Philanthropic Foundations as Institutional Entrepreneurs in the California Charter School Field*

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ABSTRACT

We discuss how a group of philanthropic foundations combined financial and cultural-political resources to elevate a new and divergent organizational form within the California charter school field. Foundations simultaneously pursued three activities that are often considered to be the realms of different types of institutional entrepreneurs. Foundations recombined cultural elements to establish a new organizational form, enforced evaluative frameworks to assess the new form, and sponsored new professionals to populate the form with desired expertise. We argue that foundations are a distinct type of institutional entrepreneur based on their simultaneous endowment of material and cultural-political resources.

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INTRODUCTION

Over the last century, philanthropic foundations have played a pivotal role in shaping numerous social sectors in the United States, including the arts, health care, the environment, and education. Foundations are a particularly notable category of actors since they not only control financial assets that are substantial and rapidly growing,[1] but they also wield considerable cultural-political influence. This unusual combination of both material and cultural-political resources enables foundations to legitimize preferred models of social order. Studies have considered the role of foundations in field building (Bartley, 2007), professionalization (DiMaggio, 1991; Khurana, 2007; Hwang & Powell, 2009), social movements (Haines, 1984; Jenkins & Eckert, 1986; Duffy, Binder, & Skrentny, 2010), and public policy advocacy (McKersie & Markward, 2001). But despite their status as change agents, foundations have yet to be adequately explored through the lens of institutional entrepreneurship.

In this study, we argue that foundations are a distinct type of institutional entrepreneur. We show how foundations elevate a new organizational form by combining financial resources with three activities that are each considered the realm of a different type of institutional entrepreneur. Through their grantmaking, foundations can recombine cultural elements to establish new organizational forms, enforce evaluative frameworks that assess these forms, and sponsor new professionals to populate these forms with desired expertise.

Empirically, we focus on the California charter school field, within which several distinct organizational forms exist. Charter schools are publicly-funded, privately-managed schools of

[1] Total holdings have increased from $13 billion in 1910 to $565 billion in 2010 (in 2010 dollars) (National Center for Charitable Statistics, 2007).

choice. For a charter school to be established, it must first enter into a written agreement (i.e., a "charter") with an oversight entity, typically the local school board. The charter details elements such as the educational mission and purpose of the charter school and the forms of support that the school district will provide. Charter schools are granted charters for a specified period of time and must petition their oversight entity at regular intervals for charter renewals. Charter renewal is generally contingent on satisfying specific accountability measures. In exchange for this increased accountability, charter schools are granted autonomy from portions of state education law. In the two decades that the charter school method of reform has existed, it has garnered considerable interest from the largest foundations engaged in education grantmaking (Hess, 2005).

The paper proceeds as follows. We begin by discussing literature on institutional entrepreneurship and the establishment of new organizational forms. We then describe research that conceptualizes foundations as institutional entrepreneurs, provide background information on charter schools in the United States to situate the case, and describe our study's data and methods. We then present our empirical findings and conclude with a discussion of our theoretical contribution.

THEORETICAL ORIENTATION

The concept of institutional entrepreneurship emerged in recent decades as scholars sought to understand and model the means by which actors engage in change processes that diverge from institutionalized patterns of organizing (see Battilana, Leca, & Boxenbaum, 2009, for a review). An area of focus within this scholarship concerns the development of new and divergent organizational forms. Conventionally, organizations that share core features (along dimensions such as participants, social structure, goals, and technology) are considered to be of the same form (Hannan & Freeman, 1977). More recently, organizational forms have been differentiated by socially constructed boundaries based on shared conceptions of a common identity (Carroll & Hannan, 2000). Scholars have long recognized that certain organizational forms within fields may gain legitimacy and take on rule-like standing while other forms lose favor (e.g., Lounsbury, Ventresca, & Hirsch, 2003; Rao, Morrill, & Zald, 2000; Schneiberg, King, & Smith, 2008).

Three strands of scholarship help bring an understanding to the processes involved in the elevation of divergent organizational forms over alternative forms. One prominent strand reveals how institutional entrepreneurs reassemble cultural elements to frame divergent forms as "necessary, valid, and appropriate" (Rao, 1998: 912). A second strand (one that has received less attention) understands institutional entrepreneurs as actors who enforce evaluative frameworks, through which divergent forms are assessed and legitimated. A third strand regards institutional entrepreneurship as inclusive of the professionalization of workers who provide expert knowledge that supports and validates divergent forms. We describe each strand of scholarship below.[2]

Recombining cultural elements. Considerable attention in institutional entrepreneurship literature focuses on the recombination of cultural elements in the generation of new and divergent organizational fields, practices and forms (e.g., Rao, 1998; Scott, Ruef, Mendel, & Caronna, 2000; Rao, Monin, & Durand, 2003). For instance, Rao (1998) explains how, during the 1920s and 1930s, two entrepreneurs brought together prevalent (but previously unconnected) cultural elements from earlier industry standardization and home economics practices. In doing so, the entrepreneurs first critiqued contemporary business and advertising practices that placed

[2] We do not mean to imply that these three strands represent an exhaustive account of the literature on institutional entrepreneurship.

consumers at a disadvantage, and then offered a novel solution: the nonprofit consumer watchdog organization (NCWO). In time, rival entrepreneurs developed an alternative form that brought in elements of worker rights. Political contention and competition over the initial and alternative forms served to delineate boundaries distinguishing the two and determine which form would become dominant (Rao, 1998).

Likewise, Lawrence and Phillips (2004) discuss the formation of a commercial whale watching industry in Victoria, British Columbia during the late 1980s and early 1990s. A number of entrepreneurial tour boat operators capitalized on broader cultural changes in the public's view toward whales, which emphasized protecting rather than hunting them. The tour boat operators presented whale watching as a new industry, framing it using a combination of resonant elements from anti-whaling advocacy practices, positive depictions of whales from popular movies, and the regulatory environment of commercial whale hunting. Unlike the competition that took place over early forms of the NCWO, Lawrence and Phillips note that whale watching in Victoria was a case of "rapid cycles of innovation, imitation and institutionalization" (2004: 706). Isomorphism, the authors propose, can result in emerging institutional fields where new entrants are concerned with survival rather than with gaining competitive advantage through novelty (Lawrence & Phillips, 2004). These and other studies (e.g., Fligstein, 1997; Seo & Creed, 2002; Maguire, Hardy, & Lawrence, 2004; Suddaby & Greenwood, 2005) emphasize the use of discursive frames by institutional entrepreneurs to diagnose existing organizational shortfalls and to justify new, divergent organizational forms to stakeholders and allies (Battilana et al., 2009).

Enforcing evaluative frameworks. We regard the enforcement of evaluative frameworks used to assess and legitimate new and divergent organizational forms (and de-legitimate alternative forms) to be a type of institutional entrepreneurship (Maguire & Hardy, 2006). Evaluative frameworks can be an important source of influence and a means by which institutional change occurs (Greenwood, Suddaby, & Hinings, 2002; Scott, 2008). Standards (Hwang & Powell, 2005), rankings (Espeland & Sauder, 2007), metrics (Djelic & Sahlin-Andersson, 2006), and other such systems induce conformation by shaping and constraining organizational goals, structures and activities. For example, Hwang and Powell (2009) note that foundations contributed to the move toward organizational rationalization in the nonprofit sector by requiring grantees to undergo strategic planning and program evaluation. When assessments are crafted to encourage grantee alignment to structures and practices that break from institutionalized patterns of organizing, their imposition enters into the realm of institutional entrepreneurship.

