Donor Collaboration: Power in Numbers



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The Philanthropic Initiative

The Philanthropic Initiative (TPI) is a nonprofit philanthropic consulting practice that helps companies, foundations, families and individuals find innovative ways to maximize the impact of their giving. Working around the globe, we partner with clients to create, implement and evaluate customized philanthropic strategies. Since 1989, we've directed more than one billion philanthropic dollars and influenced billions more on behalf of our clients.

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TPI is a distinct operating unit of the Boston Foundation.

Overview

How can our relatively small gift begin to make a difference on such a huge problem? Where do we get started in learning about an issue? Which organizations are most effective in operating programs in our community? What can we do to help ensure that our philanthropic investments will lead to sustained change?

These are the kinds of questions that confront donors as they seek to have an impact on complex social issues. However, funders are increasingly realizing that they do not have to figure out the answers in isolation. Rather, they are finding ways to connect with their peers to share ideas and information, analyze problems, and craft strategies. While donor collaboration is not a new concept, it has gained currency as funders seek to have an impact on ever more complex problems, while realizing that their individual giving will generally not be sufficient to make the kind of difference they desire. At the same time, our interconnected world has created new opportunities for donors to work together. The result is that individual donors, family and corporate foundations, as well as large national foundations, are coming together in collaborative efforts around a broad range of issues. From forums in which donors simply exchange information with one another to much more formal arrangements in which they pool their resources in joint grantmaking decisions, donor collaboration is becoming increasingly common nationwide.

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What Does Donor Collaboration Mean?

Donor collaboration takes many forms. Examples of collaboration models, ranging from the least to the most structured, include:

Information Exchange – This is the loosest type of collaboration. It provides a forum – sometimes physical, sometimes virtual – in which funders can exchange information and discuss their common interests.

THE NEIGHBORHOOD FUNDERS GROUP

The Neighborhood Funders Group (NFG) is a membership association whose mission is to strengthen the capacity of organized philanthropy to understand and support community-based efforts to organize and improve the economic and social fabric of low-income urban neighborhoods and rural communities. NFG offers workshops, conferences, learning tours, newsletters, a technology platform, and other forums to exchange information.

 Co-Learning – In this type of collaboration, donors agree to explore together a particular issue or problem.

YOUTH TRANSITIONS FUNDERS GROUP

The Youth Transition Funders Group is a network of grantmakers who seek to help all youth make a successful transition to adulthood by age 25. Members can be involved in work groups based on shared interests. Groups focus on particular youth populations, such as youth served by the foster care system and youth who have dropped out of school or are at risk of dropping out.

Informal Strategic Alignment – In this model, donors work together to explore a common challenge; they may eventually decide to align some of their grantmaking through shared or complementary strategies.

THE JEWISH FUNDERS NETWORK

The Jewish Funders Network (JFN) is an international organization of family foundations, public philanthropies, and individual funders dedicated to advancing the quality and growth of philanthropy rooted in Jewish values. Membership is open to individuals and foundations that make gifts in the name of Jewish values. JFN provides funders with the means to enhance their intellectual capital, energize their giving, and form powerful new collaborations.



> Formal Strategic Alignment – In this type of arrangement, donors agree to align their grantmaking and create structures to work together.

CALIFORNIA VIOLENCE PREVENTION INITIATIVE

The Violence Prevention Initiative (VPI, 1992–2003), spearheaded by the California Wellness Foundation, was aimed at addressing the root causes of violence. It included direct grants to community organizations serving youth at risk, public education, and the creation of the California Peace Prize. Eight foundations joined the initiative, resulting in twice as many community grants as initially planned. Co-funders say that their involvement in VPI fundamentally changed their approach to youth violence. Some of the involved foundations decided to undertake other advocacy projects based on their experience with VPI.

> Targeted Co-Funding – While the involved donors retain individual grantmaking control, they coordinate their investments in a specific project or initiative.

