to each grantee's tier rating, which indicates the level of risk that the investment won't work out as planned (1=highest risk, 5=lowest risk). While grants—\$1M annually over five years for each of the current grantees—are unrestricted, they are tied to “performance metrics for helping organizations build their capacity to deliver effective services reliably and sustainability at high levels of quality,” as expressed in one of the social investing principles. The grantees develop these in collaboration with CTOP, and CTOP commits to helping achieve them. The non-financial support—from CTOP and external consultants—is valued at nearly \$1M annually for the three grantees.

The conceptual framework for the work, from due diligence to capacity building,

draws heavily on the Leap Ambassadors Community's [Performance Imperative](#). According to Ferguson, it's “part of our language and mindset, how we organize internal data, systems, and priorities.” The seven pillars of the Performance Imperative are the disciplines nonprofits must master to become high-performing organizations, ranging from board and executive leadership to external evaluation.

There are many frameworks out there but, to Ferguson, what validated this one was that “it wasn't developed in an ivory tower abstractly but came from people who were actually in the field doing work that led to good outcomes.” Baldwin and Hunter were among the 50+ Leap Ambassadors—nonprofit leaders, funders, consultants, evaluators, academics, and intermediaries—who collaborated on its content. All had a common passion for improving outcomes. As a result, every pillar and principle ties back to the Performance Imperative's definition

of high performance as “the ability to deliver—over a prolonged period of time—meaningful, measurable and financially sustainable results for the people or causes the organization is in existence to serve.” This is precisely what CTOP wants to help grantee partners do.

Tipping Point Community CEO **Sam Cobbs**, a Leap Ambassador and advisor to CTOP who reviewed the initial investment strategy, says, “They are being very true to the role of engaged funder or venture philanthropist.... They make deep investments in terms of dollar amount and investing in the capacity of the full organization rather than just ‘buying’ programs. This is still pretty rare in the foundation space.” Georgetown research professor and former president of MDRC **Gordon Berlin**, who is also a Leap Ambassador and advisor to the initiative, thinks CTOP may be truer to the role of engaged funder than any other. “If we are going to improve this sector, we have to have a game plan for continuous improvement, and I view CTOP as one of the most systematic and comprehensive approaches to nonprofit improvement and the unique challenges of scaling an intervention that I’ve seen. It was really designed and staged to address all seven pillars of the Performance Imperative.”

Active Service Slots and Other Ways to Measure Progress

Central to CTOP’s philosophy is that funder and grantee share responsibility for results. But if outcomes aren’t produced reliably and consistently for *five years*, how will they know they’re on track?

First, each organization can assess progress toward its organizational-improvement goals. Using a guide based on the [Performance Practice](#)—which operationalizes the seven pillars of the Performance Imperative—consultant and Leap Ambassador **Ellen Bass** assessed each organization’s capacities. OPP’s Rivera, also a Leap Ambassador, was already familiar with the framework, but the process was new. [COMPASS Youth Collaborative](#) CEO **Jackie Santiago** described it as “taking an objective view of how the agency is doing in all these areas. Then you have all that data in front of you and you get to make decisions. Nobody was telling us what to work on, just raising tough questions.” The resulting work plan or roadmap for improvement is what Santiago’s refers to as “the bible that guides the daily work.”

Increased organizational capacity is, in turn, expected to improve a set of [key performance indicators](#)—which measure progress toward improving outcomes—year over year. A unique example is the concept of [active service slots](#), which Hunter developed in the early 2000s, because he’s no fan of “number of people served”—used in practically every grant application in the nonprofit sector. People could be counted as “served” if they only receive services once, but how many times does it take to achieve outcomes? Instead, CTOP looks at the “number of people from the target population, enrolled in outcome-producing services and getting the right dosage to get those outcomes,” Hunter explains. “If the number of active service slots increases each year, even if the number of people you’re serving remains constant, you’ll be much more likely to get to outcomes, because you’ll be matching the

nature and dosage of services to the needs of the individuals participating.”

Critical Friends

For support on the journey, each grantee has a portfolio director, whose role is very different from that of a typical foundation program officer. Olberg, the first CTOP hire and portfolio director for [Domus Kids](#), describes it as one of helping the grantees by “being a colleague, providing a second pair of eyes, and sharing the responsibility for moving the work forward.”