Sponsoring new professionals. A third process of institutional entrepreneurship is the sponsorship of professionals whose practices support the diffusion of divergent organizational forms. During the Reagan-era wave of health care deregulation, public regulation gave way to market-based controls that favored price and service competition. This in turn led new classes of professionals (including health economists and consultants) to enter the health care field and replace or compete with traditional medical professionals. Before long, the health maintenance organization, a form that aligned well with governance structures created by the new professionals, rapidly diffused throughout the field (Scott et al., 2000; Scott, 2004). In this example, the analytical focus is on new professionals who initiated change that breaks from institutionalized patterns of organizing (see also Hwang & Powell, 2005). However, our study reveals the role of *sponsors* of new professionals who initiate divergent change. In our case, because of the grantor-grantee relationship between foundations and charter schools, we regard the sponsors and not solely the professionals to be institutional entrepreneurs, as we explain below.

These three processes of institutional entrepreneurship—the recombination of cultural elements, the enforcement of evaluative frameworks, and the sponsorship of new professionals—are typically domains of different types of actors. For example, the entrepreneur who recombines cultural elements to frame a new organizational form often does not operate from a vantage point from which to evaluate and validate her creation (Scott, 2008). Conversely, the evaluator (e.g., a standard setting organization) often does not have access to the resources necessary to create or diffuse a new organizational form (Brunsson & Jacobsson, 2002). However, foundations, particularly those that are well-resourced, are able to engage in these three distinct entrepreneurial activities that have institutional impact.

Foundations as institutional entrepreneurs

While literature on philanthropy tends to focus on the effects of patronage, in recent years scholars have examined the cultural-political processes that foundations employ to construct and shape organizational fields. For example, DiMaggio's (1991) study explains the role of the Carnegie Corporation in the construction and legitimization of the U.S. art museum field during the early decades of the 20th century. Carnegie's funding of higher education institutions and professional associations led to the professionalization of museum workers and the emergence of a populist museum education model that eventually displaced a connoisseurship model. More recently, Khurana (2007) argues that the professionalization and legitimization of business schools was due in part to foundation funding for doctoral fellowships, academic conferences, faculty research, and other core activities. In their study of the professionalization of the nonprofit sector, Hwang and Powell (2009) show that foundation grants served to instantiate preferred managerial practices in organizations. And Bartley (2007) analyzes the role of Ford and other foundations in building a new field of international forest certification, wherein foundations enrolled a broad array of actors from the environmental field and engaged with corporate as well as grassroots interests in mobilization efforts. To varying degrees, these studies mark the exception in their attention to the concrete processes that foundations employ as institutional agents, which, as Bartley writes, "even the best research has often glossed over" (2007: 231).

We build on these accounts to develop theory on the unique interplay of financial and cultural-political resources by which foundations can elevate new organizational forms. Empirically, we investigate the role of foundations as institutional entrepreneurs that recombine cultural elements, enforce evaluative frameworks, and sponsor new professionals in the California charter school field. Before we describe our study, we provide additional background on charter schools.

CHARTER SCHOOLS AND THE ORIGIN OF THE CMO

Charter schools emerged in the early 1990s as a school reform approach that was politically palatable across party lines (Wells, 1998). As schools "of choice" (i.e., schools that children attend by choice rather than by district assignment), charter schools were designed as a vehicle to inject market-like competition and generate innovation in underperforming districts (Hassel, 1999). As the charter method of reform took hold, organizational forms with varied approaches to educational delivery emerged (Wells, Grutzik, Carnochan, Slayton, & Vasudeva, 1999; Henig, Holyoke, Brown, & Lacireno-Paquet, 2005; Miron, 2008; Meyerson, Quinn, & Oelberger, 2012).

The three most prominent charter forms are 1) the "standalone" school, 2) the school operated by an education management organization (EMO), and 3) the school operated by a charter management organization (CMO). Standalone schools are broadly viewed as prototypical charter schools—single schools that are independently managed and locally operated, with no plan for school expansion or replication. EMOs and CMOs are similar in that they are both organizations designed to operate two or more schools, and they both maintain a level of centralized control over school-level curriculum, operations, administration, and culture. However, EMOs are for-profit enterprises designed to generate financial returns by managing large numbers of school sites (Bulkley, 2004), whereas CMOs are nonprofit organizations.[3]

Of the three charter forms, the CMO-operated school was the last to emerge. In the years preceding the CMO, EMOs, standalones, and the charter school field as a whole faced criticism and resistance from a variety of fronts. The academic achievement of students enrolled in charter schools varied significantly (e.g., Fuller, 2000; Gill, Timpane, Ross, Brewer, & Booker, 2001) and charter school performance was inconsistent relative to non-charter public schools (Hassel, 2005). The standalone charter school form was criticized for being operationally inefficient, poorly managed, and overly focused on administrative survival at the expense of instruction and student learning (Nelson et al., 2000). Furthermore, the standalone, as a solitary, independently-operated school, was faulted for lacking the potential to generate catalytic impact beyond its local neighborhood.

[3] Furthermore, some EMOs contract with a district to manage non-charter public schools in addition to charter schools, whereas CMOs are nonprofit organizations that exclusively manage charter schools (Miron, 2008). Other charter forms exist, including schools that are members of one of several loose charter networks that develop in order to facilitate fundraising, outreach, and the like. Unlike EMOs and CMOs, these networked schools control their curriculum, operations, administration, and cultural elements at the local level rather than through a central organization.

On the other hand, while the EMO form could span multiple districts, regions, and even states, and thus possessed catalytic potential, its profit motive raised suspicion among parents, teachers, and advocates, impacting its legitimacy (Miron, 2008). And despite the rapid diffusion of charter schools, its proponents feared that the reform had not collectively produced consistently stronger schools or innovations, generated sufficient competition, nor amassed the power to transform school districts and states, as some advocates had originally hoped (Finn, Manno, & Vanourek, 2000; Saranson, 1998).

As we show in the following sections, the CMO form arose in the context of these concerns as an explicit organizational challenge to traditional public schools as well as a deliberate departure from existing charter school forms. CMO-run schools have since occupied an expanding share of California's charter landscape and attracted a disproportionate amount of philanthropic resources allocated to charter schools.

DATA & METHODS

Study context

In 2005, we became interested in a number of CMOs that had received foundation grants for business planning. The plans were intended to enable schools to "scale up," either by expansion of grades or replication of school sites, in order to educate greater numbers of students and to achieve financial sustainability. We were particularly intrigued by this development because CMOs, by definition, represented a departure from the core tenets of decentralization and localized authority that characterized the charter school field during its early years. Setting out to understand this development led us to construct a qualitative study of the CMO form, its antecedents, and the principal actors involved in its creation, elevation and diffusion.

Due to variation in regulatory, funding, and political environments across states,[4] we limited the scope of our study to California, the birthplace and political locus of the CMO form. In 1992, California became the second state to adopt charter school legislation.[5] Between 1999 and 2005, the period of our study, California had the largest charter enrollment in the nation, and its growth paralleled charter enrollment growth nationwide (National Center for Education Statistics, 2010).[6]

As is characteristic of an inductive approach, our analysis was interspersed with and informed by multiple phases of data collection (Miles & Huberman, 1984; Locke, 2001). Initially, we mapped school enrollment and growth trends and tracked philanthropic funding over time for both CMO and non-CMO charter schools in California. Once we understood this landscape, we conducted comparison case studies of multiple CMOs in order to identify variations and similarities across different organizations. The case studies led us to focus on philanthropic funders and the processes through which they introduced and elevated the CMO form, a theme that we subsequently explored through qualitative interviews. The bulk of the data collection took place between 2005 and 2008 and was derived from three primary sources: archival data, participant and non-participant observation, and interviews. We describe each phase of data collection and analysis below, and then detail our analytical approach and chain of evidence. Our full corpus of data, broken down by source, is summarized in Table 1.

