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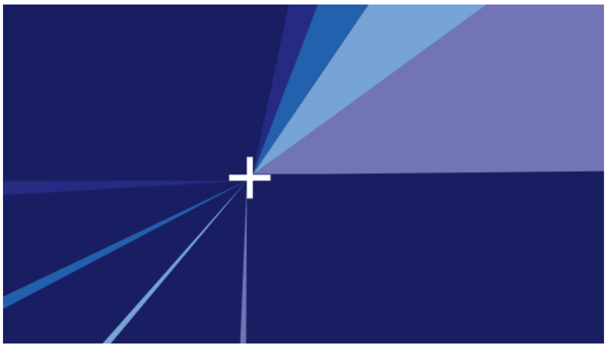
Building Capacity for Sustained Collaboration

Foundations helping nonprofits build their capacity to execute sustained collaborations are catalyzing an important shift on the nonprofit landscape and having an outsized impact on the ground.

By Heather McLeod Grant, Kate Wilkinson & Mickey Butts | May 27, 2020



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In the social sector, it has become almost a cliché to say that no organization can go it alone. The scale of the issues that nonprofits are tackling—climate change, homelessness, racial justice, income inequality—feels too big for any one nonprofit or funder. And the scale of the impact these organizations hope to achieve—to change systems, not just symptoms—can be just as overwhelming.

This is why nonprofit collaboration has become an increasingly important social change tool—one that is needed now more than ever to address the fallout from the COVID-19 pandemic and recession. But working with other organizations—whether in a loose affiliate network or movement, or in a more structured partnership or merger—requires a commensurate growth in collaboration *capacity*. To execute a sustained collaboration like a partnership, merger, or shared service arrangement, nonprofits need help. In the for-profit world, companies wouldn't think twice about hiring outside legal, financial, and logistical specialists to work with them. But in the nonprofit world, fewer financial incentives for collaboration exist, hiring experts is less common, and funders rarely invest in this kind of capacity building.

"A sustained collaboration is not business as usual, so why wouldn't funders provide support to nonprofits to hire outside help?" asks Nadya Shmavonian, a partner with SeaChange Capital Partners and director of the Nonprofit Repositioning Fund, a regional effort to fund long-term collaborations among nonprofits in the Philadelphia area. "The work of collaboration can be utterly transformative in terms of impact."

Fortunately, more foundations have begun following in the footsteps of the Lodestar Foundation, which has funded this sort of capacity building since 1999. More than 100 local foundations have created pooled-funding initiatives in seven communities and are now launching the Sustained Collaboration Network (SCN) to share their insights and build this field. Over the last seven years, SCN funders have collectively committed more than $20 million in capital to help nonprofits explore and implement formal collaborations, while national funders such as Fidelity Charitable Trustees' Initiative have supported this work to unlock more investment in strategic collaborations and to strengthen social sector infrastructure.

Collectively, this network of local initiatives has managed hundreds of sustained nonprofit collaborations involving thousands of organizations, and has built a robust pipeline of future projects. The national SeaChange-Lodestar Fund has also invested $2.2 million through 132 investments in 260 organizations across the country over the past decade, in addition to supporting the network. The SCN will now support new communities that want to start pooled funds by creating a step-by-step guide for prospective collaborations, developing best practices, and sharing evaluation frameworks.

The end game is to help nonprofits sustain and grow their *impact*, not necessarily their individual organizations. While the total funding thus far is small compared with the scale of "big bet" philanthropy, this behind-the-scenes effort is highly leveraged, already catalyzing an important shift across the nonprofit landscape and having an outsized impact on the ground. More funders and change-makers may want to learn from this approach, and even consider replicating it. To that end, we want to share what we've learned from helping to build this network. As we will explore in this article, innovative platforms for this work are coalescing into a powerful field of capacity building for sustained collaboration.

Growing Demand in the Field

The need for collaboration was growing even before the COVID-19 pandemic and economic recession hit. The current climate is now creating skyrocketing demand for services coupled with falling revenue, creating a perfect storm for nonprofits. With 1.5 million nonprofits in the US—many of which could fail in the next year—shoring up individual organizations without addressing larger structural issues won't solve the larger problem. "One organization is not going to create the systems-level change we need," says Kristen Scott Kennedy, chief of staff of the Council on Foundations. "We need folks coming together in partnership to move the needle."