Currently, each portfolio director has only one grantee relationship to manage, and their frequency of contact is high—several times a week. There are scheduled meetings

with different leaders of the organization to discuss different projects moving forward in parallel and lots of informal contacts. After working in finance with Citigroup, Aimee Rincon switched careers to something that was more aligned with her passions: helping under-resourced students access college. She continues that work as portfolio director for COMPASS, whose leaders like to use her as a sounding board. “I appreciate being a thought partner with COMPASS leadership, joining critical conversations around staffing and programming changes,” she says.

The frequent contact is necessary to build the kind of trust that is the foundation of good working relationships. **Adhlere Coffy**—who has a consulting background in aerospace engineering and was later involved in evaluation, data analysis, technology, and capacity building with the many grantees of the Fairfield County Community Foundation—is portfolio director for OPP. He thinks the hands-on approach allows the portfolio directors “to get into the weeds and understand what are the right levers to pull for advancing the development of the organization and making headway in establishing the relationship, because a lot of the work is about the people more than the processes or system. The people will enable you to have an impact on the processes and systems.”

There’s one qualification a portfolio director needs to have above all: passion for learning. Dalio and Ferguson had little luck finding a CTOP director, and in mid-2020, they managed to get Hunter out of



Photo courtesy of Andre Wagner

retirement to take the job. With Hunter at the helm, Olberg describes each meeting as a “professional-development session.” Hunter’s approach to supervision is to “use every discussion of every relationship with every grantee as a teachable opportunity to help [portfolio directors] learn about the distinction between being a social investor and a funder who takes over an organization.”

This is critical, because while the payoff from this work done right is enormous, so is the fallout if it’s done wrong. “If you go deeply into an organization in a bad way, you can wind up playing too big of a role in the organization. And that’s terrible, because you undermine their ability to develop their capacities at the highest level,” Hunter explains. The relationship can’t be one in which grantees keep asking their portfolio directors what to do and the portfolio directors tell them. The portfolio directors can help them see different sides of an issue, identify options for solving a problem, and be straight when they think the grantee is going down the wrong path—but they should never tell them what to do. “It has to be a critical friendship relationship, not an I-will-take-over relationship,” Hunter says.

Hunter also wants the portfolio directors to keep increasing their subject-matter knowledge. They can act as consultants in some areas. For example, they already call on each other’s expertise and help each other’s grantees. But they should also become able to do what he can after 30 years in the sector: spot what isn’t working outside their areas of expertise, so they can call on an expert to help solve the problem when necessary.

Hunter is trying to work himself out of a job—and back into retirement—after all.

Transformational Theories of Change

The portfolio directors’ capacity-building work is based on each grantee’s roadmap for improvement, rooted in the Performance Imperative, and their organization-wide theory of change for producing outcomes, also developed during the due-diligence process. For COMPASS, creating a theory of change was a transformational experience. Narrowing down the target population was every bit as agonizing as it had been for CTOP. With whom could the organization most effectively achieve outcomes?

They concluded that their expertise was working with middle- and high-school-age young people (11-18). Though new to the CEO role, Santiago had worked 20 years with COMPASS, and the organization had always served children from 5-21. It was hard to let go of the younger kids. “I kept saying those are the babies; they need us,” she says. “We had to look at ourselves very candidly in the mirror and ask how well we were doing with that population. We were doing well in terms of funder requirements, but it wasn’t the best work that could be done for these kids.” Others could serve the youngest better, and COMPASS eventually made sure all the children they no longer serve had somewhere else to go.

Then they focused all their efforts on their target group of teens. Santiago summarized the theory of change experience like this:

“We recognized that our duty as a nonprofit is that the youth are progressing and meeting milestones—and not that COMPASS is excelling on a grant application or performing to the funder’s needs. That’s what I think we were doing. It was a powerful mindshift.”

Domus went through a similarly difficult process to narrow their target population. When the target population changes, programs have to change accordingly. In Executive Director **Mike Duggan**’s telling, “David said in the beginning, ‘You’re trying to get these kids to outcomes. Do you think you can do that running charter schools?’ We listed all the reasons why we couldn’t, and he looked at us and said, ‘Then why are you doing it?’ We had no answer.”

Domus decided that Hunter was right. They couldn’t achieve what they wanted through charter schools, so they got out of that business and focused on their core programming: tailored educational opportunities, out-of-school-time programming, and support in relation to the justice system.