BOSTON'S AFTER-SCHOOL FOR ALL PARTNERSHIP

In 2001, the Boston Mayor's Task Force on After-School Time issued a report recommending that a funding collaborative of philanthropic leaders join with the mayor to develop and implement a coordinated strategy to support the expansion of after-school programming citywide. Responding to that challenge, a total of 13 funders committed to working together for five years and to making substantial new funding commitments to expand and strengthen the after-school field.

Over its five-year history, the membership of the Partnership invested \$36 million and launched five strategic initiatives to significantly expand after-school slots in Boston and increase the learning opportunities provided in those programs. After-school opportunities doubled during that timeframe. Today, Boston After-School & Beyond (the successor to the Partnership) is a nonprofit public/private partnership that continues to support out-of-school time programs for Boston's young people from kindergarten through graduation.

What Does Donor Collaboration Mean? continued

> Pooled Funding – These arrangements involve a contribution from each involved donor to a collective fund that is usually administered by a lead donor or a third party. Each contributor has a voice in the grantmaking decisions and funding is provided from the pool.

THE MAINE ENVIRONMENTAL FUNDERS' NETWORK

Since 2005, the Environmental Funders Network (EFN), a project of the Maine Community Foundation and the Maine Philanthropy Center, has sought to make the sum of Maine's environmental grantmaking greater than its individual parts. Following publication of a Brookings Institution report, Charting Maine's Future: An Action Plan for Sustainable Prosperity and Quality Places, EFN hosted a series of informational meetings for donors around the report's recommendations. Concurrently, the EFN steering committee decided to launch a pooled fund. The Quality of Place initiative now has support from 12 funders and in 2009 plans to make \$2.2 million in grant commitments over three years. The vision of the EFN is that "Maine will be known, by 2011, for its burgeoning model of collaboration among traditionally competing interests; a willingness to cross partisan and urban/suburban/rural boundaries to achieve a collective vision; and a set of projects successfully preserving Maine's quality of place."

> > Hybrid Networks – Hybrid networks offer participants a range of options for involvement. For example, some members of a hybrid network may decide to participate in a pooled funding venture, while others choose to limit their participation to shared learning opportunities.

SAN DIEGO WORKFORCE FUNDERS COLLABORATIVE (POOLED FUNDING AND FORMAL STRATEGIC ALIGNED FUNDING)

The San Diego Workforce Funders Collaborative was founded in 2006 as a public/private partnership of foundations, corporations, and public agencies working to create well-coordinated and well-financed solutions to the region's workforce needs. Involved funders can choose either to pool or to align their funds. The funding pool is administered by the San Diego Workforce Partnership, while aligned grants are made directly by the individual funder. The Collaborative issued a Request for Proposals and all responses were reviewed by a funding committee that made recommendations for specific grants to be paid by the pooled fund and others to come from the aligned funding.

What Are the Benefits of Joining a Donor Collaborative?

- > Access to pooled information and expertise Simply by providing a forum to share perspectives, ideas and experience with their peers, a collaborative can offer donors good data and new ways of looking at an issue. For new donors (and experienced donors who are just entering a new program area), access to the knowledge and experience of other, often larger funders, offers the opportunity to benefit from the work and wisdom that has preceded them. For more experienced donors, a collaborative provides a space in which to share grantmaking experiences and to influence the thinking and decisions of other donors.
- > Opportunity to develop new grantmaking strategies Beyond the exchange of ideas, a donor collaborative offers a vehicle through which donors can develop new strategies for addressing an issue. Collaboration can give funders an opportunity to reach out beyond their "accustomed models of doing business" to interact with new colleagues and experts. This collective learning can result in more creative grantmaking.
- > Ability to leverage philonthropic resources Whether the collaborative decides to formally pool its funds or to informally align members' giving, coordinated efforts can result in impact that reaches far beyond what can be achieved through isolated grants. For smaller donors it provides the opportunity to be part of a significant effort, with a level of credibility and scale that they are not likely to achieve through their individual grantmaking. For all donors, collaborative giving can leverage their diverse strengths into a whole that can be much greater than the sum of the individual parts.
- Increased public attention to critical issues Donor collaboratives can have clout, gaining the attention of an entire community, including service providers, policymakers and community leaders. The publicity that comes with announcement of a donor collaboration can, in itself, draw attention to neglected issues, organizations or geographic regions, and even contribute to shaping policy agendas.

