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# FUNDER COLLABORATIVES WHY **AND** HOW FUNDERS WORK TOGETHER

# funder collaboratives

## why and how funders work together

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#### **Getting Serious about Funder Collaboration**

After years of hearing that more collaboration would be a good thing, funders seem to be getting beyond the talk and finding new ways to work together.

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#### **Focus and Function: Designing a Collaborative to Fit the Purpose**

A collaborative takes shape when a group of grantmakers recognize that they share a common focus – and that they might be able to do more together than they can on their own. The next step is figuring out how to structure a collaborative to serve the function they have in mind. This section outlines three basic types, with examples of each.

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#### **Organizing for Good Relationships and Outcomes**

A collaborative runs on the power of its relationships, which can run a little more cleanly if the group takes time to set some simple ground rules. Yet a certain amount of “messiness” is inevitable in any collaborative venture.

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#### **What Do We Do About...?**

The beauty of predictable problems is that they can be anticipated, planned for, and perhaps even avoided. In this section, grantmakers share tips about what to do about tensions that arise in many collaboratives: clubbiness, disagreement, and more.

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#### **Roles for Nonfunders**

Funder collaboratives have found creative ways to involve nonfunders in their work. When funders make common cause, it seems, it’s not such a stretch to include others.

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**IN THIS GUIDE,** grantmakers discuss why funder collaboratives get started, how they work, and what these joint ventures offer to both donors and grantees. Case studies and examples show that collaboratives can take a variety of forms and serve an array of ambitious purposes.

*This guide was written by Cynthia Gibson, with Anne Mackinnon.*

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# Getting Serious about Funder Collaboration

**C**ollaboration has been a perennial topic in the philanthropic field for decades. Conferences, books, articles, and panel discussions about it have proliferated, championing the message that funders — foundations, corporations, governments, and individual investors — can and should find ways to collaborate in their grantmaking. Increased attention to the issue, however, has not necessarily translated into practice.

As one former foundation president observed, “I think the urge to collaborate has grown, but that doesn’t mean collaboration has become much better.” “Collaboratives are still a new behavior and way of working for most foundations,” the director of a collaborative fund pointed out. “There’s still a desire in every foundation to make their own decisions and design their own criteria. This can be a positive value, but it can also make it challenging to execute larger objectives.”

Collaboration among funders can be complex. A collaborative effort may run up against organizational cultures that place a high value on institutional independence, recognition, and leadership. Diverse interests and personalities can make for challenging waters to navigate, and the commitment, time, and resources required to be part of a collaborative can be daunting. The incentive to collaborate may also seem elusive, given a dearth of hard evidence about the benefits, cost-effectiveness, and strategic advantages of collaborative grantmaking.

These are just some of the issues that can quell broader participation in collaboratives. In recent years, however, these obstacles have begun to fall

by the wayside, thanks to converging trends that are encouraging more funder collaboration, perhaps even necessitating it. The recent economic downturn, for example, has severely diminished the financial resources of philanthropic institutions and the nonprofits they support. One funder recalled that “we used to hear a lot of funders saying things like ‘We can do everything on our own. We don’t collaborate. We rely on ourselves and our own strategies and own funding.’ Now, with less money, they’re saying ‘I’d like to meet with other people who have like-minded funding interests or who care about this issue because maybe we can pool resources or knowledge.’”

Some funders believe that the economic downturn is prompting hard but helpful questions about whether foundations are doing enough to collaborate at a time when they’re asking nonprofits to do likewise. “Funders are asking nonprofits to do so much more in hard times — like merge or even go out of business. But how many foundations are doing the same? It’s the credibility issue; you know, we need to walk our talk,” one foundation president observed.

Other trends that might be relevant include an increasingly diverse philanthropic landscape, in which high

## WHERE THE EXAMPLES COME FROM

For this guide, we approached grantmakers — veterans and novices, from foundations large and small — to see how they’re using collaborative strategies to increase the impact of their work. We also sought out grantees, consultants, and experts in the field to get a broad perspective of the benefits and challenges funder collaboratives can offer. See page 29 for a full list of contributors.

## Collaboration: On the Rise with a New Generation?

“Younger people in philanthropy seem to be more interested in collaborating,” one program director notes — an observation that evidence suggests may be more than just a gut feeling. Today, a new generation is bringing a set of beliefs, practices, and values into the marketplace, forcing many organizations, including philanthropy, to rethink how they operate. Some call them “millennials” (roughly defined as people born after 1980); others characterize them as the “net generation” (people between the ages of 11 and 30).

One of the most fundamental differences between Baby Boomers and the NetGen is the latter’s embrace of collaborative and consensus-driven approaches in nearly everything they do. This preference, some say, is due to NetGeners’ growing up in a technology-driven world that gives a wider swath of people the chance to connect with others and work in groups to solve problems faster. It also reflects this generation’s disillusionment with traditional, top-down leadership models, bureaucracy, hierarchy, and skepticism of closed-door processes. As business strategist

Don Tapscott has noted, “This is the relationship generation” — one that leverages the power of technology to collaborate — efficiently and effectively. . . . It’s part of their digital upbringing.”

NetGeners are also one of the most socially conscious generations in history, volunteering in record numbers and using the internet — and the social connectedness and collaboration that go with it — to make a difference. Those trends will most likely have implications for philanthropy, said one former foundation president, and the ways in which this generation will practice it as they get older. A fund director agreed: “I’m seeing a lot more young funders who are interested in collaboration — especially high-end giving circles and venture funds — and who are happy to do things through the process of consensus building and group processing because that’s more natural for them in the way they work and operate in the field. And they don’t feel necessarily that they have to be secretive or private about their grantmaking.”

net worth individuals, venture capitalists, and small foundations seek new opportunities to leverage their investments, and a growing recognition that few philanthropists can achieve the results they want to achieve by doing it themselves.

There’s also an emerging generation of young philanthropists who are comfortable with, and may even prefer, working collaboratively — a reflection of what research shows to be a core value of the “net generation,” or “millennials.”

In short, many funders seem to be taking collaboration seriously. Moreover,

funders now have a growing array of options — from learning networks to funder syndicates and venture models — with which to structure relationships around addressing complex problems. “If we want to make a difference,” a foundation president noted, “we’re going to have to collaborate because there’s no way we can ‘fix’ things ourselves. Even Bill Gates says this, and he has more money than anyone! There’s no question that the sector has to get better at this.”

## Focus and Function: Designing a Collaborative to Fit the Purpose

“What’s important is the added value of collaboratives . . . to both grantees and donors.”

“Having participated in numerous funder collaboratives,” one grant-maker reflected, “I think it’s fair to say that there is no one right way.” Designing a collaborative means working with others to assemble a unique set of “puzzle pieces,” he continued: the topic, the moment, the participating foundations, the personalities, and more. The process is “never formulaic” — and neither is the ultimate result. In short, every funder collaborative is different.

When funders come together to establish a collaborative, it’s because they share a common grantmaking focus and believe they can have a greater impact by working and learning together. According to experienced grantmakers, most funder collaboratives have these characteristics:

- Information sharing
- Opportunities to leverage and maximize resources
- Mutually developed structure and guidelines for operation
- Attention to systemic solutions

In addition, many (but not all) funder collaboratives carry out joint funding.

Funders also have views about what a collaborative is *not*. A collaborative should be more than a regranting mechanism, one program officer said: “If regranting is what a funder wants to do, then that doesn’t require a collaborative. What’s important is the added value of collaboratives — the training, the capacity building, the knowledge-sharing, and the kinds of services you can provide to both grantees and donors.”

Many funders emphasized that a true collaborative takes into account the goals and perspectives of a diverse group of funders, not just one person or a small group that has already decided what should be supported and how. “Often, someone will say, ‘I want to start a collaborative,’ but what they really mean is, ‘I have an organization or a pet project that I’d like to get more people to be funding with me,’” a network director reported. “I don’t see that as collaboration. I see that as fundraising.”