Building Capacity in Partnership

Rivera describes CTOP’s capacity-building as “the whole caboodle, an environment for improving a nonprofit in its totality.” That means having a funder involved in all areas of the organization. Given the power imbalance, Berlin asked, “These organizations have been around a long time and have something of a track record. I’m sure they have room to improve, but is it a partnership, or is it one-sided?”

We asked the grantees: Is it a true partnership? According to all of them, the answer is “yes.” Santiago describes it as a marriage—a good one, with constant communication, information sharing, and troubleshooting. It’s also hard work and has its ups and downs. **Julie DeGennaro**, associate executive director at Domus, says, “Most funders have the philosophy that ‘I gave you the money, and if you don’t get to the outcomes, you failed.’ CTOP says, if you failed, we failed, and we don’t want to fail, so what do you need to succeed?”

She recalls a disagreement about a collaborative project that would require staff to enter the same data on two platforms: “We got to a point where I said, ‘I’m not moving forward. ... I, as a program person, am not subjecting my staff to this.’

“**We recognized that our duty as a nonprofit is that the youth are progressing and meeting milestones—and not that COMPASS is excelling on a grant application or performing to the funder’s needs. That’s what I think we were doing. It was a powerful mindshift.**”

Jackie Santiago

CTOP circled back, and fixed it. That has rarely been my experience with funders in all these years. They do a very good job of listening. It’s like we’re equals in this, and together we’re going to get to this point.”

Rivera describes the portfolio director's role like this: "Adhlere [Coffy] is a strategic thinker. He's taken our expertise and lifted it. He's helping us take advantage of our strengths." Enid Rey values that CTOP appreciates the need to build internal competencies: "I want CTOP strategically embedded in the high-leverage, organizational change areas for the agency." So they decide together how Coffy can be most productively involved, whether as a facilitator, sounding board, coach, or in some other role—always with an eye to staff competency development as the key to sustaining improvements.

From Coffy's perspective, the work "isn't wishy-washy. It's structured and guided by the Performance Imperative, and that allows us to be more effective capacity builders." It's also holistic. "It's not just emphasizing one area in a silo and then another, but understanding the interaction between the seven pillars, and how that is the path to meaningful growth and sustainable organizational development," he says. Using the lens of the first pillar, "courageous, adaptive board and executive leadership," CTOP prioritized supporting their partners early on in the often overlooked area of board development, for instance. Because the board can—and should—influence progress in other pillars.

At OPP, Rey is pleased with the results so far. She knew the board wanted to support her as the new CEO, but they were struggling with how to do so. "This process and Pillar 1 have given us an opportunity to figure out how to operationalize all this," she says. "It has heightened board members' awareness of their role and changed the dynamics." In

the past, staff reported to the board without much feedback. "Now we do formal write-ups and pose specific questions about policy or program. We share trends, explain what we see, and tell the board members how they can help. We're working through the process of building a high-functioning board at the next level."



Photo courtesy of
J. Fiereck Photography

But Rey notes that one important piece needs to be strengthened in the Performance Imperative (the Leap Ambassadors Community is planning to do so in its third iteration): "When looking at the pillars, I always wonder where race, ethnicity, and equity fit in. That's part of leadership and part of performance. What does it mean to be an agency that is diverse, serving youth of color, funded by funders who wield a lot of power in the community—how do those pieces influence the work?"

This is something they've been able to discuss with Coffy who, in Rey's experience, brings a critical understanding to their conversations about equity. While representing a funder, he can also identify with the OPP youth. Born into a Haitian family in Bridgeport, he describes himself as a "first-generation American, first-generation college student, growing up in a working poor, single-parent household in a very violent community, exposed to violence... I feel an almost organic identification with what the youth face on a daily basis."

A Delicate Balancing Act

Playing the role of critical friend—without taking over—will always be a delicate balancing act for portfolio directors. On the one hand, they have to actively manage to milestones that determine a continuation of the investment. That means stepping right in, as Rincon did at COMPASS. "What helped me was the experience as frontline staff," she says. "I rolled up my sleeves and said let's do this together."

On the other hand, they aren't part of the organizations and have to allow dynamics to play out, give the partners room to learn, and make decisions in their own ways. That means stepping back without becoming a passive observer, which was an early challenge. "That sends signals too," Rey says. "It makes us wonder, are we being observed? What's happening? Are we on track or not? At OPP, we like to know. Adhlere engages and helps us move the work forward without being overbearing or interfering. ... He has brought tremendous elasticity to our thinking. He's an external partner who's looking in, even though

he's sitting at the table with us. He has a certain level of gravitas with the staff, because he's built those relationships."