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There is something really powerful that can happen when funders come together to craft a message that only they can credibly deliver – cumulative lessons learned from their investments in an issue.

- Deborah Stahl

Consultant, Early Childhood Funders Collaborative (ECFC) and the Build Initiative. Build, a project of the ECFC, provides grants and support to seven states to build comprehensive early childhood systems.

What Are the Benefits of Joining a Donor Collaborative? continued

- More efficient use of available resources On a practical level, collaborations can promote efficiency. Participation in a collaborative that includes aligned or pooled funding saves donors the administrative costs of soliciting individual grant applications and conducting due diligence on each potential grantee, a benefit that can be particularly significant for smaller donors. And by pooling administrative tasks, donors can free up resources to expand direct investments. By coordinating grantmaking and reporting processes, a collaborative decreases the burden on nonprofit organizations, thus freeing up grant dollars for the key purposes for which they are intended.
- > Opportunity to share the risk with partners Because they are engaging in a shared-risk venture, funder collaboratives may choose to take on controversial issues or invest in less well-established organizations or initiatives than would a single donor. As a group they may be more willing to get out in front of an issue than they would as individual donors. Some collaboratives have decided to get involved in public policy issues, even though some of their individual members might be reluctant to play this role independently.
- > Creation of additional partnerships Successful collaboration can lead to more collaboration. By working together, funders transcend their normal methods of doing business and learn to speak one another's language. They develop personal relationships with peers and this collegiality tends to permeate other activities. Tom Wilcox, President of the Baltimore Community Foundation, spoke to the systemic changes in how Baltimore funders now relate to one another: "It used to be that you would never get the Jewish charities and the Catholic charities and the Protestant charities to sit down in the same room together. Now that happens all the time. Everyone is looking for maximum impact." Similarly, collaboration among funders sometimes expands to include public and private funders, elected officials, academics, and other key players on a given issue, as well as strategic partnerships among grantees.
- > Potential to achieve greater impact Long-term collaborations between donors and grantees can have a critical impact on key issues. By targeting the collective ideas, strategic thinking and financial resources of many players at a particular problem or issue, a collaborative effort can achieve significant traction. This can result in local capacity building, greater public awareness of the targeted issues, new funding streams and changes in public policy, all critical elements in sustaining change.

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Fortunately for Baltimore, the trend of collaborative grantmaking has emerged as an effective way for grantmaking organizations to leverage their dollars for results. Bucking a longstanding history in which funding organizations operate on their own, local funders have joined forces across a host of issues to pursue shared goals around education. the environment, community development and youth services.

- Betsy Nelson

Executive Director, Association of Baltimore Area Grantmakers

Are There Challenges Involved in Donor Collaboration?

Given all of the potential benefits of collaboration, the obvious question is "why aren't donor collaboratives more common?" In fact, there are a number of challenges inherent in collaborative efforts.

Probably the most common challenge is the amount of time that is required in collaborative work. The more donors at the table, the more process-laden the collaborative will likely be. While the most effective collaboratives are those that have built successful relationships and developed a common purpose, such efforts require patience. Participants must be willing to allow the necessary time and effort to learn to work with their partners and to reach consensus on key issues.

True collaboration also means sacrificing at least a measure of individual autonomy and recognition. By definition, participation in a collaboration requires compromise. For funders who want to own a particular initiative or want the flexibility to do things their own way, collaboratives may not be a good fit. However, involvement in a collaborative rarely precludes individual grantmaking.

Does Joining a Collaborative Make Sense for a Relatively Small Donor?

Yes. In fact, some of the most effective donor collaborations involve a range of individual and small family foundations along with larger, well-staffed foundations. This "democratization" of philanthropy is seen as one of the key benefits of these collaborative efforts. Effective collaborations can level the playing field among larger and smaller funders, and nurture a diverse membership that provides all participants, regardless of the level of resources contributed, an equal voice in decision making.