Functionally, funder collaboratives tend to fall into three broad types: *learning networks*, *strategic alignment networks*, and *pooled funds*. Collaboratives within each type range from rather loose to highly structured, with specific characteristics chosen and assembled to meet particular purposes or goals.

A **learning network** is a group of funders who come together to hear what’s happening in a field or issue area, share information, and explore potential strategies for making more effective investments. In addition to information sharing, said one network director, collaboratives of this type “allow donors to amplify their voices to show the rest of the funding world that the issues they’re working on are important and, hopefully, increase the number of funders supporting those issues.” Learning networks may also subdivide into working groups to provide like-minded funders with a “safe space” to share information about grantees and the field or bring in speakers to learn together about more specific issues.

Members of learning networks often find opportunities to align some of their grantmaking through shared or complementary strategies, and it's not uncommon for pooled funds or strategic alignment networks to grow out of learning networks. One pooled fund got started, a grantmaker recalled, when a handful of learning network members decided that "a more unified, collective effort was needed to raise the visibility" of an emerging sector, after years of trying, "somewhat unsuccessfully, to motivate increased giving by talking one-on-one with colleagues at other foundations." The pooled fund drew heavily on the "strong relationships and cohesion" that had developed among network members.

**Example: The Working Group on Education Organizing (WGEO)** was formed by funders, many of whom are members of Grantmakers for Education, with the purpose of expanding the number of donors who recognize the value of community organizing as a school reform strategy and are willing to support it. In addition to educating themselves and keeping pace with developments in the field, the working group has sought to raise the visibility of organizing – among both other funders and people working in education – through conference presentations, publications, and other communications efforts. A pooled fund, **Communities for Public Education Reform** (see case study on page 7), grew out of the working group, but WGEO continues to function as a collaborative dedicated to shared learning.

**Example: Slingshot** is a network of next generation funders in their 20s and 30s who wish to support innovative

## COMMON FOCUS: WHAT BRINGS FUNDER COLLABORATIVES TOGETHER

The members of a collaborative may come together to work on a specific project or support a key organization. More often, though, they're looking for opportunities to strategize together about how to define an agenda — and then move it. What they have in common is a shared area of grantmaking focus, usually one of the following types:

- **Field** Some collaboratives seek to develop or advance a particular field, often one that's new or growing, such as reproductive justice or disability rights.
- **Solutions** Some collaboratives form to address a specific issue or solution, such as federal immigration reform, especially when funders see a moment of policy opportunity.
- **Strategy** Some collaboratives support a particular strategy or approach, such as community organizing.
- **Identity** Some collaboratives work together to improve the circumstances of people of a particular race, ethnicity, ideological persuasion, religion, gender, sexual orientation, educational or economic status, or other group.
- **Geography** Some collaboratives support organizations, issues, solutions, or strategies in a particular geographic area.

Jewish organizations and explore the Jewish world through a philanthropic lens. Together, they produce a guide, expressly modeled on the well-known Zagat restaurant guides, that highlights innovative grantee groups that have been screened for effectiveness. Slingshot members give collectively in order to leverage their gifts, but as time goes on, members often choose to increase their direct involvement with particular organizations as they become deeply passionate about them. A few years ago, the group established the **Slingshot Fund**, a pooled fund that supports creative organizations that might struggle to attract support from conventional funders. About 30 network members review nominated groups and make grant decisions.

“We’d ask everyone where their interests were and what grants they were considering making.”

A **strategic alignment network** is made up of funders who share a mission, strategize together, and work in concert to obtain publicity, traction, and impact – but who still do all their grantmaking independently. Some networks of this type create intermediary organizations or other structures to advance a strategy, which then receive support directly from network members. Membership in strategic alignment networks is often selective, with formal governance and contribution requirements.

A grantmaker in a collaborative that aimed to shift both environmental policy and consumer activity recalled that each meeting would end with an informal tally of what should happen next and where grant dollars were needed: “We’d ask everyone where their interests were and what grants they were considering making. Then we knew what was covered and what was still needed.” Later on, he explained, “side conversations” about how to fill the gaps “could happen with less pressure.”

**Example: The California Immigrant Integration Initiative (CIII)** is addressing a wide range of immigrant integration issues by leveraging resources in local communities throughout California. Organized in 2007, the initiative involves more than 25 statewide and local funders, working through small subgroups on issues of interest to them – such as building communications capacity, the 2010 census, or immigration reform implementation. Through a partnership with the Institute for Local Governments, CIII also engages municipal and county governments in promoting immigrant integration. The initiative is staffed but maintains a relatively

informal structure, which allows it to be nimble and responsive to an ever-shifting political environment.

**Example: The Partnership for Higher Education in Africa** is a collaborative of seven private, endowed foundations committed to advancing and advocating for African higher education. Foundation partners meet regularly to discuss and share funding strategies at their institutions, which work directly with higher education systems in Africa in ways that fit their mission and priorities. Grants are awarded independently by each foundation, using its normal mechanisms for review and decision-making. There is limited pooled funding for joint activities such as convenings and consultant work. In the agreed on areas of joint grantmaking, however, each member makes a separate grant to the grantee to help reach an agreed-upon amount of partnership support. The partnership is staffed externally and has steering and executive committees, as well as working groups made up of foundation program officers.

A **pooled fund** is a “pot” of money toward which funders contribute and from which grant dollars (or program-related investments) are disbursed. Money from the pot is used without distinguishing the original donor. Some collaboratives allow “one funder, one vote,” no matter how much money the funder puts in the pot, while others adjust voting privileges based on the amount contributed.

Belonging to a pooled fund may entail a large commitment of a grantmaker’s time and energy, or it may simply require a financial commitment. In either case, the day-to-day work of the collaborative is often carried out by staff

or consultants, with donors serving on steering committees, setting strategy, and making decisions. Pooled funds do many of the same things foundations do: analyze issues or fields to determine the most effective grantmaking strategies, issue requests for proposals, conduct site visits, assess potential grantees, and select grantees. In addition to providing financial resources, many feature capacity-building services, such as training or technical assistance, networking opportunities, peer learning, and help with advocacy or public communications.

Some pooled funds are known as “*giving circles*,” which convene potential funders or investors — usually individuals — to combine resources to support a particular organization or to advance an objective, usually in the funders’ own community or region. In addition to donating funds, many circles expect members to contribute their time and skills to supporting the targeted cause. Donations may range from small amounts of money to tens of thousands of dollars each year.

When a group comprises national or international funders, grants are sometimes allocated to intermediaries based more locally, which, in turn, regrant to organizations of which they have first-hand knowledge. Local funders may also be asked to match national or international funders’ contributions in some way.

**Example: The Four Freedoms Fund** advances immigration reform and immigrant civic engagement and integration. Now in its sixth year, the Fund makes grants to nonprofits in geographic areas with sizable or growing immigrant populations. Managed by an intermediary, Public Interest Projects (PIP), the

## CASE STUDY

### EXPANDING A FUNDING BASE: COMMUNITIES FOR PUBLIC EDUCATION REFORM

**Communities for Public Education Reform (CPER) got its start in 2006, when a group of national funders who had been active in the Working Group on Education Organizing decided to create a pooled fund to support intensive community organizing for school reform.** They engaged the intermediary group Public Interest Projects to work with a steering committee of national funders to establish guidelines and, eventually, manage the collaborative’s grantmaking. After an intensive RFP process, the group selected four regions: Chicago, Denver, New Jersey, and Philadelphia. In each area, local funders leverage national funders’ contributions through a 1:1 dollar match and commit to raising at least \$250,000 annually for at least three years. The local funder groups then make their own decisions about which groups receive support in their communities.