[4] Some states constrain the number of charters they authorize, while others do not have ceilings; some states require districts to provide buildings, while others do not. The first charter law was passed in Minnesota in 1991, and laws exist in 42 states as of 2012. Required levels of per-pupil public funding to charters also varies by state (Center for Education Reform, 2006).

[5] California Education Code §47600 *et seq.*

[6] During the 2005-06 school year, nearly 200,000 of California's 6.3 million students were enrolled in one of the state's 560 charter schools. As of the 2010-11 school year, just over 375,000 of the state's 6.2 million students were enrolled in one of the state's 919 charter schools (California Department of Education, 2012).

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Phase 1. Quantitative data collection and coding, mapping trends in growth and funding

We began our study by exploring how foundation funding corresponds with the expansion of the CMO form in California. This entailed analyzing growth patterns for the various charter school forms (based on student enrollment, school openings, and school closures) against funding allocations over time. First, to explore the growth trends of charter schools relative to CMOs, we relied on school founding, enrollment, and school closure data for the focal period of 1999 to 2005 from the Common Core of Data (CCD), a program of the U.S. Department of Education National Center for Education Statistics (NCES) and the California Department of Education (CDE) charter school division.

When we began our study, no definitive list of all CMOs existed, so our initial activities focused on developing a comprehensive database that accurately categorized the different charter forms in California. Because our study tracked schools over time, and a school originally founded as a standalone might eventually decide to transform into a CMO-operated school, we applied the following criteria: CMOs are (1) nonprofit organizations that (2) operate two or more schools, (3) intend to open and operate additional charter schools, and (4) have some level of centralized control over school-level curriculum, operations, administration, and/or culture. Determining whether or not a CMO had intent to scale (criteria 3) and the threshold for "some level of centralized control" (criteria 4) are, of course, judgment calls. However, most schools we categorized were very clearly either CMOs or not, and for the handful of ambiguous cases, we validated or revised our initial categorization based on input from prominent CMO leaders and funders.

Second, we assembled a database of foundation grants to California charter school organizations from 1999 to 2005 using multiple databases from the Foundation Center, a nonprofit clearinghouse for information on philanthropy. These databases contain information on grants of $10,000 and above from the nation's 6,000 largest foundations, organized in approximately two-year intervals. We filtered for grants to California-based elementary and secondary education recipients, cleaned the data to eliminate duplicates, and prorated multi-year grants. This produced 8,367 records, totaling approximately $850 million. We coded each grant record and identified 511 grants to CMO and non-CMO charter school organizations. To this, we added an additional 45 grants from a funder that was not contained in the Foundation Center databases due to its legal structure,[7] yielding a total of 556 California charter-related grants awarded between 1999 and 2005, totaling approximately $187 million. We cross-checked our database with grant-level data acquired from annual reports and IRS Form 990 and 990-PF filings from the top ten philanthropic funders of charter organizations and several CMOs.

Phase 2. Qualitative data collection, first round of qualitative coding and developing cross-case comparisons

The second phase of formal analysis involved two rounds of interviews with a total of 41 informants. An initial sample of 17 informants included nine CMO founders and executives

[7] The NewSchools Venture Fund (NSVF) is a public charity rather than a private foundation, a distinction in the tax code that relaxes restrictions on lobbying and some other organizational features. As a re-granting intermediary, NSVF raises funds from foundations and then makes grants to other organizations. NSVF's core functions—making grants, convening grantees, and supporting portfolio organizations—closely resembles those of private foundations supporting charter schools. Therefore, for the purpose of our analysis and in the remainder of the text, we do not distinguish between NSVF and private foundations.

representing four CMOs, four school principals from three of these CMOs, and four senior program officers from four major CMO funders. As the story began to emerge from the data, we conducted an additional 24 interviews. Our sample for the second round of interviews was comprised of nine additional CMO founders and executives representing eight CMOs (including new informants from the four CMOs we examined in the initial round), eight additional senior program officers from four foundations (including new informants from two foundations examined in the initial round), and seven executives from six non-CMO charter school organizations exhibiting some subset of CMO features.

To contextualize our interviews, we compiled data from websites, press clippings and organizational documents for each CMO we were investigating. We also collected collateral documents at foundation-sponsored meetings and conferences, and participated in and observed nine different foundation-sponsored conferences, meetings and events over the course of the study. In addition, one author periodically participated in one foundation's staff meetings over the course of 15 months, and was given access to internal memos, presentations and grant contracts, all of which provided primary source data on foundation goals, strategies, staffing priorities, evaluation criteria, metrics, and challenges.

Using the initial interview sample and archival data, we conducted a first round of coding. To inform our coding process at the start, we relied on our knowledge of the field in a pre-analytical stage where we discussed the broad abstract categories that we anticipated seeing in the data. After this, we calibrated our coding by independently coding the same three interview transcripts. During this process, we applied codes derived from the first round of analysis and assigned new codes as they emerged. We also independently composed analytical memos to help resolve questions and identify areas we needed to discuss as a team.

We met several times to identify ambiguities, discuss new codes and subcodes, develop coding rationales, and come to consensus about what each code was meant to capture. Once we reached consensus on a detailed set of codes and coding rationale (after much discussion), we divided up the remaining interview transcripts for coding and recoded the initial three transcripts using our mutually agreed-upon set of codes. Our first round coding scheme is summarized in Table 2, and an example of two different code families from this first round, with illustrative data, is detailed in Table 3.

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During this phase, we embarked on a more formal process of distinguishing between forms. We began with the categories of core features of organizational forms offered by Scott (1995) and adjusted them based on shared conceptions of organizational identity (Carroll & Hannan, 2000) that surfaced in our interview and archival data collection. The core features of charter organizational forms are: 1) goals, 2) leadership, 3) relationships, and 4) growth strategy. Additionally, we identified the following peripheral features: 5) organizational history, 6) identity, and 7) professional artifacts. These features formed the basis of our initial coding cycle (see Table 2), and we added to them inductively as we engaged in the coding process.

In addition, to situate and verify the emerging story, we composed a case narrative for each CMO. A cross-case comparison process (Eisenhardt, 1989; Yin, 1994) served to inform and refine our inferences about the driving forces behind the growth of the CMO, organize emerging themes into contextualized narratives, and facilitate our analysis of variance and similarities across organizations. Sample data from the cross-case comparisons are illustrated in Table 4.

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We began the study by exploring the emergence of the CMO as a vehicle for scaling. As Table 2 indicates, during our first round of coding and analysis, it became clear that a central theme concerned the role of funders in encouraging scaling, replication, and centralized management among charter school grantees, and the systems they established to maintain "quality control at scale" (in the words of several funders), including the metrics and accountability measures to which grantees were held. We went back to our interviews in a second round of coding meant to comprehensively explore this theme.

During the second round of coding, which took place over several months, we were in constant contact and often worked side by side in tandem, discussing questions that arose and performing spot-checks to ensure that our codes were appropriately aligned. We met as a team several times a month during this time period to review our progress and make adjustments to our coding scheme. After each meeting, we revised our coding to reflect the common coding scheme. Because we coded so closely as a team and in such a systematic and detail-oriented manner, we determined that our coding was well-calibrated among the three authors and that calculating intercoder reliability was not necessary.

Phase 3. Second round of qualitative coding and developing conceptual framework

After we completed a total of 41 interviews and collected archival data, a second round of coding focused specifically on how foundations engaged with CMOs, zeroing in on the "Relationships: Funders" code from the first round as described in Table 2. Building off our first round of codes, we engaged in several iterations to develop a standardized coding scheme. Our final stage of analysis, which occurred after we coded all of the qualitative evidence in the study, involved the development of themes and relationships across the entire corpus of data. During this step, we held numerous team meetings to discuss possible conceptual frameworks and alternative interpretations that emerged during our analysis, and developed detailed memos based on the interview data to tease out recurring themes and higher level constructs. We repeated this process following feedback from colleagues to refine and modify our framework. As is common during this stage of analysis, we compared our inferences and frameworks with explanations suggested by prior research.