The members of the One Region Funders Group work really well together; we have a good rapport. This hasn't been the case in other collaborations I've been involved with where everyone was focused on their own position. Here, I feel like I'm an equal partner and my ideas are valid. That's really important to me.

- Nicole Chevalier,

Program Director, Emily Hall Tremaine Foundation and a member of the One Region Funders' Group, a partnership of private funders from Connecticut, New York, and New Jersey, learning and working together to advance and support transportation planning and reform in the Tri-State Region.

What Do Successful Collaborations Look Like?

While the specific structure of a collaboration will vary depending upon its goals, successful donor collaboratives generally share certain key characteristics:

- > A passionate champion (or champions) who spearheads the collaborative effort and provides initial leadership. The champion often serves as the public face of the collaborative and helps to recruit other members.
- > A unique opportunity Collaborations often have their roots in a particular crisis or a call to action around a critical problem. Donors decide to work together because of a realization that "business as usual" is not sufficient.

BUILDING A COURT RULING: THE NEW JERSEY LIGHTHOUSE INITIATIVE

In a landmark 1998 decision, the New Jersey Supreme Court required the state's poorest school districts to provide high-quality preschool for all 3 – and 4 – year–old children. A consortium of 14 funders with strong ties to the City of Newark responded to this challenge by joining together to form the Newark Lighthouse Initiative. In 2001, the group, which included local corporations, family foundations and the United Way, made a

five-year commitment to transforming three existing Newark child care centers into model child care programs (Lighthouses) and to identifying policy changes needed to enable other early-childhood programs to engage in similar efforts.

According to Barbara Reisman, Executive Director of the Schumann Fund for New Jersey, one of the members of the Lighthouse Initiative, participation in the collaboration provided her foundation with a range of benefits:

"We came away with a new appreciation for the work of our grantees and an understanding of the need for flexibility amid changing conditions on the ground. And ultimately, the Lighthouse project achieved its original goals of supporting quality improvements in all of the participating programs."

"Would we do it again? We are. This year, along with other New Jersey funders, we successfully competed for a national grant in support of education organizing. We anticipate this effort will engage parents and community members to improve schools and it has already brought national attention and national money to our work."



- > A diverse group of funders that helps to bring credibility, new ideas, and funding to the effort.
- > An inclusive participation structure that encourages participation by a range of funders that might involve both local and national foundations. Some successful collaboratives include both public and private funders.
- > Time for planning, especially at the outset Members need to spend sufficient time reaching agreement on shared goals and operating structures. They should also come to consensus on an initial agenda, with a set of questions to explore together, or an initial issue they want to address collectively. Often a group of donors will begin operating as a learning network and, once they have developed a level of trust, will decide to pool funding. And there should also be an opportunity, after the initial planning period, for participants to decide that – at least for some – further collaboration is not desirable.
- > A comfortable interactive forum in which involved donors have the opportunity to regularly learn from one another, including sharing information and the outcomes of their related investments. Depending upon whether it is a local or a national effort, this sharing can be done through in-person meetings or an online forum.
- > Flexibility Successful collaboratives adjust their strategies based upon initial results. While they begin with a shared interest in a particular issue or problem, they continuously learn from experience and apply that knowledge to their ongoing efforts.
- > Appropriate staffing Once well established, successful collaboratives often decide to invest in staff or to work through an intermediary organization. Staff with subject knowledge and process skills can help keep collaborations on track, organize and facilitate meetings and collect and disseminate information. For collaboratives that pool funds, staff can efficiently manage the grantmaking process, including supporting grantees.

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It's kind of crazy when you see how many small foundations are making piddling little grants. Our typical grant is \$25,000. That is obviously not enough to really create change. But it is not just about giving money. Your connections and your experiences are also important resources. And we are also committed to giving our time to make this work.

– Deborah Iarussi

Sills Family Foundation. Deborah is taking a leadership role in convening New York City donors to work together on an issue that she cares passionately about – children with incar-cerated parents.