The collaborative gives national players a chance to build the field by working close to the ground in four communities — essential for a grassroots-oriented approach like community organizing. Local players bring their perspectives and expertise to national groups. CPER also sponsors a “community learning and technical assistance network,” through which it hosts annual meetings of all partners — donors and grantees — and subsidizes grantees’ travel to visit

other sites or attend trainings. CPER provides capacity-building support to help sites conduct media/public education campaigns, which helps to raise the visibility of education reform and community organizing.

Lori Bezahler, executive director of the Edward W. Hazen Foundation and a CPER member, has been impressed with the benefits of this structure. “Although national funders have the big picture perspective, which is valuable, the local funders have such deep knowledge about the context for education and organizing, which is also extremely important.” The participation of local funders “allows final decisions about funding to be owned locally, which increases the likelihood that it will be sustained.” At the same time, said another member, the collaborative has sometimes had to find ways to allow funders who are nervous about supporting organizing or policy advocacy to participate, while at the same time tracking the effectiveness of community organizing as a strategy for education reform.

## Pooling Funds to Grow Organizations

**Venture philanthropy** engages groups of funders, including individual investors, in providing long-term, strategic support to promising organizations. Venture philanthropists usually require potential grantees to develop detailed business plans and participate in rigorous evaluation and benchmarking. Funders who work in this style often take a hands-on approach, sitting on boards, giving advice and technical assistance, and generally playing an active role as the work proceeds.

**Example: Social Venture Partners (SVP)** is a hybrid organization — part philanthropy, part service provider — through which individual donors contribute annually to a pool of funds available in U.S. communities where SVP chapters have been established or internationally. In addition to providing grants, SVP provides capacity-building assistance to grantee organizations and matches donors who have technology, marketing, or management skills with nonprofits that want to improve their performance in those areas. During the past few years, some SVP chapters have become involved in advocacy policy work in their communities. SVP promotes philanthropy by offering a wide range of donor education workshops on everything from creating a giving plan to being an effective volunteer consultant to nonprofit organizations. Many local chapters also organize seminars on issues of local concern, such as education or workforce development.

**Growth capital networks** are a type of venture philanthropy. These collaboratives bring together investors — individual and institutional — to seek out proven organizations and fund major expansions. One program officer called these networks “organizations that identify deals. The deals involve a constantly shifting set of potential funders that could constitute a collaborative on any given deal, rather than a fixed set of funders focused on a specific initiative for a long period of time.”

**Example: The Growth Philanthropy Network (GPN)** identifies and links nonprofits ready to expand to large-scale development with donors interested in supporting evidence-based programs with potential for greater impact. GPN helps raise capital to support nonprofits’ growth using a syndication model in which multiple funders come together and provide joint support of these efforts. Seeking to build a “growth capital marketplace” and the infrastructure to facilitate this collaboration on a grand scale, GPN has launched a member-driven web-based platform, Social Impact Exchange, for sharing knowledge and increasing investment in scaling effective solutions.

A **funding syndicate** is a collection of individual funders who coordinate their investments toward a specific organization, project, or initiative. The concept derives from the “private placement model,” by which a company or other entity raises capital by offering investors the opportunity to contribute toward its growth plan. In some ways, syndication is more a financing mechanism than a collaborative relationship among funders. A grantmaker clarified: “Syndication is a collaborative in that a number of people are participants, but they’re not necessarily meeting and talking about it. They’re just investing or giving money.”

**Example:** In 2001, Atlantic Philanthropies became the lead partner in a funding syndicate for **VolunteerMatch**, a nonprofit organization that had established an effective online approach for facilitating volunteering and was ready for full-scale development. Recognizing the limitations of traditional fundraising models, founder Jay Backstrand pitched a rigorous business case for upfront investment to several national foundations. Atlantic pledged \$2.5 million, and other funders convened to hear the plan; it was compelling enough to persuade twelve foundations and corporations to make collective investments of \$6 million over the following year and \$9.4 million over the next three years. The funding syndicate approach had benefits for both funders and the grantee. VolunteerMatch was able to focus discussions on its own well-considered strategy, rather than the approaches of a dozen different foundations. Funders were able to make grants they knew would be leveraged by other investments toward a common goal.

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Fund also offers multi-year capacity-building funding and peer learning opportunities for grantees; builds their communications capacities; commissions research to identify strategic funding opportunities; and operates as a “link tank,” coordinating with other grantmakers and grantee networks. The Fund also connects its local and/or state grantees to national grantees, and vice versa, encouraging better coordination among groups working on immigrant issues. The collaborative comprises a diverse group of donors, including small and local/state foundations (which must meet a base level of giving), as well as national foundations. Members meet regularly to review dockets prepared by PIP, which oversees the due diligence process and all technical assistance and capacity building; conduct site visits; craft RFPs; and vote on grantees, using a consensus process.

**Example: The Catalyst Fund** was created to channel new resources to women-of-color-led reproductive justice efforts in the United States. “Reproductive justice” is a new human rights framework for addressing reproductive issues that emerged from the UN conferences on women in Beijing and Cairo. Housed at the Tides Foundation, the Fund has received grants from 15 foundations — including many that have never supported the area in the past. Tides regrants funds to local grantmaking partners; those partners then raise matching funds from new local sources and provide support to reproductive justice organizations in their regions.

Tides provides technical assistance to both local grantmaking partners and grantees and manages a network-wide evaluation effort featuring a single, web-based data platform.

**Example: Giving circles**, in which individuals join together to pool money, skills, and perspectives to solve a problem, are one of the oldest forms of philanthropy. In the last decade, the number of circles has grown enormously, prompting research on how they function. Those studies have shown that giving together often influences members to be more strategic, to support a wider array organizations than institutional investors, and to be more engaged in their communities.

The **Community Investment Network (CIN)**, for example, has tapped into this new interest in giving circles, even though collective giving is not new in communities of color, and encouraged their growth among donors of color in the American South. Each circle gets information that helps its members explore issues of fairness and justice and develop ideas about how to best use their resources. CIN also convenes giving circles on a regular basis to share knowledge. Darryl Lester of Hindsight Consulting and founder of the CIN sees these pooled funds and convenings as a way to “create common ground for community philanthropists to invest their collective time, talent, and treasure, not just for the common good and superficial change, but to address deep rooted problems in communities.”

# What Grantmakers Say About Funder Collaboratives

## BENEFITS

**Scale and efficiency** “The collaborative’s budget is way beyond my individual institution’s budget. Through the collaborative, we get to be part of something that far surpasses anything we’d individually be able to put into a field, and that’s a big deal!”

“Being in a collaborative has helped me use my time more efficiently by offering solid due diligence that I might not be able to perform individually.”

“I don’t have the resources at my institution alone to do the kind of evaluation of individual grantees I’d like to do, so being part of a collaborative allows me to do that.”

“For me, as a national funder, working with local funders in a collaborative helps me know which local groups are doing the best work, who is most effective. I can get money to local grantees or states or to multiple grantees without having to invest a huge amount in staffing or building up a new infrastructure that might be useful three years down the road.”

**Learning** “In our collaborative, we have both local and national funders, which lends itself to rich discussion and information sharing. The local funders have their ears to the ground and give us information we’d never be able to get otherwise. The national funders have the 35,000-foot perspective about what’s going on in the larger field, especially research and policy-wise.”

“Collaboratives bring well-informed people to the table — and also the not-so-well-informed. It can be a great educational tool for a new program officer or other novices to philanthropy.”

“Collaboration has allowed me to meet funders I didn’t know before and strengthened my network.”

**Strength in numbers** “With controversial issues, funding as part of a collaborative rather than as an individual foundation can provide a kind of political cover. On the flip side, that’s not always a place that foundations are comfortable in.”

“People can see what we’ve leveraged in private resources that have come into the area through the collaborative. That kind of influence can be quite impressive to local and state officials or businesspeople who’ve been reluctant to invest.”

**Non-financial resources** “There’s more to collaboratives than money. They can help provide technical assistance, make connections among nonprofits and other funders, provide consulting help, bring networks together.”