An example of the chain of evidence that emerged during the second round of qualitative coding, with illustrative data, is summarized in Table 5.

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FINDINGS

From 1999 to 2005, growth in overall charter school philanthropy was driven entirely by new grants to CMOs. Foundation funding for other charter school forms remained flat during this period. A select group of foundations dominated CMO giving. The Bill and Melinda Gates Foundation, the Broad Foundation, and the Walton Family Foundation together provided just over 61% of all grant dollars allocated to California CMOs during this period. The NewSchools

Venture Fund (NSVF) accounted for an additional 14% of all grant dollars to California CMOs. While channeling tens of millions of dollars to CMOs, these funders offered comparatively modest support to other charter forms. Unsurprisingly, the period was also marked by rapid enrollment growth (see Figure 1). In 1999, California had a single CMO—Aspire Public Schools—operating two schools. By 2005, 14 CMOs operated close to 150 schools and enrolled over 18,000 students across the state.

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The distribution of grants and the subsequent growth in enrollment is only part of the story, however. As we argue below, foundations elevated the CMO form through three mutually reinforcing processes that operated in conjunction with grantmaking. First, foundations recombined cultural elements to generate the CMO form. Second, foundations enforced sets of evaluative frameworks through which the CMO form was assessed. Third, foundations sponsored a new class of professionals whose practices supported the growth of CMOs. Although these processes operated through different activities, they each reinforced core organizational elements of the CMO form, especially growth strategy and leadership.

Recombining cultural elements from existing forms

The CMO form was created by recombining various elements of existing organizational forms. The process began at NewSchools Venture Fund (NSVF), a “venture philanthropy” (Frumkin, 2003) established in 1999 that focused on charter schools. NSVF founding executive director Kim Smith set out to identify and finance those charter schools that held the most promise for improving educational quality and access, managing economic efficiencies, and producing catalytic impact through scale.

Smith was a former Teach for America executive and a recent graduate of Stanford University Graduate School of Business. NSVF sought her background and expertise to help (in her words) “figure out how to make a difference in education” through venture capital and entrepreneurial approaches. While at NSVF, Smith combined managerial aspects of the for-profit EMO with educational aspects of the standalone school to propose a new charter form. She coined the term “charter management organization” to distinguish this form from its predecessors. Reflecting on her strategy, Smith stated:

> [We] needed a way to name what we were talking about. I chose ‘CMO’ because I wanted to have a name that [demonstrated that] it was larger than a single charter school, but not a for-profit EMO, because I could feel the Edison backlash brewing and wanted a separate niche that wasn’t lumped in with the EMOs. [Like EMOs, CMOs] pursued scale, coherence, efficiency, and brand. [We wanted to avoid] confusing ideologues who were categorically anti-profit, but might not be anti-scale and brand.

In this excerpt, Smith refers to Edison Schools, the largest of three for-profit EMOs that were operating in California. At the time, EMOs constituted approximately 15% of the charter school enrollment nationwide (Molnar, Garcia, Miron, & Berry, 2007). Smith’s strategy of differentiating the CMO from the EMO proved crucial to its acceptance, because both charter proponents and educators criticized the EMO form for its for-profit structure. One CMO official explained, “Most of the big organizations out there are… for-profits so therefore they’re automatically ‘evil’ in the minds of some community organizations, whereas at least we’re not for-profit” (*FM, Executive, CMO Y*). Another informant (employed at the same CMO) discussed the perceptions of some charter leaders, stating that EMOs were viewed as “corporate” and “in it for the business as opposed to providing students with better options” *(ZM, Principal, CMO Y)*. It was in this context that the concept of a nonprofit charter school management organization gained currency.

Smith helped craft a business plan for what was to become the first CMO, Aspire Public Schools. In 2000, NSVF awarded Aspire a $500,000 grant to establish five schools in five years. This was soon followed by grants totaling several million dollars from the Gates, Broad, and Walton foundations. By 2005, Aspire operated 11 schools throughout Northern California. CEO Don Shalvey recalled that from the very beginning, Aspire embraced a mission to induce systemic change through aggressive scaling: “We never believed we were going to be a few schools. We never knew what too many was. We… believed that our work was to grow a significant number of schools in a small number of clusters in order to create change” (Shalvey, 2005).

The CMO was soon positioned as the “high growth, high impact” alternative within the California charter sector. It was a form that emphasized managerial acumen and aggressive growth, but still bore legitimacy as a nonprofit. This, in turn, mobilized resources from foundations, which regarded the CMO’s emphasis on scale as an important mark of distinction from other charter forms. As a program director of a leading education foundation explained, “Most of our funding is to help CMOs grow” *(QX, Program Officer, Funder C)*. This comment was made while relaying the foundation’s comparatively large commitment of $500,000 per school for a CMO that promised to establish a few dozen schools over a period of three to four years.

Enforcing evaluative frameworks

Foundations enforced new evaluative frameworks within the charter field, which were used to assess, legitimize and ultimately elevate the CMO form. These evaluative frameworks were expressed as metrics and milestones imposed in grant conditions, and comprised three categories: educational, managerial, and entrepreneurial. Each category contained specific negotiated terms that varied by funder, stage of development, and circumstance. As one senior foundation official explained, "Milestones [have been] customized to each venture and they tend to fall in… buckets that relate to the business model of the venture and the place and its life cycle or evolution" *(JT, Executive, Funder B*).

Educational metrics and milestones. Foundations included metrics designed to assess the educational rigor of CMOs, primarily in the areas of overall student achievement gains and the closing of racial and economic achievement gaps. Grant agreements also included such measures as: percent of students exceeding statewide achievement means, re-enrollment rate (to measure student and parent satisfaction), high school graduation rate, and percent of graduates attending college. In addition, grant agreements often included specific milestones that expressed progress against curricular or professional development targets, such as the following: "By [date], [CMO X] will design and implement an advisory curriculum that addresses three elements across all grades: social/emotional development, academic preparation, and college admissions" *(Grant contract for CMO X, by Funder B).*

Managerial metrics and milestones. More particular to CMOs were the set of managerial metrics and milestones that measured grantees' progress. These metrics and milestones were designed to ensure a capable executive team and board of directors, as well as a strong operational infrastructure and financial model. It was common for foundation staff to assess the diversity of talent represented on CMO executive teams, and specifically whether teams possessed a requisite amount of business expertise (and not simply education expertise). In the words of one foundation leader, "You'll see some similar milestones for all brand new organizations to round out [the] executive team so that [it will] have the complement of skill sets. If you're a business person and you need an educator, or you're an educator and you need a business person… so trying to [round out the] executive team [is important]" *(JT, Executive, Funder B*).