What Do Successful Collaborations Look Like? continued

- Stability In successful collaboratives, most members participate over the longterm because they find the experience rewarding. Members value the ongoing interaction with their collaborative partners and the results of the collaborative investments. Some of the most successful long-term collaborations have retained their original members, while expanding to include new funders.
- > Long-term agendas Real change takes time. Often donors involved in a collaborative make an initial commitment for a predetermined number of years.

THE BALTIMORE NEIGHBORHOOD COLLABORATIVE: A DECADE OF PARTNERSHIP

The Baltimore Neighborhood Collaborative (BNC) was formed in the mid-1990s by a small group of Baltimore-area grantmakers concerned that a growing number of city neighborhoods were in decline. The early partners sought to bring funders together to discuss the problems Baltimore neighborhoods faced and identify opportunities to address them.

Over a decade of work, the number of donors involved in the collaborative has grown from 12 to more than 30 today. Members, that include major foundations and smaller organizations, whose grant to BNC is their only community development investment, work as a team to select projects to receive funding, a process that allows for significant discussion and interaction among these diverse funders. According to one participant: "BNC has really changed the landscape. It has engaged the city and its funding streams, and made philanthropy a player in neighborhood change."

* From Baltimore Neighborhood Collaborative, Investing Together: A Decade of Neighborhood Progress.

> Trust – Successful collaborations are built on successful relationships: The members have learned to work well together, settle conflicts, accommodate one another's needs and take advantage of one another's strengths. The best collaborations meet the needs of the individual donors involved, as well as the needs of the group.

How Does One Get Involved in a Collaborative?

JOINING AN EXISTING EFFORT

Once a donor has identified a focus area or an issue that she wants to address, the next step is to identify whether there are existing donor collaboratives underway. Donors can choose from collaboratives with a place-based focus, such as the Baltimore Neighborhood Collaborative, or those with an issue focus such as the New Jersey Lighthouse Initiative. Some collaborative efforts operate both at the national and local levels, offering donors local entry points, while providing access to national expertise and models.

NATIONAL COLLABORATION TO END HOMELESSNESS

Funders Together to End Homelessness – initially called the Partnership to End Long-Term Homelessness – was founded in 2004 to galvanize the philanthropic leadership and dollars needed to end homelessness in America. Funders Together began with individual commitments of \$1 million or more from nine national funders aimed at raising public awareness and creating supportive housing across the U.S.

Today, Funders Together to End Homelessness is a national network of foundations and corporations supporting strategic and effective grantmaking to end homelessness. It is governed by a steering committee that includes the original members as well as other funders who have collectively given over \$75 million towards efforts to fight homelessness.

Funders Together operates as an open knowledge network, sharing strategic thinking, experience and expertise to prevent and address homelessness. Its website, www FundersTogether.org, includes case studies profiling community-based efforts to end homelessness, as well as the strategies of Funders Together members around the country.

How Does One Get Involved in a Collaborative? *continued*

LAUNCHING A NEW DONOR COLLABORATIVE

An individual donor or a foundation can begin a new collaborative effort by reaching out to other donors. As noted above, the most successful efforts began with a single champion or a small group of funders who were passionate about addressing a particular issue.

- > Invite other funders who share your interests to get together to discuss experiences and ideas. An informal meeting with other local donors can provide an opportunity to compare notes and explore similar interests.
- Building on this initial conversation, the group can decide to identify questions they're interested in exploring and to further examine these areas of mutual interest. The group might decide to research a particular issue, invite experts to present their ideas or research findings, or make joint site visits. It is from initial discussions and explorations like these that collaborative efforts evolve.

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As funders, we expect nonprofits to collaborate, learn from each other, and leverage resources when and where possible. I challenge my foundation and other grantmakers to join me in practicing what we preach.