## CHALLENGES

**Control** “You don’t always get what you want. Your foundation could be particularly attached to an individual grantee and other people might say, ‘But they’re not doing what we want.’ You have to make compromises. For some foundations, that’s difficult.”

**Credit** “You need a willingness to share the glory, assuming there’s glory to share. People have to be able to drop their egos a little bit in order to let everybody win, regardless of the size of their investments.”

“You have to ask yourself and your institution: Can we play in a sandbox together with other people? Or do we absolutely need this initiative to have the signpost of our institution?”

“Some funders want a lot of recognition for their work; others don’t. It’s even hard for me sometimes, and I never want things to be seen as ‘my institution’s initiative’! It can be especially hard for community foundations, which need to show what they’re doing in order to raise money.”

**Time and energy** “One thing that drove me crazy was the amount of process. We’d always be talking — talk, talk, talk — because everyone had to talk about their own vision of what was the plan. It wasn’t a surprise that, eventually, this collaborative wasn’t really successful.”

“Collaboratives are exponentially more difficult than working alone because of the time and commitment involved. It calls for a much greater repertoire of capability to stick with it and make it work.”

**Institutional shifts** “When the program officers from some of the biggest foundations changed, their replacements didn’t like the collaborative model as much as their predecessors.”

“Funders are very voguey. It’s challenging to keep them interested over the time you need to move a field or agenda. You’ve got to show policy or advocacy wins — very clear, tangible things that people can hold onto.”

**Interpersonal tensions** “Sometimes collaboratives are dominated by the funders who are most committed to them and therefore are not as open to others coming in. In essence, it becomes a sort of club: if you weren’t there from the beginning, it’s hard to be heard.”

“Collaboratives that involve both local/small funders and large/national investors can be tension filled, especially when the national groups have lots of money and we don’t have as much. They can also sometimes be arrogant about ‘what’s best’ and forget about the fact that they’re strangers in our community.”

# Organizing for Good Relationships and Outcomes

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“You need to understand the value of your own intellectual and social capital, and that of your peers.”

Collaboratives aren't mindless, faceless structures or disembodied entities. They're fundamentally rooted in human relationships among people who see the possibility of greater impact by working together. From that initial idea, they move on to work out a wide range of details (see the checklist of questions to ask together on page 15) and develop a structure that serves their common purpose.

When grantmakers talk about collaboratives they've helped to plan, they often emphasize the importance of learning to work together in a truly collaborative spirit – a challenge that entails striking a balance between shared interests and the interests of their respective institutions. Members of strong collaboratives stress, as well, the importance of cultivating trust among members and establishing expectations and habits that facilitate constructive relationships over time – among existing members and with new people who join the group. Careful planning can also help the group avoid power imbalances – between national and local funders, founding members and new arrivals, larger and smaller donors – that can inhibit the full participation of every member.

**Stipulate goals and purpose very early on in the process – for the collaborative and your own participation.** Without clear goals, collaboratives may risk drifting away from what they were originally formed to achieve. Clearly stating “why a collaborative” is also important for the community, city, region, or wherever the initiative is operating so that people can see what it is doing and why. Don't assume that “it's implicit.” “If you can hurdle that early issue of getting the mission and

goals right,” a grantmaker said, “then the likelihood of a successful collaboration afterward is much greater.”

Be clear, as well, about what you and your institution want out of the collaborative and what greater results you expect from your grantmaking dollars or resources. “If each of the players can do as good of a job individually as they could together,” said one collaborative member, “that doesn't argue for a collaborative. There has to be a clear presumption that the results will be greater than the sum of its parts.” Participation in collaboratives is often costly, grantmakers stressed, both in terms of time and money, so it's important to weigh carefully what funders and their institutions expect to achieve through that participation from the get-go.

At the same time, funders said, it's important to be open to new ideas and alternative ways of accomplishing objectives. “Rather than entering into a collaborative with a mindset of ‘this is the way the problem should be solved’ or ‘my grantees had better be part of this,’” one grantmaker warned, “it's better to ask ‘what's the problem we're trying to solve and who else needs to be engaged in this conversation?’” That sort of open-minded inquiry is one of the greatest benefits of being part of a collaborative.

**Demonstrate trust and respect for the people you are working with.** “Take time to establish institutional relationships and build person-to-person trust before you even put money on the table together,” one funder advised. “Also, you need to understand the value of your own intellectual and social capi-

## The “Messiness” of Collaborative Relationships

Many researchers and consultants who study organizational dynamics agree that personal relationships are the seeds of nearly all collaborations and key to fostering success once a collaborative effort is underway. Rosabeth Moss Kanter once wrote that “such arrangements cannot be ‘controlled’ by formal systems but require a dense web of interpersonal connections and internal infrastructures that enhance learning.” Russell Linden, an expert on organizational collaboration, describes four stages of collaboratives as they form: courtship, getting serious, commitment, and leaving a legacy.

Describing her work with collaboratives, Marianne Hughes of the Interaction Institute for Social Change noted that “collaboration takes more than well-meaning people with good intentions coming together to determine a set of outcomes. Successful collaboration requires solid process design and skillful facilitation. The *process itself* is what catalyzes the critical shift from believing that the right answers and expertise are held by a few to an understanding that it is the collective wisdom of the group that determines right action and greater impact.”

Collaborations are relationships among individuals as much as they are ventures among organizations. Strong interpersonal relationships “can help resolve small conflicts before they escalate,” as Kanter has noted, and factors like trust and respect “play a far greater role in collaborative problem-solving than in more traditional decision-making methods” or those seen as “more rational.”

Yet it’s also true that, except for the occasional individual donor, just about every member of a funder collaborative is representing an institution — a source of ambiguity or “messiness.” “Each person in a collaborative has to represent his or her foundation,” a grantmaker pointed out, “as well as the views of the collective. Everyone needs to make sure that whatever is being done doesn’t go too far from what their own foundation would support, while taking into account the needs of all their colleagues — each of whom is dealing with specific stresses and strains within their foundations.”

tal,” and that of your peers: “It’s really priceless in this kind of undertaking.”

Collaboratives often express trust and respect among members in their handling of routines and responsibilities such as voting. In a collaborative that explicitly wanted to bring new funders into a field, for example, a grantmaker whose foundation contributed the majority of the initial funding urged the group to equalize voting rights: “We were definitely not equal partners in terms of resources, but ‘one organization, one vote’ underscored our appreciation of the benefits of shared learning. It also recognized that, even though particular funders may not be able to put in a large amount of money,

they have deep experience in the field and bring a lot of knowledge and insight to the table in reviewing the grant applications. So we were happy to share the decision-making power and, in essence, were demonstrating a commitment to partnership.”

“Building trust and relationships can involve simple things,” one funder emphasized. When he joined a collaborative whose members already had strong relationships, he recalled, he found it helpful when “the coordinator took me out to lunch and different members took me aside and said, ‘Well, this is how I perceive we’re doing it. This is my take on it. And we welcome your take.’”

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“Everybody sees a collaborative as a way of leveraging your own grants. Well, sometimes, it’s really not.”

**Establish ground rules for handling business and resolving problems early on.**

“You have to be really clear about the process,” said one funder. “Without it, you can’t mitigate problems when they arise.” And problems do arise, grantmakers attested, even when a collaborative is going well: “We dedicate four hours a month just to untangling difficult issues and figuring out solutions,” said one.

Strong relationships pay off over time in the quality of the group’s decisions and its ability to work through problems together. “Everybody sees a collaborative as a way of leveraging your own grants. Well, sometimes, it’s really not,” said one funder, “and having a discussion about why it’s not is difficult. That’s why it’s important to have an established *esprit de corps*, where people feel that they can talk openly and have a reasoned discussion about principles and strategies.”