Awareness and empathy also go a long way in an unequal power relationship. "They can't just stop all operations and cater to our desire as a funder," Coffy says. "They still have things they have to do. They still have staff, who are human beings dealing with COVID-19, homeschooling, family members, and their own mental and physical health. It requires a good deal of empathy, and that empathy has to be manifested in the power dynamic." That means understanding, for example, that sometimes there will be slow-downs—what matters is positive aggregate development over the year.

In Coffy's view, the crux of the issue is this: "Grantees need to step up, acknowledge, and challenge the power dynamic, and philanthropy needs to tone it down, take a back seat sometimes, and realize that our outcomes are entirely dependent on the nonprofit organization. We are in service to them; they are not in service to us." And the grantees have stepped up.

Challenging Power Dynamics

"The challenging side has been that relationship building takes time and doesn't necessarily follow the project timeline," Rey says. It can be hard to let outsiders in, especially in a role that involves framing issues, asking questions that stretch thinking, and testing assumptions. As a new CEO, she didn't

want to come in and direct everything. “I was trying to elevate my team, to let them lead the work ... and create a real environment where, through this process, we were cultivating internal leadership and our ability to step into roles differently. In that vulnerable situation, we had partners in the discussion. It’s hard to be vulnerable and move the work when you’re sussing things out at the same time. ... That mix of us learning and CTOP also finding their way was a challenge in the launch.” It took time and practice to learn what support looked like from each side of the table.

At Domus, Duggan and DeGennaro feel that, though it’s been a difficult process, they’ve found the balance after openly discussing power dynamics. “We’ve had conversations about how to make this a collaborative effort, as opposed to them just saying yay or nay,” Duggan says. “It’s much better now, because I think we’ve had the conversation.” DeGennaro sees how hard Olberg and the other portfolio managers work to build a trusting relationship, and, in return, she’s transparent. “If I disagree, they’re asking me to move my position, which I’m unwilling to do, I ask ‘So now, what do we do?’” she explains. “And it’s never been, ‘If you don’t do that, then you lose the funding.’ It’s been, ‘In the end, it’s Domus’ program and Domus’ decision,’ which I appreciate.”

Rincon tells her partners at COMPASS what she thinks but also encourages them to push back. “Through that productive disagreement we come to the best decisions,” she says. Santiago vividly recalls one of those “productive disagreements.” Among COMPASS staff, a concern about program

design had been coming up repeatedly: Staff felt that the short-term outcomes wouldn’t lead to the long-term outcomes. “I thought by the time they’re in year four, our kids should have the kind of leadership skills that would allow them to advocate at the Capitol in Hartford,” Santiago says. She was confused when Rincon asked if she wanted to change the outcomes in the program model. Because, Rincon said, that kind of leadership skill wasn’t among them. “‘We’re not aiming for them to be that successful,’ is what I heard in my brain,” says Santiago. “It sounded horrible.”



Photo courtesy of Andre Wagner



Photo courtesy of J. Fiereck Photography

After agreeing to sit in the discomfort for a while, the disconnect became clear. Rincon wasn't saying that the young people didn't deserve the best. She was pointing out that COMPASS' job is to make sure the youth coming in with risk factors make progress and don't return to violence. COMPASS is only part of the journey. After four years, they should be ready for the next phase with another program, which—depending on the young people themselves—might help them develop that level of leadership skills or go in a completely different direction. “By keeping the old name of the program, we inadvertently kept the old outcome expectations. All we had to do was align our outcome expectations with all the other changes we had made,” Santiago says. “I felt so good afterward.”

Thoughts, Emotions, and Behaviors

Remember how Rey and Rivera had asked for Roca's Cognitive Behavioral Therapy

(CBT) model for years? They weren't the only ones interested. COMPASS had experienced “heartbreak after heartbreak,” in Santiago's words, and were wondering what they were doing wrong. The teens were doing well, but, after graduating the program, they weren't ready after all. One young man with previous justice-system involvement was doing exceptionally well, earning licenses and certificates, even doing public speaking on COMPASS' behalf. “In a moment of conflict, to make sure he wasn't hurt, he went into a home, got a gun, and shot up into the sky. He was rearrested and got a lot of time. We thought we had made it with him,” says Santiago. Making the wrong decision in that one moment changed everything.

When the young people had to make quick decisions in difficult situations, they weren't in control. Some would be disrespectful to an instructor and were returned to the program. Some were expelled from school. Some were arrested.