Nonprofits have been heeding this call and collaborating since the last Great Recession—whether forming loose alliances, partnering in local collective action initiatives, or developing a more structured and sustained collaboration between two or more entities. Take, for example, After8toEducate in Dallas, a collaboration among the city's school district, two agencies serving homeless youth, and a group of local philanthropists, which is now repurposing a vacant former school into a shelter with services for an estimated 4,000 homeless students. Or in Los Angeles, where child welfare nonprofits with complementary strengths decided they would have greater impact together: Bienvenidos became a subsidiary of the larger Hillsides, freeing up more than $1 million for additional family services after a back-office and leadership integration and enabling the expansion of Bienvenidos' foster care and adoption services to Hillsides' clients.

As government funding declines, philanthropic resources become more concentrated among fewer funders, and smaller "everyday" donors give less, these kinds of sustained collaborations are increasingly necessary. But since the trend in philanthropy is toward the "shiny new thing"—funding programs over operations and seeding start-ups over scaling existing organizations—the SCN was established to help nonprofits access the flexible, risk-tolerant capital that they needed to assess and implement complex organizational collaborations.

"Over these past 21 years I have seen a lot of funders invest in planning for leadership transitions and other aspects of capacity building, but they will not support nonprofits that want to come together," says Lois Savage, president of the Lodestar Foundation; "However, when funders help two high-performing nonprofits come together, they are supporting opportunities to increase effectiveness and magnify impact."

The social sector has also been slow to give up the *organization* as the unit of change and focus on the *mission*. Many leaders want to preserve their own organizations, and their boards have a "duty of care" to do what's best for the nonprofit. "People put their heart and soul into building organizations," says Scott Cotenoff, a partner at La Piana Consulting who has worked with a number of nonprofits on strategic restructurings. "There is a sense of 'This is my baby and I am not ready to let it go.'" Nonprofits also have different ways of measuring impact. "Many organizations working toward similar goals differ subtly in their strategies and approaches to achieving results," says Sarah Gelfand, vice president of social impact programs at Fidelity Charitable Trustees' Initiative. "These subtle differences can get in the way of similarly motivated organizations seeing the benefits and opportunities of combining forces."

To overcome these barriers, members of the SCN help with sustained collaborations from mergers and acquisitions to joint ventures and parent-subsidiary structures. They also assist communities in developing critical "backbone" platforms, through fiscal sponsorship, management support organizations, colocation, and shared back-office services. All these initiatives aim to remove the stigma that often wrongly surrounds sustained collaborations, making them part of regular conversations that nonprofits and funders should have about impact and sustainability.

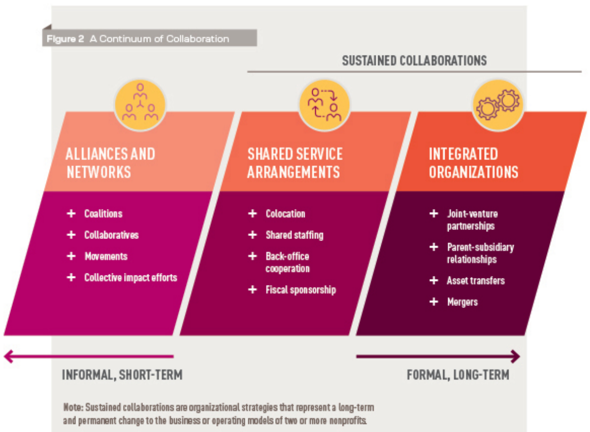
"Formal collaboration should be a tool just like any other in a nonprofit leader's toolkit," says Jennifer Price-Letscher, director of programs and special projects at The Ralph M. Parsons Foundation, one of the managing funders of the collective Nonprofit Sustainability Initiative (NSI) in Los Angeles. "We're working toward this goal of normalization: It becomes a normal, healthy conversation that organizations and funders can have on a more regular basis."

The nonprofits flocking to these initiatives even before the current crisis demonstrate robust demand. "When we held our launch event in June 2017, we were nervous that there wasn't going to be enough demand," says Margaret Black, director of Lyda Hill Philanthropies and a member of the steering committee of the Better Together Fund in Dallas, which is part of the SCN. "I remember wondering how many chairs to put out in the room. Should it be 30 or 35? And to our pleasant surprise, we had 400 people show up, and it was standing room only."