**Consider the benefits of using an intermediary or other staff to oversee the collaborative.** Many funders agreed

that having even at least a part-time staffer can be “enormously helpful” in ensuring that the collaborative stays on track, gets its work done, and achieves its goals. “I think having an intermediary that knows the field and has staff to help the collaborative make decisions, identify promising efforts, and provide technical assistance makes a stronger field and stronger collaborative,” said one. “But you have to be willing to support that capacity, which means providing additional resources.”

Intermediaries may play an even more important role by serving as “arbitrators and filters” between funders and grantees. “Grantees sometimes come to us and say, ‘you know, the foundations are being totally nutty or asking the wrong questions,’” an intermediary director explained. “Our goal is to solve the problem if we can. Fortunately, we have relationships with grantees that are a little bit different than the funders’. Basically, we feel free to tell funders that they’re overstepping with grantees when they are. We take it head-on and air it out when there’s a problem.”

# Nuts and Bolts: Questions to Ask and Answer Together at the Start

The members of a prospective collaborative have a host of important decisions to make together. Experienced funders said that clarity on these issues early on is essential for good relations and success later on. Here's a rough guide to aid the start-up process.

## PURPOSE

- Are we interested in advancing an issue, a field, a strategy, or something else?
- On what level will we focus: local, state, regional, national, international?
- What are our short-term goals? What are our long-term goals? How long do we plan to operate?
- What are our core values and commitments?
- How will we safeguard the interests of grantees; for example, will we require that donors commit "new" money?
- Are we interested in influencing other funders by educating them about an issue or strategy, alerting them to opportunities, or encouraging them to work in alignment?



## OPERATIONS

- What type of collaborative do we want? A learning network? Strategic alignment? A pooled fund?
- Should we hire full or part-time staff or an intermediary to coordinate the work? Consultants?

## MEMBERSHIP

- Should we limit the size of the membership or involve as many funders as possible?
- Who will be eligible to participate: foundations, individual donors, governments, others?
- Are we aiming for a range of members: for example, small and large, national and local, private and corporate?
- Will nonfunders participate; if so, how?
- Is a financial commitment required? Will there be a minimum commitment? Should larger institutions commit more; for example, will we use a "sliding scale"?
- Will members be expected or required to participate in meetings and events, review grant proposals, serve on committees? How much time do we expect these responsibilities to demand?
- How will we identify and incorporate new members, and how often will we do it?
- How will we build and maintain trust and good relationships among members, including new ones?



## GOVERNANCE

- Do we want to rely on a chairperson or steering committee to handle some responsibilities? What will those responsibilities be? How will they be selected?
- Will the full membership make grantmaking and resource decisions? Will others (staff, steering committee, advisors, grantees) be involved; if so, how?
- How will we make decisions? Will each funding institution or member have one vote? Or will voting privileges be proportional to the amount of members' financial commitments?
- What if we reach an impasse and can't decide? How will we move forward?

## GRANTS AND RESOURCES

- Will we use an RFP process or open application? Or will we invite applications or otherwise narrow the pool of potential grantees? Will we use a common application?
- How many grants or PRIs will we make per year? Of what amount, and on what grant cycle?
- If we intend to do regranting, will smaller or local institutions be required to "match" commitments in some way?
- Will we provide financial resources only, or will we offer other supports, such as technical assistance, networking opportunities, or advocacy?
- Will the collaborative itself undertake strategic communications activities such as research, dissemination, policy advocacy, or networking?



## EVALUATION

- How will we evaluate the effort? What measures can we agree on?
- Will nonfunders play a role?



## TERMINATION

- What is our exit strategy?
- How will we know we're ready to end the collaborative or move it to a new home?

## What Do We Do About...?

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When grantmakers work collaboratively, there are complexities involved – but, happily, there are also solutions. We asked people who’ve been part of funder collaboratives to discuss some of the common problems that arise and what can be done to anticipate them, solve them, or mitigate their effects on the partnership.

### **PROBLEM: Personality conflicts**

Many funders who’ve participated in collaboratives have been faced with personality conflicts. Conflicts often arise, one grantmaker said, when a group involves someone who wants to take control; has strong biases toward a particular outcome, strategy, or grantee; or appears to be driven more by ego than by mission. “It’s more common than you think,” one program officer complained, and “it’s not easy to deal with.” An intermediary director agreed: “Even when you do have a good collaborative, you constantly have to acknowledge that people have their own biases and egos that need to be managed.”

■ **Promote open, honest communication.** Get it out on the table. Several funders urged the importance of getting the problem “out on the table for everyone to talk about.” One collaborative director told a story about an initiative that was threatened in its second year because “they were micro-managing grantees and treating some of them as favorites.” Some collaborative members knew about the situation, but others didn’t, leading to a growing and largely unspoken tension in the group’s monthly telephone calls. Finally, one frustrated member proposed a face-to-face meeting with the entire

group – including all the grantees. A meeting took place soon thereafter, focusing on whether the group was really collaborating – a difficult discussion but “one that was instrumental in helping to break the tension.” The group also designed a committee structure to allow members to stay in closer touch with one another. Finally, the larger group decided to talk about and clarify its values, which it discovered were not in sync – a discovery that shed new light on why the collaborative hadn’t been gelling.

- **Identify people who might have trouble collaborating upfront.** One funder related that two funders with whom he’d been working suggested someone they believed would be a good partner for a potential collaborative effort “because that person cared about the issue and had a lot of money.” But, he said, “it was clear that this partner wouldn’t be a great person to work with because they would come to the table with a lot of politics. They would want a lot of say in what got done and how. And then the other partners would probably lose a lot of control over the vision of the initiative. So, I was quick to say, ‘We can collaborate with that person, we can invite that person to be a collaborator with us, but do we want to?’” They decided not to issue the invitation; but even if their decision had gone the other way, they realized that it’s “really important to think about who you want to be part of the collaborative” and why or why not.
- **Bring in outside help.** Some funders have found that bringing in outside

assistance can be helpful in dealing with strong personalities. One foundation president was part of a collaborative that had as a co-leader someone who was a “very controlling personality.” After the group almost imploded because of that person, members hired a consultant who interviewed everyone off the record about their feelings about the situation and ideas as to how to address it. “We made sure this consultant was someone we all respected,” the president said, “so the ‘problem person’ had to listen to the consultant. Happily, it worked. After the consultant presented her findings, this co-leader moved out of the leadership role, although she stayed active in the collaborative.” “Outside folks helped us have honest conversations,” the president explained, which saved the initiative and allowed it to move forward.

**PROBLEM: My foundation doesn’t get it**

Belonging to a funder collaborative, one grantmaker pointed out, means “leaving the culture of your organization and sitting in another one. You can’t assume that people inside your own foundation will ‘see’ what you see,” or even what you tell them about it. “You need to think of ways to involve key decision makers inside your organization with this new way of working,” she said, “so they can experience it.” If the leadership of your foundation doesn’t get it and your colleagues don’t understand the value of the collaborative, “you can easily find yourself squeezed in the middle between competing demands.”

It makes sense to try, and keep on trying, to bridge the gap — and others in the collaborative can sometimes help.

- **Provide more options for involvement.** A senior program officer told a story about a funder who had come to a few meetings of a collaborative and wanted to participate but was having difficulty selling the notion inside the foundation. “I was surprised that they were that direct about it,” she said, “but when they were, our collaborative had to pause and say, ‘Well, how do we help them and make this work?’ because we really wanted that foundation to be part of it and, especially, that person.” The group decided to relax its membership requirements to allow the grantmaker to participate in ways that weren’t necessarily tied to grantmaking but were more focused on crafting an advocacy strategy and sharing knowledge about capacity building.

- **Educate foundation leadership.** Some grantmakers have found that outreach to the leadership of potential foundation members can be helpful in swaying attitudes. An intermediary director sometimes “works closely with program officers to try to figure out who in their institution is resistant to the idea and whether we can help them make a case for their participation in the collaborative. Often, I’ll set up a meeting with their director or president and then help make that case directly, emphasizing how collaboratives can leverage their investments and the other value-adds of the entity, including grantee capacity building and training.”