Foundations also expected CMOs to complete strategic business plans, and contracted management consulting firms such as The Bridgespan Group to perform this work. A program officer at a foundation that provided significant support to CMOs explained the rationale:

> The result is a business plan that helps the organization figure out what its path can or cannot be… The reason why we're doing a lot of these…'engagements' between the consultants and grantees or perspective grantees is that we do want decisions to be based on strategy, not simply opportunity *(ZU, Program Officer, Funder D).*

Entrepreneurial metrics and milestones. The most consequential set of metrics and milestones placed on CMOs assessed their ability to scale. One program officer remarked, "We bet on those who do it well—it takes a lot of money to scale" *(QX, Program Officer, Funder C).* Funders monitored and compared grantee capacity to scale, and expectations for growth were sometimes written into grant contracts, often with specific deadlines for school openings. For example, a CMO was expected to "secure a new charter and open a secondary school in [region] within [one] year." And, CMOs were often selected for funding based in part on their "scalability" or potential to have "catalytic impact" *(JT, Executive, Funder B*). One CMO executive noted that "all of the really big players in the charter management arena, so, I mean, Gates, Broad, Walton, NewSchools…they're all very interested in [organizations that] scale" (*FM, Executive, CMO Y*). Another executive (from a different CMO) commented that funders expectations for the CMO included "going gangbusters" with growth as a condition of grant funding *(LL, Founder/ Executive, CMO V).*

These three sets of metrics and milestones shaped the organizational goals, work priorities, and staffing requirements of CMOs. First, metrics stipulated in grant agreements encouraged grantees to adopt goals and direct their attention and resources toward making progress against multiple milestones. Informants told us that the mix of specific time-stamped milestones sometimes created conflicts between organizational priorities. For example, a common concern was that specified growth targets were sometimes at odds with their capacity to focus on improving the quality of educational outcomes. One CMO leader explained the difficulty in pursuing educational goals while adhering to expectations for growth:

> It's just common sense to us that if you grow too fast and you [establish] a hundred instead of a dozen [charter schools], that you're not going to know what's going on in the

> hundred the way you're going to know about [what's going on] in the dozen *(IF, Founder/ Executive, CMO Z).*

However, other CMO leaders viewed their educational and growth goals as compatible:

> We want to serve our kids well *and* we want that to be a catalyst for changing the system… I don't think that you can be a catalyst for changing the system without having some scale *(FM, Executive, CMO Y).*

Similar to this respondent, several other executives described the role of CMOs as creating "tipping points" that would produce leverage on school districts through scale. Two officials from the same CMO explained, "the big thing is to tip California." Getting to scale would induce urban school districts to improve "through collaboration with the district, not just necessarily confrontational" means (*DF, Executive, CMO Y; FM, Executive, CMO Y*). Another CMO leader described scale as a way of transforming education, to "have the same effect on public education the way FedEx affected the Post Office" *(LG, Founder/ Executive, CMO W).*

Whether they viewed scaling goals as compatible or in conflict with achieving their other goals, virtually all informants told us that the activities aimed at achieving their growth targets—securing charter authorization, locating adequate facilities, recruiting students and staff—had become a focus of their attention and efforts. One CMO leader explained, "There is pressure about getting there sooner. Getting big as fast as possible… We're growing as fast as we can" *(BN, Executive, CMO Y).*

Other charter school leaders who had not originally planned to grow to multiple schools explained that they had adopted an aggressive plan to scale in order to access funding:

> There really was no more money to get in the same way at the school site. I had exhausted it … it was pretty much done and we had to raise some money [for our original school] locally and so where was the money? The money was in scale. [A funder] told me point blank when he visited my school: 'I'm not giving you money [for your existing school] but if you create ten schools, I'll give you money' *(LL, Founder/ Executive, CMO V).*

Other CMO leaders felt similar pressure to make scaling a priority in their work. As one executive explained, foundations wouldn't provide funding unless the CMO could show a plan to open 25 schools *(CN, Founder/ Executive, CMO X)*. In some cases, organizational goals changed to conform to standards. One CMO leader explained that the impetus to grow from a local community organization composed of several schools to a multi-region organization managing three times as many schools was "all about the money" available from foundations *(IF, Founder/ Executive, CMO Z).*

Second, along with their effects on organizational goals, metrics impacted organizational staffing priorities through their articulation of desired professional expertise. CMOs responded to these expectations by hiring leadership teams that represented a blend of professional credentials from both education and management backgrounds. For example, a CMO based in Los Angeles hired a former management consultant to act as President and Chief Operating Officer alongside its CEO founder, a long-time educator and activist who served as chairman. Corporate-like job titles, including “chief executive officer” as well as “chief instructional (or academic) officer” and “chief operating officer” reflected and signaled the organization’s mix of professional expertise. The job description and title for a new position in a Northern California CMO suggests the CMO’s efforts to incorporate a blend of managerial and education expertise in its executive team:

> *Vice President of Strategic Growth*
>
> [We are seeking] a leader to develop and implement strategies to lead [our CMO] expansion into cities across California and nationally. The VP of Strategic Growth will drive [our CMO’s efforts] to scale our high-achieving, college-prep, urban high schools and maximize our policy impact. Strategic planning, systems development, major project management, marketing, negotiation, and growth organization experience are key for success in this role.

The composition of board of directors also reflected funders’ expectations about the “right” combination of expertise, as one CMO leader explained:

> The board… is a mix between, right now it’s heavily business, but we’re trying to balance between business and education. They [i.e., board members] each bring a different expertise that we have to look for. One around the scalability. One around legal matters, other ones around finance, other ones are entrepreneurial so we have kind of a mix of what we were looking for on the board *(DF, Executive, CMO Y).*

In a number of instances, CMO boards of directors included one or more representatives from foundation sponsors, a situation akin to a "venture capital model of placing a member on [the] board," in the words of one CMO executive. While "comfortable" with this arrangement, this informant told us, "Sure, they micro-manage at times but that's my job to, you know, manage as well and make sure they play the appropriate role" *(LL, Founder/ Executive, CMO V)*.

In sum, metrics served as a tool that foundations used to express, enforce and diffuse desired standards, which were instantiated in the CMO form by shaping goals and staffing. The resulting organizational practices, in turn, resonated with foundations and educational entrepreneurs, who continued to sponsor the growth of the new form.

Sponsoring new professionals

Foundations regarded "educational entrepreneurs"—individuals with hybrid backgrounds similar to Kim Smith's—as the class of professionals best suited to carry the CMO form forward. Educational entrepreneurs combined the "driven passion" of educators with an entrepreneurial orientation that valued efficiency, effectiveness and scale *(KH, principal, CMO W)*. For example, a key member of one CMO's founding team graduated from a joint MBA and MA in Education program and had previously worked as a strategy consultant at McKinsey & Company. This executive, a self-described educational entrepreneur, told us that Aspire was her "ideal job" because of its alignment with "high growth, high impact" values *(FM, Executive, CMO Y).*

Foundations invested significant resources toward creating opportunities for educational entrepreneurs to develop and to assume CMO leadership roles. Our data reveal three types of foundation-sponsored activities that served to cultivate these new professionals and ultimately led to the elevation of the CMO form: sponsoring convenings exclusive to educational entrepreneurs, using language to reinforce boundaries between insiders and outsiders, and anointing experts.

Sponsoring exclusive convenings. Foundations that supported CMOs also organized and subsidized meetings and conferences to convene emerging professionals. A goal for many of these events was to develop and share knowledge among members and to build “a network of thought leaders.” Events ranged from small gatherings of grantees who held similar roles (e.g., gatherings for Chief Instructional Officers or Chief Operations Officers), problem-focused conferences (e.g. on themes such as “human capital” and “going to scale”), intimate gatherings at conference facilities for a select group of educational entrepreneurs, and “network meetings” and “summits” that included an expanding pool of participants who were seen as important to or aligned with charter reform priorities, including senior politicians, school district leaders, foundation officials, individual philanthropists, and social entrepreneurs from a variety of fields.

The status of these gatherings varied and turned in part on their selectivity and size, but even the largest meetings were by invitation, based on criteria that marked the terms of membership for this new cohort of professionals. Invitations to these selective events signaled centrality within the emerging community, according to several informants. One prominent foundation-sponsored invitation-only convening for educational entrepreneurs grew from around 200 participants in 1999 to over 400 in 2008 (with approximately 50 invited guests remaining on the waiting list). Moreover, the process of moving people off the waitlist included extensive discussions about who should and should not be included. Although the specific criteria for inclusion evolved, participants’ potential influence within the charter field and alignment with the standards, goals and language of educational entrepreneurship remained consistently valued attributes.