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Jackie Santiago

One died. When Santiago, who had been fascinated with brain studies for years, heard Roca speak about CBT, she thought it was the answer. “They were talking about executive functioning, the limbic system, and how we need a system that is mobile, that can be used anywhere to help youth ‘press a pause button’ and make better choices,” she says.

Impressed with Baldwin’s description of CBT as one of the most important things they had done in Roca’s history, Dalio and Ferguson delivered. CTOP partnered with [Community Psychiatry PRIDE](#) (Program for Research in Implementation and Dissemination of Evidence-Based Treatments) at Massachusetts General Hospital, which helps community-based organizations employ evidence-based practices with youth facing adversity. Founder and director **Luana Marquez** had helped Roca adopt CBT with their participants. Roca’s Impact Institute became another partner in providing training and coaching support.

Thanks to feedback from young people at Roca, the community-adapted approach got the friendlier name Thoughts, Emotions, and Behaviors (TEB). Staff of the three grantee partners are trained using an [open-source evidence-based curriculum](#), which CTOP makes available on its website, to address emotion dysregulation. Three cohorts of staff are being trained and coached for eight months per cohort in how to apply TEB skills and how to react, encourage, and refocus young people when needed. The goal is to learn to “press the pause button” and apply skills to make better decisions before acting.

At OPP, Rey says, “TEB has given a name for some of the things we do innately, and it’s given us strategies to perfect how we work with youth—and with each other.... We have staff who are not in the first training cohort who are chomping at the bit to get in. We can’t do it fast enough.”

It’s a Lot of Work—For the Right Reason

It won’t surprise anyone to learn that the nonprofit leaders greatly appreciate the multiyear, unrestricted grants. Berlin wondered whether CTOP would be too demanding of the grantees, but 18 months in, it turns out that the non-financial support tops the list of favorites (along with the dollars).

When reimagining their data systems, OPP needed different support than other grantees. As one of the more advanced organizations in data collection, finding recognition for the expertise it already had and working with CTOP to calibrate its support to OPP’s stage and desire to move to the next level were among the areas of early, joint learning. There have been plenty of challenges for every grantee, but they insist it’s worthwhile. “If we only had the funding, I can say with certainty that we couldn’t have done anything different from what we knew how to do already,” Santiago says. “We’d be spending money to build capacity only in the way that we know how. I think we would have been stuck in a rut.” In the beginning, for example, she thought buying a new

building should be a priority for COMPASS. Now, she shakes her head and smiles at the thought. Her perspective is entirely different.

Even when a leader knows what to do, support is key. Domus had independently assessed their organization using the Performance Practice earlier, but Duggan said, “Truth be told, it kind of sat on the shelf after that. There are a lot of things you know you should be doing, but then the day-to-day gets in the way. It was hard on our own to drive it forward.” As Rey says, “We forget that adults and agencies need a supported learning environment to make change. That has been phenomenal.” Rivera agrees that having a strategic thinking partner has great value: “This has allowed us not only to assess ourselves against the pillars, but to develop strategies for how to improve across all of them. You couldn’t buy that. Especially for someone to support it resource-wise is just unheard of.”

It’s a lot of work, though. “We almost needed to hire another person just to do the CTOP work,” Duggan says with a laugh. “When we talk about how much work it is, they just say, ‘Yes, you gotta put the work in.’ They’re holding us accountable, and it’s making us a better organization. But it’s not easy.”

While the workload is heavy, all the grantee partners agree that there’s a major difference between doing a lot of work as a CTOP grantee and doing a lot of work for the average funder. In DeGennaro’s words, “With most funders, you do lot of work for them, and it doesn’t get you anywhere. I never feel like that with CTOP.” Quarterly reporting, for example, includes a cover

letter summarizing the work, challenges, and areas needing additional attention, along with the same financials submitted to the board. Aside from that, progress on the workplan needs to be up to date in the

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digital system shared with the portfolio manager. It isn’t about doing work *for* CTOP at all, Santiago explains, but about each organization building the strength it needs to move as many young people as possible into education, employment, and better life prospects. “I don’t feel like it’s CTOP’s demands or expectations; they are my own. It’s not extra work; it’s a support to us in the work. Having funding and guidance through this process is a double gift. It’s super intensive, but it’s what our agency needs.”