“You need to think of ways to involve key decision makers inside your organization with this new way of working.”

“We encourage everyone, especially newcomers, to speak openly about anything that bothers them.”

- **Keep on talking.** Another funder thought that it may all just come down to being willing to “bang the drum.” It’s important to “be vocal in your institution!” she asserted. “Tell people what you’re doing in the collaborative and how it’s helping to meet the institution’s goals. Give credit to the effort when good things happen. And don’t be afraid to keep talking about it!”
- **Cut your losses.** If the gap between the collaborative and the foundation is too great, some funders said, a grantmaker may be better off not joining the collaborative or seeking an informal role. As one program director observed, “If the differences are minor, then it’s worth trying to reconcile them. If they’re significant, then it probably isn’t advisable. After all, a collaborative grant is usually just one piece of a foundation’s overall portfolio, and it just doesn’t work in the long run to have one piece of the portfolio with a significantly different culture.”
- **Get out of the middle.** Make sure key members of your foundation experience the work of the collaborative for themselves, whether by joining a site visit to a grantee, participating in a strategy meeting, or some other activity. Ask them, “Do you see what I see?” and seek their support in communicating internally about the benefits of being part of the collaborative.

#### **PROBLEM: Clubiness**

Collaboratives can sometimes have a “clubby” feeling. Whether they intend to do it or not, certain grantmakers — often those who have been part of it longer — may form a clique and

dominate meetings and decision-making processes. That dynamic can be intimidating for newcomers and frustrating to anyone who feels left out. It can also hinder a collaborative from achieving some of its own goals, like attracting new funders or getting fresh ideas on the table.

- **Nip it in the bud.** One funder said that her collaborative tries to avoid clubbiness by “nipping it in the bud when we see it crop up. We encourage everyone, especially newcomers, to speak openly about anything that bothers them, and then we have a discussion among everyone about the problem.”
- **Acknowledge the advantages of new members, recruit them regularly, and plan to welcome them to the table.** Change can be difficult, especially after a group of people has finally developed a comfortable working relationship with one another. But there are advantages to “mixing things up” with regular infusions of new members. New people tend to ask questions that need to be asked and underscore areas where older members “just assume that we’re all on the same page,” a program officer noted, “but we may not be. So, someone who’s new to the organization oftentimes will ask questions that make clear where you’re not or why you’re not in sync.”
- **Deliberately seek out members from different types of foundations, with different missions and approaches.** “Our collaborative,” one investor observed, “has, over time, realized that it’s good to have a mix of funders at the table — more seasoned funders and those newer

# How Are We Doing? A Collaborative Assessment

Every collaborative has distinctive goals and benchmarks against which it measures the outcomes of its own work. Yet there are also common, agreed-upon indicators that say a lot about the collaborative itself and its successful functioning. Here's a list that collaborative members can use to rate a collaborative's success and open up a healthy conversation.

INDICATOR OF SUCCESS	YES/NO	HOW CAN WE IMPROVE?
Clarity about end goals, outcomes, and strategy		
Well-defined success measures and progress benchmarks		
Ongoing focus on finding new donors and securing long-term financing		
Assistance from intermediaries, consultants, or staff when appropriate or needed		
Clear understanding of the time and resource commitments required		
Enough money to get the job done		
Good attendance and participation at meetings and on phone calls		
Mutual trust and respect among members		
Mechanisms to bring in new members and adjust our processes to accommodate growth		
Open and honest communication		
Willingness to address interpersonal or systemic problems when they arise		
Respect for grantseekers and grantees and their needs		
Streamlined and efficient decision-making — and a record of producing decisions that members feel are fair		
Effective monitoring and reporting systems		
Nimbleness and flexibility when opportunities arise		
Evidence of influence on the problems we are attempting to address		
Evidence of benefit to grantees or the larger community		
Evidence of ongoing learning among members		
Exit plan that ensures the sustainability of the effort, if needed		

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to philanthropy or to the group – because it leads to more interesting and engaged discussions.” Others mentioned that funders from private, community, corporate, and family foundations can all bring distinctive, valuable perspectives to a collaborative effort.

**PROBLEM: Disagreement and disorder**

There are plenty of stories out there about collaboratives that struggle because they’re disorganized or fraught with disagreements. “I was part of a really ‘loose’ collaborative,” one funder recalled. “People could come and listen or give money – there wasn’t any requirement to join other than being interested in the issue. But that drove some funders crazy later on – especially the ones who’d committed funds. There was no clarity about voting, which also drove some people crazy. The process was confusing; everyone got ‘heard,’ but then decisions were made at the end that made us all go, ‘What the hell happened?’” The best time to address that sort of problem is at the outset, when a group can “lay out the structures or rules, so that everyone understands what they’re buying into and what the rules are,” said one funder. The problem is, it doesn’t always work.

- **Develop clear guidelines from the start – and go back to those agreements, if necessary.** “If we say, ‘Here are our ten criteria for the types of things we’re going to fund,’” a grantmaker noted, “when the

proposals come in eight months later people might still try to eliminate things because they don’t like them. You have to remind them that ‘we all made an agreement that these were our criteria.’”

- **Have a plan for getting beyond impasses and moving forward.** A grantmaker from a family foundation described a collaborative in which members’ disagreements are “usually mitigated by the fact that we’ve developed a consensus process that’s clear” – including recourse to majority rule if a vote is needed.
- **Hire staff or use an intermediary.** Many funders believe that collaboratives work best when they have staff or a managing director to keep the trains running and coordinate communication among members. “Having that kind of mini-infrastructure,” said one foundation president, is very helpful for managing “the logistics and relationships among a diverse group of grantees and funders.” Another grantmaker encouraged collaboratives to hire a coordinator who is a good manager and able to facilitate difficult discussions, such as those that are needed when a project isn’t progressing well or a decision has to be made about ending support to a particular grantee. “When you choose a coordinator,” she urged, “don’t just choose someone who’s good at driving paperwork. Look for someone who’s also skilled in driving consensus among people.”

## Meeting in the Middle: What the Intermediaries Say

Funder collaboratives are sometimes managed by intermediary organizations, which may be charged with anything from convening educational briefings to reviewing proposals to signing the checks. To many who've used them, intermediaries can be, as one funder claimed, "a godsend." As another grantmaker noted, "They help organize our funds, raise more money, get things organized so we can review dockets efficiently, and make good, informed decisions." Other funders said that intermediaries' biggest contribution is the expertise they bring to bear when helping grantees engage in effective advocacy campaigns, communicate their messages and missions, and build their organizational capacity. Some intermediaries also bring grantees and members of different collaboratives together when they have overlapping interests for field-building, policy reform, or research.

Intermediaries charge a fee for their services, which can range significantly, depending on the level of responsibility members want it to assume and the complexity of the collaborative's process or structure. Some funders are initially resistant to using funds for what seem to be administrative purposes, but, in time, most "realize how effective it can be to have someone to manage these processes and leverage their funding in ways that build the field or secure policy wins that benefit many grantees at once," said Julie Kohler of Public Interest Projects (PIP), an intermediary that works with institutional and individual donors on social justice and human rights grantmaking. Another family foundation director noted that "it's worth allocating a relatively small amount of money toward these costs because it lifts the burden of all this process and management off the members' shoulders — most of whom already have full time jobs!"

Intermediaries can also help funders decide whether to join or start a collaborative. Ellen Remmer, CEO of The Philanthropic Initiative, a nonprofit philanthropic advisory team, starts by helping donors assess "where they are in their journey as philanthropists. Are they still exploring various things they're interested in, or have they narrowed it down to specific issues or strategies they want to support? If it's the former, we might suggest collaboratives to them that are more focused on the learning. If it's the latter, we'll help them find a collaborative that's more deeply engaged in grantmaking or policy advocacy. And, in some cases, we'll help them start their own collaborative, if there's no other group out there."