An Emerging Model for Supporting Collaboration

The SCN defines sustained collaboration as a "continuum of organizational strategies for structured collaboration that represent a long-term and permanent change to the business or operating models of two or more nonprofits," placing less structured collaborations such as coalitions, collaboratives, or movements, at the other end of the continuum and outside of the boundaries of sustained collaboration. While the vast majority of collaborations happen in the least formal areas of joint programming and loose associations, demand is growing for more formal structured collaborations.

"The big challenge in messaging to the nonprofit community is that this is about more than mergers," says Genita C. Robinson, director of the Mission Sustainability Initiative (MSI) in Chicago, a founding member of the SCN that has subsequently left the network. "This is about the entire continuum of long-term and permanent partnerships, including colocation, shared staffing, joint-venture partnerships, and back-office cooperation."



(Image courtesy of Open Impact)

Most sustained collaborations take the form of parent–subsidiary relationships or asset transfers, but "it's no longer seen as just one size fits all," says Jessica Cavagnero, a partner at SeaChange Capital Partners who manages the SeaChange-Lodestar Fund and the New York Merger and Collaboration Fund (NYMAC). "Folks are trying to take all of these various knobs and screws and build something that makes sense for them."

Whatever form these sustained collaborations take, they represent a set of new funder behaviors designed to shift organizations toward more sustainable ways of working. The most successful initiatives we've studied point to a set of strategic elements that fuel sustained collaboration. While we have found no single cookie-cutter approach that works every time, our research and work with the SCN show that most successful initiatives typically have four characteristics that lead to powerful results.

Community responsiveness | All of the SCN initiatives have grown out of strong community demand. Today the local SCN initiatives work to raise awareness and change attitudes about sustained collaborations at convenings for nonprofit boards, staff, and community members—gatherings that frequently attracted hundreds of participants even before the current crisis. Each initiative in the network fields dozens of confidential calls per month from nonprofit leaders who are interested in getting advice about sustained collaboration.

Nonprofit leaders and boards often know they need help and are in a good position to advocate for what would be of value to them. But many haven't done this before, and sometimes, neither have the funders; initiative leaders have to have humility. "First and foremost, what guides us is to always assume that nonprofits know what they're doing," says Cavagnero of NYMAC. "Our work is really driven by the needs and desires of nonprofits and the questions that they ask. We represent money, we represent knowledge, we represent a network. And I think all of those things wrapped up add value to the community."

Savage of the Lodestar Foundation adds that funders have to remain responsive to local needs: "These transactions take time, and you can't rush them. It's like any relationship. Sometimes they blossom immediately; sometimes they take years to develop. And sometimes you have to wait a generation, until an ED or some board members leave. You have to be patient and responsive to the needs of the nonprofits."

Pooled funds of patient capital | Most of the six current SCN initiatives started independently when a group of local funders decided to pool funds to cover the financial costs of collaboration, such as the short-term help needed to explore or implement sustained collaborations, or grants for technical assistance and consultants. These grants are separate from the regular funding of individual foundations, so nonprofits are not cannibalizing existing efforts. "It cannot be overstated the amount of expertise and time it takes to evaluate if a sustained collaboration is going to be worth it," says Black. "Unless you're creating that space of dedicated funding, collaboration doesn't rise to the level of priority that's needed."

These local initiatives are responding to a lack of funder support for the true costs of collaboration, since most funders play little role in supporting collaboration. Program officers often work to advance issue areas that they are passionate about, and most foundations are organized along program-specific lines. However, relatively few funders link a sophisticated understanding of nonprofit capacity to their ability to deliver upon programmatic outcomes.

To address these barriers, SCN member foundations typically make multiyear financial commitments to a network initiative, in the hopes of seeing the benefits over months and years. Initiatives like NYMAC and the Greater Philadelphia Nonprofit Repositioning Fund raise funds once every two to three years, much like investment funds assemble capital in the for-profit world. The average three-year budget across all the initiatives is $1.5 million, supporting several years of operation and allowing the initiatives to make grants when the time is right.