Inclusion in these foundation-sponsored convenings created and reinforced boundaries between insiders (those associated with CMOs) and outsiders (those associated with non-CMO charter schools) among educational entrepreneurs. A founder and leader of a successful standalone charter school recalled the following:

> I was running a highly successful charter in the neighborhood of the conference, and [I wanted] to attend. But [Funder B] told me I couldn't come because I didn't have enough impact... Other [CMO] leaders told me: "You'll never survive as a single school." *(CU, Founder, Charter L).*

Foundations also sponsored more focused and selective events, such as annual Aspen Institute gatherings for "top education entrepreneurs, funders, policymakers, and researchers," as one invitation read. Sponsors selected participants based on a variety of criteria, including topical expertise and interest, and invitations to these selective events reinforced the standards of expertise and values that foundations sought to develop and elevate.

Using language to reinforce boundaries. Second, foundation officers and educational entrepreneurs reinforced criteria of membership through language. A number of informants referred to standalones as "mom and pop" charter schools, conveying the image of an organization with local roots but lacking specialized expertise—schools struggling to keep their "head[s] above water" *(LL, Founder/ Executive, CMO V).* The "mom and pop" metaphor was often juxtaposed against a contrasting imagery of CMOs as professionally managed, high-growth corporate chains:

> Think Starbucks and McDonald's. That's what [CMO U] is like. They are the Starbucks now. They're not locally responsive. They have a brand, a model… [Referring to the plans of a soon-to-be-established CMO T]: So that's no longer about local 'mom and pops' being very close. So that is very much the business difference of [CMOs]. They do develop a brand. They work to define the brand but then the brand drives the teacher hiring, their student recruitment, and their communications with parents *(IS, Program Officer, Funder A).*

Anointing exemplars. Third, foundations anointed exemplars among the growing community of educational entrepreneurs. This served to differentiate central and peripheral actors, and to construct organizational and individual role models for the emerging community. For example, from its inception, NSVF designated Aspire Public Schools as a model organization based on its educational results, hybrid team of educators and management professionals, and high-growth mission and track record. NewSchools publicized Shalvey and his leadership team on its website as an exemplary executive team for other grant-seekers to emulate. Peers regularly solicited Aspire staff to emulate their practices, and they in turn embraced their positions as role models, sharing business plans and acting as mentors for emerging CMO leaders. Commenting on this role model status, Shalvey stated, "We always thought that it would be Aspire and other organizations like Aspire that would lead this movement…we have a special obligation to make sure that every one of these organizations hits the mark."

True to Shalvey's statement, a number of leaders within the CMO field did assume even higher profile leadership roles within the charter field, and also within state and federal education policy. Most notably, in 2009, Shalvey was appointed the Deputy Director of the U.S. Education program at the Bill and Melinda Gates Foundation, one of the largest supporters of CMOs. Also in 2009, Joanne Weiss, a partner at NSVF, was appointed Director of the Race to the Top initiative of the U.S. Department of Education, overseeing $4.35 billion in funding. Race to the Top was designed as a competition between states for funds. States were required to pass legislation on a number of desired education reforms—including increasing the number of charter schools authorized—as a condition of eligibility.

DISCUSSION AND CONCLUSION

Our study set out to understand the multiple, interrelated processes by which institutional entrepreneurs elevate new and divergent organizational forms. Empirically, we explain how a group of well-resourced foundations used both material and cultural-political resources to elevate the charter management organizational form in California during the late 1990s and early 2000s.

The charter school method of reform began in the early 1990s largely as a response to bureaucratic education rules and regulations that were perceived to be detrimental to student achievement through excessive restriction (Hill et al., 2001). Deregulation and decentralization were seen by many as necessary requirements for educational innovation and creativity to take place (Bracey, 2002). The CMO is an organizational form that diverges from this construct. In the earliest years of the charter school, proponents argued that the standalone, as a locally-controlled school unencumbered by onerously bureaucratic rules and regulations, was the solution. The CMO, by contrast, requires centralization and regulation of school-level curriculum, operations, administration, and culture in order to facilitate scaling. An elite group of foundations engaged in three interrelated processes that worked in conjunction with the provision of financial resources in order to elevate the CMO form.

First, foundations were central actors who recombined elements from existing charter forms to generate and justify the new charter management organizational form. Second, through metrics stipulated in CMO funding agreements, foundations enforced evaluative frameworks within the charter field that legitimized the core structure and practice of CMOs. Third, foundations sponsored new professionals, who contributed to the diffusion of the CMO form. Each process operated through different activities. Taken together, they elevated the CMO form by supporting and reinforcing its goals, strategy for growth, leadership staff, professional expertise, and identity.

The paper underscores the mutually reinforcing nature of three institutional entrepreneurship processes undertaken by foundations. These processes are often the domains of different types of actors (Scott, 2008). Creative actors, whether tour boat operators establishing a whale watching industry (Lawrence & Phillips, 2004) or lawyers and entrepreneurs establishing new consumer-oriented watchdog organizations (Rao, 1998), are often distinct from standard-setting actors, accreditation agencies and professional associations, for instance, who lay out the evaluative frameworks by which organizations are assessed, certified, and legitimized (Brunsson and Jacobsson, 2002). Furthermore, standard-setters typically lack the financial resources necessary to widely disseminate their standards (Brunsson & Jacobsson, 2002). Foundations, particularly those that are well-resourced, are able to engage in these multiple institutional entrepreneurship processes through grantmaking, as we show.

Our study thus contributes to the literature on institutional entrepreneurship by illuminating the activities of foundations, a class of actors that stand out for their capacity to elevate a divergent organizational form through the recombination of cultural elements to create and justify a form, the enforcement of evaluative frameworks that establishes complementary standards for the form, and the sponsorship of professionals to staff and promote the form.

A few limitations of our study are worth noting. First, our analysis focused on institutional entrepreneurship among foundations. However, additional actors, including prominent education leaders, were enrolled to support and promote the CMO form alongside the foundations in our study. Furthermore, the evaluative frameworks imposed by foundations became self-enforcing among CMOs. For example, CMO leaders and proponents adopted the goal to scale as a shared basis of member identification and a quality that distinguished the CMO form from alternative charter school forms. To remain "part of the club," as one non-CMO charter leader described it, CMO leaders had to embrace scaling and proactively seek funding to support it. But while there were aspects shared among foundation and education leaders in support of the CMO form, foundations were the driving force behind the initiation and maintenance of the elevation processes we identify. The extent to which joint or negotiated action by foundations and their grantees support the CMO form is a topic of future investigation.

Second, we do not entirely rule out instrumental accounts for the elevation of the CMO—the possibility that CMO-managed schools are simply better schools, and that funders supported performance in the age of accountability. However, as stated above, evidence on the efficacy of the CMO form is far from conclusive. Our study was motivated in part by the observation that the dramatic growth of the CMO form in California preceded evidence of its relative effectiveness. Although a number of CMOs have closely monitored and evaluated their own performance, there is little empirical evidence to show that CMOs are more (or less, for that matter) efficacious than other charter forms. About a decade after the creation of the first CMO, several foundations commissioned a systematic evaluation of CMOs in comparison to standalone charter schools (Cech, 2008). The study found a wide degree of variation in overall performance and academic outcomes at CMO-operated schools (Bowen et al., 2012). Given the thin and sometimes conflicting evidence regarding the efficacy of CMOs, we argue that the diffusion of the CMO form within the California charter field may be partially, but certainly not fully, explained by the potential technical superiority of the form.