Still other intermediaries focus on the nitty-gritty of building trust — the relational aspects of collaboration. According to Cherry Muse, executive director of Public Conversations Project, "A lot of collaboratives focus on structures and systems, rather than relationships — the people part — because those can be messy and challenging. We believe, though, that this is where the rubber meets the road when it comes to effective collaborating: solid, trusting relationships."

Serving as an intermediary has its challenges — such as walking the occasionally difficult tightrope between serving donors and helping nonprofit grantees. "We're an important filter between nonprofits and funders," said PIP's Michele Lord, "which can mean a lot of negotiating and behind-the-scenes conversations to solve problems when they emerge. Some issues need to be brought to the Steering Committee. Others we can resolve ourselves without the donors being involved." In the worst cases, nonprofits perceive the intermediary as being "yet another layer they have to go through to get to the national funders," said Kohler.

Many funders believe that the benefits of using intermediaries far outweigh the challenges. "I wouldn't do this kind of grantmaking any other way," explained a national funder who has worked with PIP on several collaboratives. Even nonprofits recognize the value, said Kohler: "Our grantees play an active role in designing the collaborative funds' learning component, which includes annual grantee/donor convenings. We also survey grantees on their capacity-building needs and offer tools and resources to address them. We know a collaborative is successful when we see everyone — donors, staff, and grantees — working together to pursue shared goals. Many of our grantees even play an active role in helping fundraise for the collaborative."

## CASE STUDY

### WORKING AT SCALE: HOME FUNDERS

**Home Funders was created in 2003 to address a crisis in affordable housing in Massachusetts. Its specific objective was to raise \$26 million to create 1,000 housing units for extremely low-income (ELI) families as part of developing 4,000 more mixed income affordable units over 10 years.** The collaborative emerged from conversations among the directors of two local family foundations and their trustees, who'd expressed concern about the homelessness problem in the state and wanted to devise more permanent solutions to it. Three other local funders joined the effort very early on.

Home Funders began by commissioning experts with deep experience in Boston community development to provide ideas as to the best approach for addressing the issue. Their report underscored the need for “slow patient capital,” rather than short-term dollars, and recommended that the group establish a pooled fund that would use PRIs to offer long-term loans at low interest rates to developers and others willing to build housing for ELI families.

Four funders — including the Highland Street, Hyams, Fireman, and Boston Foundations — agreed to collaborate by contributing \$15.5 million that would be structured as loans or PRIs at a 1% interest rate over 10-20 years. To streamline the process, they granted the funds to two intermediaries charged with approving and tracking loans and repaying the PRIs. Once the initial financing had been met by developers, the money that had been lent would go back into the pool. The group also created an LLC to hold the PRIs and share risks. The collaborative had two other components: funding for transitional services to homeless families to mitigate the perception among some developers that helping them was a “lost cause”; and a public education campaign to advocate for better public policies to support long-term permanent housing for homeless and other ELI families. A recent mid-point evaluation found that the collaborative has made progress toward its goals, with \$22 million raised and about 1,550 affordable and 440 ELI units financed to date.

In 2007, with more projects in the pipeline than funds to support them, the collaborative made reaching out to new

funders a top priority, turning grantmakers into grantseekers — a new role for some members. “We had to pitch our colleagues and found what most nonprofits find — that grantmakers want results that we hadn't yet produced,” said Mari Berrera formerly executive director of the Highland Street Foundation and now at the Eos Foundation. “That's a major reason why we undertook an evaluation, which showed what we had accomplished. We also brainstormed about what we could do if we had, say, another million dollars and then presented that as our vision with potential donors.”

The progress the collaborative has made hasn't been without its challenges, among them the complexity of the model, which required considerable staff time; an economic climate that has made it more difficult to build affordable housing; and changes in foundation staff, including some of the original “champions” of the initiative. The benefits, however, have far outweighed these challenges, says Berrera, who points to the extraordinary sense of commitment each funder brought to the table, their ability to be frank with one another, the single system of grantee reporting, and their agreement to encourage grantees to report failures as some of the most important.

In 2008, in response to a Boston Globe article that warned that the city was becoming a “frozen Katrina,” with “poor people being unable to feed their kids and heat their homes,” several Home Funders members decided to create a pool of funds with other donors that could respond to shorter-term needs of social service providers. The group also hired a PR firm to get the word out about these grants and to encourage other funders to “step up and do this on top of their investments.” Although originally envisioned as a “one-time effort,” the new collaborative plans to pool resources again for the coming winter. Two other Home Funders members have made additional PRIs to a new pooled fund created to address the housing foreclosure crisis in Massachusetts. “These new initiatives grew, in part, from the close and productive relationships built through Home Funders,” said Hyams Foundation president Beth Smith.

## Roles for Nonfunders

When grantmakers form collaboratives, it's often because they're interested in experimenting in new areas, or even with doing things in radically new ways. Involving nonfunders — grantees, practitioners in a field, intended beneficiaries, or others with particular insight or expertise in the area where funders are working — in grantmaking is a relatively new idea in philanthropy, so it's not surprising that some of the most interesting experiments are happening in funder collaboratives.

Grantmakers described several scenarios where involving nonfunders extended the work in valuable new directions:

### **Establishing and expanding a vision.**

When members of the Women of Color Working Group began to discuss a vision for what would later become the Catalyst Fund, they decided to go outside their ranks and ask grantees what was needed. As one program officer explained, "We went to existing grantees in our respective portfolios — and we share some of those — and interviewed them to get their input as part of our due diligence." Those interviews confirmed grantmakers' sense that women-of-color-led groups were looking for new types of assistance from funders that had traditionally supported reproductive rights and reproductive health: "We needed an expanded vision of 'reproductive justice' to reach women for whom the 'reproductive rights' approach wasn't working."

As Catalyst has extended its funding to "new groups and new people," she continued, "existing grantees have offered training that broadens the evolving conversation about questions like,

'What is reproductive justice? Why is it different from reproductive rights and reproductive health? How do you build coalitions and alliances among groups inside and outside the field?'"

### **Planning for follow-through.**

Donors involved with the Central City Collaborative (see the case study on page 24) knew that they wanted to fund neighborhood revitalization at the grassroots level, and that change of that sort would require active and consistent support from neighborhood leaders. The prospective funders supported a planning process that involved local residents — a more inclusive process than most people were used to, given local power structures, but one the funders were positioned to support. The outcome was three clearly defined projects, each with a committed local leadership constituency.

A former foundation president cited a similar experience: "A few years ago, our foundation worked with a number of local nonprofits to create an initiative to end childhood hunger in our city. Every organization — from food banks to foundations — that worked on nutrition issues was at the table, contributing ideas and participating in meetings to figure out what to do. We had committees and groups working on each part of the question. Eventually, we hammered out a plan and then sent that draft around for comment." In short, everyone was part of the effort — funders, state and local officials who administer programs, and the nonprofits that feed people — and they all agreed on the final product. "That plan has not only been launched in our city, it's now being replicated around the country," said the funder.

**"Every organization — from food banks to foundations — was at the table, contributing ideas and participating in meetings to figure out what to do."**

## CASE STUDY

### TRANSCENDING BOUNDARIES: CENTRAL CITY COLLABORATIVE, NEW ORLEANS

**The Central City Collaborative emerged from the wreckage of Hurricane Katrina — and the concern of many about how New Orleans would ever recover. The director of a major corporation decided to convene a group of donors who wanted to help and were interested in working together.** They decided to focus on a single neighborhood — Central City — that had been affected by the hurricane but also had “remnants of local leadership who’d stayed there and needed support,” explained Linetta Gilbert of the Ford Foundation. The funders asked themselves how they could understand what the neighborhood wanted to have happen and then help them expedite it. Residents, along with several funders, were happy to weigh in, and ultimately, the group agreed on three projects that, once completed, would send a message to evacuees, legislators, and other investors that New Orleans could and would recover if resident leadership had the right kind of support.