Initiative grants across the SCN come in two basic types: exploration and implementation. An exploration grant helps two or more nonprofits access third-party experts—such as lawyers, facilitators, and financial analysts—to perform due diligence, figure out whether a collaboration makes sense, and negotiate what it might look like. Exploration grants vary by location and range from $10,000 to $40,000. At the implementation stage, the nonprofits have negotiated the terms of the deal, their boards have signed off, and the transaction is ready to proceed. These grants average $30,000, but in some cases can be up to $100,000; they cover one-time costs such as rebranding, updating websites, integrating IT systems, staff and board integration, breaking leases, combining office spaces, and other expenses necessary to complete a transaction.

One advantage of these initiatives is the ability to make fast funding decisions. "When collaborations are ready to go, they're ready to go," says Price-Letscher of NSI. "You can't wait nine months to move a grant. You need to move it now." Another critical advantage is that this funding is open to risk. Nonprofits can apply for funding even if they are just thinking about a collaboration and want to take a few months to figure it out. "If it's a good idea, and there's a solid financial model behind it, we'll probably say yes," says Cavagnero of NYMAC. "And if nonprofits don't end up doing the deal, but they have learned something from the process, we think, 'Great. Carry on. Here's our card and call us again.'"

A neutral, trusted initiative |The question of who drives these efforts can be fraught with unspoken power dynamics, which is a central reason for arms-length management of funds through an independent initiative, separate from funders' regular grantmaking. Funds are often held at a member organization, so that there's no need to set up yet another permanent structure. This arrangement encourages confidential inquiries, allowing a safe space where collaboration ideas can percolate on a timeline that meets nonprofit needs—funders typically don't know who is in the pipeline until a grant is actually recommended.

In most cases, network initiatives are led by an independent manager who has earned trust in the community, has recognized expertise, and can speak the language of nonprofit executives, boards, and funders. Initiative managers often vet grant proposals for the funders, steward grantees throughout the process, and offer a confidential sounding board for nonprofits to have exploratory conversations and receive feedback about potential collaborations. When needed, initiative managers can help nonprofits identify potential consultants or technical assistance providers. In the process of helping so many nonprofits, they amass tremendous knowledge of what makes successful deals.

"There's a safety of going to a neutral third party," says Lynn Alvarez, vice president of programs and strategy for ECMC Foundation in Los Angeles and the former initiative manager at NSI. "You don't have to go to your regular funder and feel like you're double dipping or needing to air your dirty laundry. The initiatives keep a pot of money separate from any one funder."

Since a nonprofit may be loath to admit to its funder that it is exploring a merger, "one added value of these initiatives is the ability to provide a confidential place for nonprofit leaders to talk about some of the bigger issues, especially in the early days, without having it get back to their very important foundation funders that support them," says Cavagnero of NYMAC. "There can be a sense that organizations are doing this work from a position of weakness—there can be a perceived taint of failure. Leaders who call us often want assurances that we won't be sharing information before they are ready to discuss things with our broader funder group. We've gained this reputation—rightfully so—of being a trusted thought partner where our currency is really our reputation and discretion."

The Better Together Fund in Texas is an exception to this general structure. Instead of having an initiative manager, it has a distributed model: a steering committee of five foundations serves as the governing body that decides on grants while the Dallas Foundation manages the donor-advised fund that holds pooled capital. A nonprofit can approach any of the steering committee members knowing that all of them will honor confidentiality.

"If you're really trying to model that we're on the same team, then I think it's OK that you don't have this neutral party as a go-between," says Black. "Because every decision maker on the committee has directly stewarded some of these programs, I think everybody is a better decision maker. That strengthens the steering committee, it strengthens the organizations that are funding it, and it brings a closer connection to this great divide between grantees and funders."

Third-party technical expertise | Sixty-eight percent of nonprofits plan to collaborate (formally or informally) with other nonprofits over the coming year, according to the Nonprofit Finance Fund, but most nonprofits struggle to find the time, resources, and funding to make collaboration real. Neutral outside consultants are experts in all the components of formal collaboration, and they can help nonprofits put together a plan over the months, and sometimes years, these efforts can take to complete. Technical assistance could be needed in several areas, including financial and legal research and analysis, human resources compensation, fundraising feasibility studies, IT platforms and capacity assessments, and rebranding strategies in the case of mergers. Legal assistance is critical to completing complex transactions, and the initiatives can either coordinate access to pro bono counsel or provide support to retain discounted legal counsel—help that can be worth upwards of six figures. Many network initiatives offer a list of vetted, experienced technical assistance providers, or help develop capacity among consultants for this work.