Conclusion

Because the study represents a snapshot of an emerging process, it is not clear how trends will unfold. There are signs of a potential slowdown in CMO growth relative to other charter forms. As the recent downturn in the economy reduced the base of philanthropic capital available, CMOs have faced challenges in maintaining the rate of scaling that their funders had initially expected. Similarly, foundations have faced pressure from CMOs to revise initial aggressive growth goals based on the difficulty of sustaining educational quality under pressure to scale. Additionally, a shortage of potential school building sites in some urban centers has, in some cases, created competition among charter operators. Growth rates have begun to slow as a result. However, there is nothing to suggest that the CMO is no longer the preferred charter form by foundations.

Although our focus is on the influence of foundations in the California charter school sector, we expect these processes and their effects to apply in other social sectors with similar conditions. Foundations often address social problems that are ill-defined, lack clear solutions, and are often under-resourced, such as the arts (DiMaggio, 1991), the law (Teles, 2008; Morrill, 2009), health care (Isaacs & Colby, 2009) and the environment (Brulle & Jenkins, 2005; Bartley, 2007). Such field conditions are amenable to institutional entrepreneurship (Rao et al., 2000; Scott et al., 2000; Lawrence & Phillips, 2004; Maguire et al., 2004). We began this paper by noting the growing size, number, and power of foundations. Given foundation resources, capacity, and the conditions in which they typically operate, scholarship on institutional entrepreneurship would be well-served by further exploration in this area.

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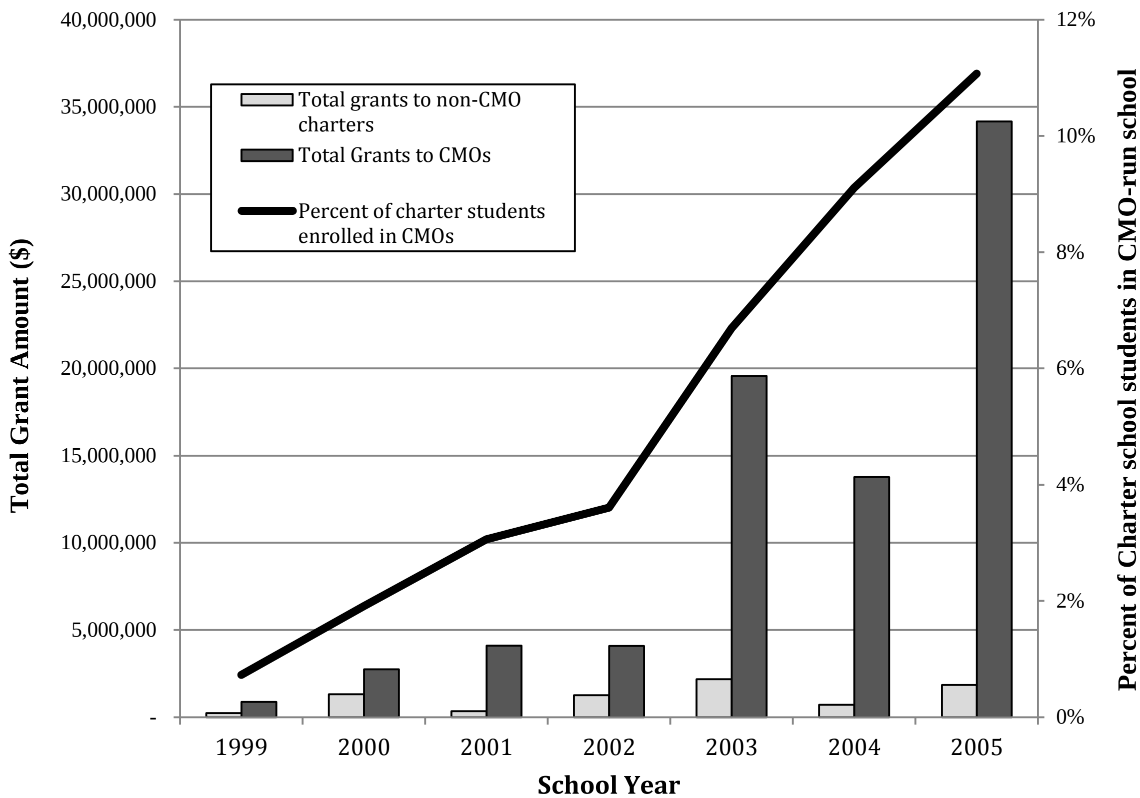
TABLES AND FIGURES

Figure 1. Foundation support of California's CMO-run schools and California charter school enrollment



Total foundation grants (above $10,000) in California are represented by the solid bars and can be measured along the primary vertical axis. The percent of California's charter population enrolled in a CMO-run school is represented by the solid line and can be measured along the secondary vertical axis. **Data:** Foundation Center Grants Database. California Department of Education, Education Data Partnership. NewSchools Venture Fund, IRS 990 (1999-2005).

Table 1. Data sources and uses

Data Source	Description	Amount	Use of Data in Analysis
Archival			
National Center for Education Statistics, Common Core of Data. California Department of Education, Ed-Data Partnership	Public data providing charter school name, address, enrollment, and opening (and closing) dates	543 records (CA): charter school name; student enrollment (1999-2005)	Coded for organizational form and tracked patterns of enrollment growth across forms
The Foundation Center, Foundation Directory; V2.0, 5.0, 6.0, & 12.0	Grants over $10,000 from 6,000 largest U.S. foundations filing IRS Form 990-PF	511 charter school grants (1999-2005)	Coded grants by charter and other organizational types. Tracked macro-patterns of funding to different charter organizational forms
NewSchools Venture Fund, IRS Form 990	Annual tax filings for charitable organizations	7 records identifying 45 charter-related grants (1999-2005)	Integrated these data into a master database of California elementary and secondary education grants
Published documents from conferences, meetings	Agendas, presentations, invitation lists	567 pages from 9 meetings	Examined goals, language, and participation patterns
Secondary sources	Published teaching cases of charter management organizations and NSVF, websites	7 cases 18 current and archived websites from charter schools, CMOs, and foundations	To triangulate other facts about dates, key actors and events, staffing, and sequencing of events
Observation			
CMO board meetings	First author participated as a CMO board member	12 meetings over 18 months	Raised initial questions and provided preliminary evidence of influence of funder influence
Foundation staff meetings and presentations	Observed central funder in charter movement	10 meetings over 15 months 150 pages of grant contracts, internal memos presentations, field notes	Analyzed notes for practices, processes, metrics, milestones, evaluation criteria, priorities; metrics and evaluation criteria* Supplemented and triangulated interview data with foundation personnel
Conferences and meetings	Attended as participant observer	9 meetings held over 10 days 47 pages of field notes	Explored patterns of goals, identity statements, and membership patterns

Data Source	Description	Amount	Use of Data in Analysis
Interviews		41 total	Coding produced themes related to:
Foundation personnel	Officers and partners	12 senior staff from 6 foundations	Rationale for funding, priorities, evaluation criteria, evaluation process, program goals, other strategies
CMO leaders and personnel	Founders, chief executive officers, chief operations officers, and chief academic officers Principals of CMO schools	18 senior leaders from 8 CMOs 4 principals from 3 CMOs	Founding story, goals and work priorities, challenges, governance structure/organization, growth plans; motives, staffing, leadership background, roles, identity statements, perspective on funders
Personnel from non-CMO charter schools	Founders and leaders	7 leaders from 4 non-CMO charter schools	Served as basis of comparison on the following elements: Founding story, goals and work priorities, challenges, governance structure/organization, growth plans; motives, staffing, leadership background, roles, identity statements, experience with funders

*Data were confidential and therefore kept in separate file for analysis. Only one author analyzed these data.