- Denise McGregor

Armbrister, Executive Director of the Wachovia Regional Foundation, in the newsletter of the Council of New Jersey Grantmakers



DECIDING TO PARTICIPATE IN A COLLABORATIVE EFFORT

Donor collaboratives clearly offer many benefits for funders. However, every donor will want to carefully weigh the particular risks and benefits based upon their own situation. Before committing:

- 1. Be clear about goals What will be accomplished? What impact will this collaborative relationship have on knowledge acquisition, current and future giving, and on the chosen issue or problem? What will be different if this collaboration is successful?
- 2. Assess the commitment that will be required What resources (including both time and money) are required for participation, and how significant a commitment does this represent? Will the potential benefits be worth the commitment?
- 3. Make sure that the rules are clear and that they work In considering joining a collaborative in which funds are pooled, there are additional considerations:
 - > Is there a clear memorandum of understanding or operating agreement that specifies what is required for membership, how decisions are made, who will provide leadership, what processes will be used for ongoing communication, the expected timeframe for initial commitments, etc.?
 - > Do all involved funders have an appropriate voice in making funding and overall governance decisions?
 - > Does the collaborative have a mechanism for evaluating its internal operations and the overall results it achieves?

4. Take advantage of all the benefits of collaboration -

While coordinating or pooling funds to expand impact is clearly important, most donors find that the most valuable rewards of collaboration are the opportunities to learn from others and establish relationships that will impact future funding. This means attending collaborative meetings and often taking an active role in the collaborative's work.

Final Thoughts

Collaboration is certainly not for every donor and it should not be undertaken lightly. That said, collaborative efforts have much to recommend them, and for the inquisitive, determined donor, eager to increase their impact, joining a donor collaborative effort might just change their practice. And their world view.

TPI can help. Consistent with our mission to help increase the impact of philanthropy, TPI has served as convener and facilitator of a number of donor collaboratives, including the Lenny Zakim Fund, the Putnam Senior Executives Foundation and Champions for St. Louis. We can serve as a resource for donors of all experience levels who are interested in pursuing a collaboration by, for example:

- Connecting donors with others who have similar interests, including the collaborations profiled here
- Supporting donors in launching a new collaborative effort, including identifying and reaching out to like-minded donors and organizing and facilitating meetings
- > Working with new donor collaborations to develop and implement an initial learning agenda, including conducting research on an identified issue
- > Helping emerging collaborative efforts develop operating principles and guidelines, initial goals and a plan of action
- Staffing established donor collaboratives, including providing ongoing assistance with coordination and grantmaking
- > Serving as a fiscal agent for collaborations
- > Tracking and assessing the results of collaborations

Resources

The following are among the good resources available for identifying and connecting with existing donor collaboratives.

- > Regional associations of grantmakers are a good source of information on existing local collaborative efforts. Many regional associations are home to local donor collaborations. To locate your regional association, contact the Forum of Regional Association of Grantmakers: www.givingforum.org
- > The Association of Small Foundations is a resource for foundations with few or no staff. ASF offers peer learning opportunities for its members. www.smallfoundations.org
- > The Council on Foundations can provide information on affinity groups. Affinity groups provide opportunities for grantmakers with common interests to meet each other, share knowledge and explore collaborative funding. Some affinity groups are formed around the identity of the population served (Grantmakers in Aging, Hispanics in Philanthropy, Jewish Funders Network), while others are formed around a particular grant issue area (Grantmakers in Health, Grantmakers in the Arts). A complete list of affinity groups, including links to specific groups, can be found at www.cof.org.

A number of excellent case studies of specific donor collaborations and overviews of the practice of donor collaboration are available. Among them:

Local Donor Collaboration: Lessons from Baltimore and Beyond by Alice C. Buhl, Buhl and Associates, Association of Baltimore Area Grantmakers, 2004.

Moving Ideas and Money: Issues and Opportunities in Funder Funding Collaboration by Ralph Hamilton, Funders' Network for Smart Growth and Livable Communities, February, 2002.

The Nimble Collaborative: Fine-Tuning Your Collaboration for Lasting Success by Karen Ray, Amherst H. Wilder Foundation, 2002.

Working Together to Achieve Greater Impact: The Donors' Education Collaborative of New York City by Anne McKinnon, Case Study No. 3: Principles for Effective Education Grantmaking, Grantmakers for Education, April 2006.

Notes





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