When done well, the assistance of consultants can be invaluable. In Dallas, six domestic violence shelters were able to come together to explore consolidating their individual hotlines into one hotline that victims and police could call for help, learning from how Safe Horizon in New York City had created its hotline. According to one nonprofit leader, "The funding to work with an independent third-party consultant and the ability to bring New York City colleagues to Dallas to educate the group was the critical tool to making this collaboration possible."

Case Studies of Local Initiatives

1. California's Nonprofit Sustainability Initiative

The Nonprofit Sustainability Initiative in Los Angeles grew out of a 2011 conference hosted at the UCLA Center for Civil Society about the financial strain nonprofits were experiencing following the Great Recession of 2008. After the downturn, demand for services had spiked while revenue from public and private funders had plummeted—not unlike the current COVID-19 crisis. "We hosted a conference and an initiative broke out," jokes Jennifer Price-Letscher of NSI. And demand among nonprofits for NSI was strong from the start: 700 local nonprofit CEOs and board members showed up when NSI held its first meeting on sustained collaboration. From an informal collaboration among three leading Southern California foundations, the network has since grown to include 18 foundation partners. The three current managing funders—The Ahmanson, California Community, and Ralph M. Parsons foundations—provide the initiative manager with direction and help make decisions about grant requests, while the California Community Foundation (CCF) acts as fiscal agent and hosts NSI's website.

To date, 230 nonprofits in the Los Angeles area have received $3.7 million across 79 exploration grants and 33 implementation grants. NSI grants are distributed across six major categories, in order of investment: youth and family, human services, health, education, arts, and animal welfare. Among grantees, more than 85 percent of exploration grants have resulted in signed agreements, more than 80 percent of grantees report that these partnerships enhance their organization's ability to achieve impact, and more than 75 percent say that their relationship with NSI has a positive impact on their ability to think strategically, foster board engagement, improve financial awareness, and remain open to future partnerships.

The definition of success for NSI is not whether organizations come to an agreement, says Carrie Harlow, project manager for NSI. Participants gain a greater awareness of their organizational capacities from going through the process, even if they get to the altar and decide not to marry. “One hundred percent of the 80 organizations that participated in a post-negotiation survey reported that, regardless of whether or not they came to some sort of agreement, they felt that the experience of going through the negotiation was valuable,” says Harlow. “And if they don’t come to an agreement, many of them come back to us with a new partner down the line and engage in the process again.”

Over time, NSI has developed a list of high-quality technical assistance providers that have a unique skill set which includes an important psychological component. “What we’ve heard consistently from grantees that we’ve supported is that this work requires consultants to have an organizational-behavior or therapeutic capacity,” says Price-Letscher. “It’s not like the for-profit sector, where you get your golden parachute and your name in the business journal when your company has been acquired. It’s more like your identity is being subsumed by another organization and can you let that go? A consultant needs to be able to help clients navigate the complex interpersonal dynamics that often arise during this process.”

Like all the initiatives, NSI carefully assesses nonprofits’ readiness for sustained collaboration, making sure grantees have realistic expectations about the time and the financial and emotional commitment it can take to complete a negotiation. “We have conversations with the participating organizations to ensure that they’re entering into the negotiations with clear and realistic expectations,” says Harlow.

What makes NSI’s quick response rate of two weeks to one month possible is a governance structure made up of only three decision makers who vote on grants, rather than all 18 foundation partners in the pooled fund. The other foundation partners form a learning community focused on evaluating results, and they often hear directly from grantees with “boots on the ground” as they advise and give input on strategy at convenings twice a year.

As an example of NSI’s impact, one grant resulted in the creation of the Arts for Incarcerated Youth Network (AIYN). AIYN is an L.A.-based programmatic alliance of six nonprofits that provides arts programs, such as theater or creative writing, for youth in the juvenile justice system. Each nonprofit maintains its own organizational structure and programming, while AIYN provides a neutral shared structure that can look across the landscape and guide the members’ collective work on funding and executing joint programming.

One early result is a major expansion of arts programs to all youth in L.A. County's detention facilities, thanks to $1 million in new county funding that AIYN was able to tap as a larger and more powerful network. "We realized that there was more we could be doing collectively than in our own organizational silos," says Chris Henrikson, executive director of Street Poets, which is a member of AIYN. "It's been amazing to watch this collaborative network take off. NSI got us off the ground. It was hugely impactful for us as an organization and for the other partners."