Table 2. Coding scheme from first round of analysis

Top level code	Subcode	Secondary subcode
Goals	Vision statement	Systemic vision
		Educational vision
	Theory of change	Tipping point
		Proof point
		Capacity building
		Voice
		Competition
		Competition/cooperation
		Political leverage
Leadership	Founder background	
	Board of directors	
	Valued expertise	Education
		Managerial
	Values and beliefs	
Relationships	Funders	Grantee resistance
		Power and influence
		Mission creep/resource dependence
		Grantmaking rationale
		Conferral of legitimacy
		CMO preference
		Scalability as criteria
		Exemplar grantees
		Networking/convening
		Course correction/evolution of strategy
		Evaluation
		Quality control—metrics and milestones
	District	Competition
		Cooperation
		Competition/cooperation
	State	
	Parents and students	
	Professional networks	Informal
		Formal
	Other CMOs	
	Other charters	
	Community relations	
	Teachers unions	
Growth strategy	Growth rationale	Replication in other districts
	Growth rate	
	Patterns of growth	Cluster
		Dispersed network
	Challenges	Staff limitations/human capital
		Bureaucracy
		Fast growth vs. school quality
History	Evolution of cluster	
	Original mission	
Identity	Jargon	
	Branding	
	Insiders and outsiders	Statements of self

Top level code	Subcode	Secondary subcode
		Statements of other
Professional artifacts	Strategic/business plan	
	Use of consultants	
	Business practices	Balanced scorecard
Structure	Centralization/decentralization	Education
		Management
	Organizational form	CMO
		Network/franchise
		Standalone
		Virtual/alternative
	Organizational strategy	Fundraising
		Political opportunities
	Internal dynamics	
Policy environment	Charter field	Creating small schools/turnaround
	Federal policy	
	State policy	

Table 3. Sample first round code family with illustrative data

1st level	2nd level	3rd level	Illustrative data
Goals	Theory of Change	Tipping Point	"So the original thing was, I think, just based on a number pulled out of the air which was, you know, a hundred is a nice round number, it sounds good. Let's build a hundred of them and that would be kind of like a tipping point that says, okay, if we can create that many charter schools that are performing well, then maybe at that size, the school district will finally listen to us, okay?" *(ST, Executive, CMO S)*
	Theory of Change	Cooperation/ Competition	"Our theory is if we… build clusters of ten to 12 schools in four areas, that will be enough, and initially in a collaborative way with the districts, not a confrontational way, we believe that will be enough with high academic achievement to either tip a system in a competitive way or be able to partner enough with the district that the district will change on their own because they want to." *(DF, Executive, CMO Y)*
			"We feel there's a lot of what we've called lighthouse schools out there that really are doing great things and they're seen as a lighthouse but they don't have a lot of impact. . . We felt like we needed to be a high performing system serving a lot of kids on an equal playing field with the district before we could really say, look, this is possible . ." *(DF, Executive, CMO Y)*
			"You don't want the school district to go out of business, you know, even though we sometimes try to blow it up verbally. We're not literally trying to blow it up, right?…We just want them to adopt… a more aggressive and more ambitious reform strategy modeled after what we do or any other, you know, high performing educational organization does rather than the same old, same old." *(ST, Executive, CMO S)*
Identity	Branding		"So we basically figured that in order to have a brand that meant anything, in order to really have an organization that stood for high quality, small schools, we had to have some consistent (inaudible words), it couldn't just be let a thousand flowers bloom." *(FM, Executive, CMO Y)*
	Insiders and Outsiders	Statements of "Other"	"There started to be a sense that 'mom and pop' charter schools are damaging the movement." *(LL, Founder/ Executive, CMO V)*
			"Think Starbucks and McDonald's. That's what [CMO U] is like. They are the Starbucks now. They're not locally responsive. They have a brand, a model" *(IS, Program Officer, Funder A)*

Table 4. Sample data from early phases of cross-case comparative analysis

	CMO W	CMO X	CMO Y
Informants	*LG, Founder/ Executive* *QH, Chief Operating Officer* *KH, Principal* *RA, Principal*	*CN, Founder/ Chief Executive Officer* *LD, Chief Operations Officer* *AM, Chief Academic Officer* *IP, Principal* *RG, Principal*	*CT, Founder/ Chief Executive Officer* *DF, Chief Academic Officers* *FM, Chief Operating Officer* *BN, Director of Operations* *ZM, Principal*
Goal: Scale	*QH:* "To really be able to get the kind of impact and influence, not just in a community but at the state and then ultimately a national level, our conclusion is that the growth is much better focused in six or seven target cities."	*CN:* "We really believe that to create a community of learners among the teachers and to make sure that [CMO X schools] have lots of staff, can be as involved and because it can support the schools more easily, you've got to be close."	*FM:* "Our work was to grow a significant number of schools in a small number of clusters in order to create change...we believed that we would have to have fewer schools to achieve our mission if we clustered. So the idea of creating a hundred schools at a hundred different communities, you wouldn't see much impact."
Rationale	**Funder-driven** *QH:* "Funders want to see growth. They are much, by and large, much less interested in funding existing schools. They love the stories from the existing schools but where they feel like they're able to, where they feel like their dollars are having the greatest impact is when they know it's going to new schools." *QH:* [Funders] either allocate specifically to new schools or they won't give money without seeing a real commitment from us to continue growth, right? So they'll want to see the business plan… if they feel like the growth isn't aggressive... they'll call us."	**Funder-driven** *CN:* "[Funder D] said, "You guys give me 20 schools."… So the money was for five schools and in five years." *CN:* "If [a funder] has said to us, you know, four years ago, would you guys do 15 schools and they could lay out a reasonable, clear path to do it, we probably would have said yes because we had to get in the game." **CMO leader-driven** *CN:* "[CMO X] was going to be one school and then I joined the board and it became more schools because I said, 'Look, if we're going to do one, why not spread that learning out over a number of schools?'"	**Funder-driven** *DF:* "All of [the funders] are about growth because all of them are, for each new school that we grow, the funding is linked to that so they're all about growth and scale." **CMO leader-driven** *DF:* "We were always going to scale, we were never going to do just one…I don't really know how we could work without scaling." *FM:* "…I don't think that you can be a catalyst for changing the system without having some scale."

Table 5. Sample second round coding scheme and illustrative data

1st level code	2nd level code	3rd level code	Illustrative data
Funders' expectations and related practices	Metrics and milestones	Educational metrics (discussion of academic performance)	"[The funder] was incredibly aggressive in terms of [expectations for] performance scores. Not one school in the state with low-income levels like [our students] meets these expectations. We came close to those goals but didn't quite make them. Now we wonder, will they still give us the money?" *(LL, Founder/ Executive, CMO V)*
			"We use a balanced scorecard where we actually measure quite a number of things to evaluate the organization's success. Obviously, first and foremost, is student achievement and the principal measure for that…is our growth on the academic performance index which is a State measure of performance." *(FM, Executive, CMO Y)*
		Managerial (discussion of organizational performance)	"We just went through a long strategic planning process with Bridgespan Consulting Group that [the funder] funded to help us work through, four months of thinking those things through and we came up with a new business plan." *(LD, Executive, CMO X)*
			"We use a framework that was done by the McKinsey not-for-profit practice [for our board evaluation]. [We] rate the importance and the performance of all these different criteria and see how the board is doing and then basically make a plan of action for that year for the board." *(FM, Executive, CMO Y)*
			"At the end of the day, when you are trying to meet targets set by funders, the impact is that they shape the way the organization thinks and functions." *(CMO Executive)*
		Entrepreneurial (catalytic performance, scale, and growth)	"…we had to raise some money [for our original school] locally and so where was the money? The money was in scale.'" *(LL, Founder/ Executive, CMO V)*
			"Going gangbusters up to 25 schools, getting schools on the board, was the metric." *(LL, Founder/ Executive, CMO V)*
			"Some entrepreneurs we don't invest in because…they don't really have the potential for systemic impact, the catalytic part." *(JT, Executive, Funder B)*