Entering a new paradigm, while other funders are still in the old can pose some difficulties. Each of the grantee partners have several other funders. “It would be awesome if CTOP was the sole funder, but they aren’t, so balancing with what the other funders want is challenging,” DeGennaro says. At COMPASS, they made big changes to their program model, and it

will take a while before it pays off in better outcomes. Then, funds may be easier to raise, but, in the meantime, Santiago has to convince funders used to quantity of youth served to support higher quality, intentional work with a smaller number of teens.

Dalio's passion is plain for all to see, and the grantees know she won't lose sight of the end goal. "One of the best parts is the warmth, care, and participation of Barbara and Andrew, and their enthusiasm for the work," Rey says. "It is so unique to have such great access to a funder who is ... thinking all the time what could we do better, what could we do more of. Funders have the privilege of distance and Dalio doesn't act from a place of distance in that way."

Challenges and Innovations in Scaling

In pursuit of its goal to create 2,500 program slots providing disengaged and disconnected young people with the quality and dosage of services needed to produce outcomes, the team has conducted its first landscape analysis to identify prospective grantees. Ferguson sees a funding system that in many ways works against nonprofits' hard efforts, as the main reason why the universe of potential grantees consists of relatively small organizations. "In Connecticut, the work isn't about finding tier 3 organizations with 10 to 20 years of good track record and helping them become tier 4. It's all about tiers 1 and 2 (or even pre-tier 1) and helping them build capacities over time—and listening and learning about communities' unmet needs. In a few cases, we try to help by supporting

the replication of high-performing tier 5 nonprofits with great track records elsewhere to meet those needs in Connecticut," he says, referring to CTOP's investment-risk tiering system.

That it's all about identifying lower-tier organizations with potential became particularly evident in CTOP's efforts to source prospects equitably. Cobbs warned about the need to avoid what he calls "network bias," the tendency to search within our own networks. The difficulty doesn't lie in *finding* organizations with leaders and staff of color, CTOP found, but

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rather in *choosing* to fund them. Because funders have long neglected them, they're small and have "very little, except an incredible passion for helping the young people in the community do better," Hunter says. From the lens of a traditional funder, they are likely invisible "because they don't look like they could possibly benefit from an investment. They look too weak, too under-resourced, too fragile," he says. "These are



Photo courtesy of
J. Fiereck Photography

very high-risk investments, but if they succeed, the return is the biggest one you could ever get.” And that makes the risk worth taking.

For now, Ferguson hopes CTOP can lead by example. In the long term, he says, “The capital streams need to become more robust, so that

when these organizations become higher performing, they will be able to compete for something.” On the flipside, the few foundations that currently aim to fund scaling of effective programs on a national level, like [Blue Meridian Partners](#), have a dearth of nonprofits with sufficient capability to choose from. Berlin believes CTOP’s major contribution in the long term could be building a pipeline: “By taking a group of nonprofits that want to get to a really different place, strengthening them over time, and helping them expand in scale and quality at the same time, they will build the kind of pipeline that would fit what Blue Meridian wants to invest in.”

Cobbs believes CTOP is doing something else that’s much needed in the field. Some foundations have helped nonprofits scale programs nationally, but “when we start to talk about equity and proximity, maybe some organizations are so good because they are so locally grounded. Maybe they don’t want to be in five different states; they just want to be able to serve more people and serve them better in the communities they are already in,” he says. “Nobody has defined scale at the local or regional level and actually done it. Maybe CTOP will create the blueprint for what that looks like.”

Conclusion

Ferguson thinks one of the biggest challenges moving forward will be to remain focused. “There’s this fierce urgency.... The needs of young people are so high, yet the capacity is so low relative

to the needs. We want outcomes to be better today, but we realize that isn't possible until we help organizations become higher performing and produce organizational outcomes." It takes consistent focus on a long-term strategy and patience because that strategy will take time to yield results. "Five to ten years is a long time, when people are hurting today," he says.

It was neither a desire for recognition, nor a need for the immediate validation that charity brings, that led Dalio and Ferguson to social investing. It was humility, exploration,

and never losing sight of the end goal. That, it seems, may also be what makes them stay the course. "It was heart-breaking when David said we weren't making a difference. I loved and respected all our grantees. We cared about their programs, we had relationships with them. But when David said we had to invest more in each organization to change anything, I saw it," Dalio says, thinking back to their first meeting. "There's a saying: 'When the student is ready, the teacher appears.' If I had met David earlier, maybe it wouldn't have resonated. After 10 years in this work, it made total sense."