2. New York's Merger and Collaboration Fund

Founded in 2012, the New York Merger and Collaboration Fund (NYMAC) serves nonprofits in the New York City area. The initiative grew out of the national SeaChange-Lodestar Fund for Nonprofit Collaboration, the first joint fund in the nation dedicated to promoting sustained collaborations among nonprofits.

NYMAC has made 61 grants totaling $1.8 million from six foundation partners and 12 individuals, and the 142 organizations it has helped, in turn, serve more than 1.8 million New Yorkers annually. NYMAC's foundation partners must be open to funding nonprofits outside their grantee portfolio. Foundations typically invest in the pooled fund at the $150,000 level over three years, with a dozen individuals contributing at the $25,000 level over the same period. $2.75 million has been raised since the initiative began.

When the NYMAC initiative launched following the Great Recession of 2008, its funders saw multiple distressed, "hair on fire" situations in which nonprofits had six to eight weeks of payroll left and needed to stabilize the organization. "None of the conversations in the first two years were about proactive efficiencies and scale—the language was about preservation and sustaining of programs," says Cavagnero of NYMAC. "More recently the language shifted to 'How can this be a long-term strategy for impact? There's no pressing need, but we think in 18 months, we have to do something.'" In light of the current COVID-19 pandemic and recession, Cavagnero and other local initiatives are seeing levels of distress rising again, as many nonprofits struggle to survive financially.

The merger of the HOPE Program and Sustainable South Bronx in 2015 demonstrates how NYMAC can have real impact on the ground. The organizations operated in separate boroughs of New York City but had complementary workforce development programs focused on helping those with a history of homelessness, substance abuse, incarceration, or domestic violence develop job skills. After weathering two years of declining revenue, Sustainable South Bronx determined that it needed to become part of a bigger effort to sustain its programs focused on training and placing clients in green-economy jobs. Meanwhile, the HOPE Program was looking to scale up its intensive job training programs through an expansion into a new area of the city.

As a result of the two organizations' subsequent parent–subsidiary partnership, the combined organization has been able to reach the next level of scale needed to attract larger funders like the City of New York. Their budget has doubled, along with the number of clients served. "Seeing them working from the same playbook all along, and achieving near-unanimous agreement on most matters, was very important and very gratifying," says Suzi Epstein, managing director of jobs and economic security at Robin Hood, a funder to both organizations that played a key role in the partnership.

So far, Cavagnero says, the majority of the deals NYMAC has supported have improved the programmatic services of the organizations far beyond the level originally intended. More than 85 percent of nonprofit grantees have deemed the initiative's support as successful. "These grants have helped build long-term financial sustainability, expand programmatic reach, and allow the organizations in many cases to attract and retain talent at the leadership and board levels that might otherwise have been more difficult to achieve if they had been stand-alone organizations," says Cavagnero. "And even if these transactions didn't work out, the grants often helped boards and leadership get aligned and put organizations in a better place as independent entities."

The Time Is Ripe

In light of the current pandemic and economic crisis, local initiatives are seeing demand for their services rising—and demand for this model in other communities seeking to help local nonprofits restructure. For those funders who want to build local capacity for sustained collaboration, they should keep in mind some practical advice from those with experience:

● **Encourage collaboration curiosity.** Robinson of the Mission Sustainability Initiative in Chicago has seen more nonprofits thinking proactively about collaboration even before the COVID-19 pandemic. "One of our goals is to change the culture of the conversation around partnerships, toward something that people think about proactively and talk about openly. It doesn't have to be spoken about quietly behind closed doors. You can make it part of your periodic strategic planning," she says.

She sees more and more nonprofits coming together to generate greater effectiveness and not just to increase efficiencies or to survive. "Partnerships aren't just because people are having problems or facing external pressures," says Robinson. "Partnerships help organizations be more effective: serving more people, serving a bigger geographic area, providing more services to the same people."

A nonprofit leader in Los Angeles saw the benefits of proactivity firsthand when she applied for a grant from NSI to explore its eventual merger with a similar L.A. community organization. "I used to be of the opinion that people needed to do mergers when an organization was failing and it was a last resort," says Michelle Freridge, executive director of the Asian Youth Center (AYC). "Attending an NSI conference was a real eye opener for me about the possibilities for mutual benefits for healthy organizations."

● **Get boards on board.** Boards represent the single biggest barrier—and leverage point—to developing healthy sustained collaborations. While the executive director is far more likely to initiate collaboration discussions than the board, boards are critical in creating an environment in which executive directors feel empowered to begin these discussions and to evaluate opportunities. If a project doesn't rise to the level of early board involvement, it is unlikely to yield a successful long-term formal collaboration.

Education for nonprofit boards is therefore vital. Resources such as those from the Power of Possibility project, created by the nonprofit group BoardSource, and the GrantSpace Nonprofit Collaboration Database from Candid can be helpful in starting and advancing the conversation about sustained collaborations among boards and nonprofit leaders. The initiatives profiled in this article have held dozens of events reaching out to boards and nonprofits to demonstrate that sustained collaboration can be a productive strategy.

● **Be sensitive to culture and leadership.** It's difficult to blend vastly different organizations. "You need to assess whether or not there are big cultural issues, and then ask those questions up front as part of the due diligence process to at least get people thinking about it," says Cavagnero of NYMAC. "The folks who put culture front and center have come out of the process in a much better place two years later than the folks who were just like, 'Whatever, we'll figure that out.'"

She also adds, "Some of the deals that I have seen blow up spectacularly have been around leadership, when a founder is involved. The deals that have worked have been those in which the founder and board have understood the importance of this transition, put their mission front and center, and worked toward the same goals."

A critical time to hit the pause button and consider alternatives is when a nonprofit faces a leadership transition, an opportune time to reflect on whether a formal partnership with another organization may advance a nonprofit's mission. Other good transition points include when a nonprofit loses a major revenue stream, the regulatory environment changes radically, or in an economic downturn. Rather than going forward with business as usual, nonprofits can contemplate whether they might want to join forces with others.

● **Foster transparency and trust.** Efforts that have succeeded have built trusting relationships with nonprofits. "Collaboration moves at the speed of trust," says Black of the Better Together Fund. "You hear it, you think you know it, you believe it at the onset, but you really need to experience it." She thinks back to one collaboration that had the benefit of technical assistance from a fully staffed team with a major consulting company. The planning meetings kicked off with an exhaustive data analysis, before the respective nonprofit leaders had gotten to know each other well, causing it to stall. While the project eventually moved forward the experience drove home the importance of the human connection. “It’s not that we need to start with trust falls, but it is essential that we don’t assume that everybody is truly trusting before we move forward,” Black says.

To build more trust, funders can convene grantees around best practices in the field of sustained collaboration so that nonprofits have an opportunity to become more receptive. “Sustained collaborations are very sensitive work and people are very much aware of the power dynamic,” says Savage of Lodestar. “Funders have to be very respectful of nonprofits. You can’t demand that two nonprofits come together, because it’s like a marriage—these relationships have to be built on trust. When efforts are foundation-mandated and -initiated, that can create problems.”

- **Bring funders together.** Everyone in philanthropy wants to maximize the impact of their limited dollars. One way to do that is by supporting nonprofits that want to achieve more impact by working together on a permanent basis—and by pooling resources to support this collaboration. “All funders should want to see impact magnified,” says Savage. “From all of the combinations of nonprofits I’ve seen, the stories are amazing of how much more they’re able to achieve when they come together.” For example, Lodestar funded the national merger of Gilda’s Club and the Wellness Community to form the Cancer Support Community, which provides support for cancer patients. In the first year, that combination led to a budget for the new organization that was $1.6 million lower than the sum of the previous organizations’ separate budgets, with a simultaneous increase in its effectiveness. This is just one small example of how funders can support nonprofits coming together.

Ultimately, sustained collaborations are about growth and change, and about achieving more impact with limited dollars. Funders can help organizations come together and they can continue to do more of the same, organization by organization. Fortunately, it’s not an either/or decision. Funders can and will do both. The more forward-thinking among them will also join forces with other funders to magnify the impact of their philanthropic work by supporting formal, long-term collaboration among nonprofits. In the process, they will achieve more lasting impact.

Read more stories by Mickey Butts, Heather McLeod Grant & Kate Wilkinson.

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