In just three years, the collaborative — which now comprises local, national, regional, state, and local public and private funders, as well as residents — has made significant progress toward completing the projects. Along the way, members have grappled with the challenges of collaboration among a diverse group of stakeholders with different perspectives, ideas, and approaches. When these challenges arose, Gilbert said, the group took the time to acknowledge and address them, primarily by convening all participants and having open, honest conversations, frequently with the help of a facilitator. These conversations reminded participants of their commitment to the overarching goals, as well as the progress they’d made. They would leave reenergized and committed to “telling everybody who’s not involved to get more involved in this.”

The collaborative was not structured as a pooled fund, but rather “as a strategic planning effort focused on driving investments toward the community, using the three resident-led projects as evidence of the value of those investments,” said Gilbert. Many of the initial members already had investments in Central City; the group decided to look immediately for additional donors by inviting them to come to meetings, tour the neighborhood, and talk to residents and local nonprofits. The group also reached out to city government as potential and important investors. Residents were crucial to this outreach, which has since led to regular meetings between city planners and officials and residents to negotiate rebuilding plans for the neighborhood — “something that was almost unheard of in New Orleans and, probably, in most communities,” Gilbert noted.

“Once we saw that we had some local funders as leaders, and that community-based organizations and resident leadership were all on the same page, we knew we could get some things done,” Gilbert reflected. She and other collaborative members have been encouraged to see potential investors listen to residents’ plans and immediately agree to join the effort: “They understand that this collaborative is about strengthening individual foundations’ investment, but from the standpoint of making sure that it is harmonized with the vision of the neighborhood. While money makes the engine run smoother, the engine is local leadership.”

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**Staking out a field.** The Disability Rights Fund (DRF) originated through the insight of an anonymous donor who had sent a representative to observe the deliberations that produced the UN Convention on the Rights of Persons with Disabilities (CRPD) in 2006. The representative came away “tremendously impressed with the rights advocacy of the international disability community,” the fund’s director, Diana Samarasan, recalled.

A key part of the donor’s future strategy was to invest in building a pooled fund that could ensure that the acumen of that community could be tapped as the field took shape. Over the next year, the donor sought funding partners and devised a governance structure with two overlapping entities: a global advisory panel and a steering committee.

The advisory panel of 12 members — all activists from the Global South and Eastern Europe — is intentionally diverse along several dimensions: disability (including physical, sensory, and psycho-social disabilities), geographic region, age, and gender. The majority of its members are nominated by international and regional disabled persons’ organizations. The advisors recommend funding priorities, play a role in monitoring and evaluation, and keep the fund apprised of trends in the global disability rights movement.

A steering committee, made up of donors and four representatives from the advisory group chosen by their peers, has general oversight of the fund and makes grant determinations (technically recommendations to Tides). “The inclusion of the disability community at governance, advisory, and staff levels, is crucial,” said Samarasan, practically

and philosophically, “since our purpose is to support greater participation of people with disabilities in the achievement of rights. Without the integration of the disability community into the fund, DRF would not meet the core principles of the CRPD, the advancement of which we aim to achieve.”

**Changing the dialogue.** When two grantmakers from large US foundations first heard that several small nonprofits associated with the Rainforest Alliance were hoping to bring sustainable forestry certification to the United States, they were supportive but apprehensive. “This is a \$50 billion industry,” one funder recalled, “and this group of rather frail and tiny nonprofits is going to try to move that Queen Mary.” They knew they’d need to bring in other funders, but they also saw a need to “change the dialogue” from one characterized by acrimony between the environmental movement and industry to one where new alliances might grow.

The funders created the Sustainable Forestry Group and began to host regular strategy meetings, where open and wide-ranging dialogue among nonprofits, funders, and other allies became the norm as the certification movement grew and gathered support around the country. Over several years, the group established “a level of trust and an ability to get beyond people’s defenses and fears,” a nonprofit director recalled, and helped everyone “figure out where [they] fit in this puzzle of certification and conservation.” The culture of collaboration was put to the test in the late 90s, when the giant Home Depot chain began to think about shifting to certified “green” lumber in their stores. Despite the trepidation of some mem-

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bers, the group invited the company's representative to a meeting: "It was terrific to hear from her perspective some of the strategic issues that we need to think about," a grantmaker recalled. "In the end, [she] couldn't have been a better partner." The one area that still seems to be a major sticking point for many collaboratives — even some that are committed to involving nonfunders in setting funding strategy — is direct involvement in grant decisions. To explain, some funders cite the tight-rope nonprofits have to walk between being part of a funder-driven effort and a member of the grantee community. As one seasoned grantmaker observed, "Even though we may want to involve nonfunders, their relationships can really get hurt with their peers when they're overseeing the money and have to make decisions about who gets it."

Yet even here, the field seems to be evolving: the experience of the Disability Rights Fund suggests that both funders and nonfunders can shift their thinking within the right structure. According to Samarasan, some funders were initially "nervous about including advisors on the steering committee" where grant decisions would be made. There was anxiety on the side of the advisors, too: advisory panel members agree to put aside their institutional affiliations and even their loyalties to particular segments of the disability community or regions of the world, she explained, "and sometimes that's hard." When the Fund meets, there's time set aside for advisors only, as well as the overlapping steering committee, so questions and reservations on both sides can be discussed candidly and dealt with as the group matures.

## Resources

*Collaboration Handbook: Creating, Sustaining, and Enjoying the Journey*, 8th ed. Michael Winer and Karen Ray. Fieldstone Alliance, 2005.

*Collaboration: What Makes it Work*, 2nd ed. Paul Mattessich, Marta Murray-Close, and Barbara Monsey. Fieldstone Alliance, 2001. Includes a tool for assessing factors in collaborative work and structures.

*Collaborative Approaches for Smaller Foundations: Partnering to Focus on Results for Communities*. Thomas Backer. Annie E. Casey Foundation, 2004.

*The Collaborative Fund Model: Effective Strategies for Grantmaking*. Ms. Foundation for Women, 2002.

*Collaborative Philanthropies: What Groups of Foundations Can Do That Individual Funders Cannot*. Elwood M. Hopkins. Lexington Books, 2005

*Donor Collaboration: Power in Numbers*. The Philanthropic Initiative, 2009. A 16-page primer, with advice on deciding among different collaborative structures.

*Dos and Don'ts of Working with Local Funders* by the Association of Baltimore Area Grantmakers, 2005.

*Four Keys to Collaboration Success*. Carol Lukas and Rebecca Andrews. Fieldstone Alliance.

*Local Donor Collaboration: Lessons From Baltimore and Beyond*. Alice Buhl. Association of Baltimore Area Grantmakers, 2004.

*Managing a Funders' Collaborative*, video and companion guide. GrantCraft. This 19-minute video captures the interactions among members of a sustainable forestry funding collaborative; it shows how they shared responsibilities and advanced an ambitious agenda. Also available in shorter excerpts.

"Moving Ideas and Money: Issues and Opportunities in Funder Funding Collaboratives." Ralph Hamilton. Chapin Hall Center for Children, Issues in Philanthropy and Community Change series, 2002.

*Networks That Work: A Practitioner's Guide to Managing Networked Action*. Paul Vandeventer and Myrna Mandell. Community Partners, 2008.

*Out of Philanthropy's Funding Maze: Roadmap#1: Strategic Co-Funding*. Cynthia Gair, REDF, June 2008. A diagnostic tool to help organizations determine whether strategic co-funding is a good fit with their goals or mission.

*Philanthropies Working Together: Myths and Realities*. Robert Hughes. Foundation Center, 2005.

*Steps for Considering and Creating an Alliance*. Becky Andrews. Fieldstone Alliance, 2009.

*Working Together to Achieve Greater Impact: The Donor's Education Collaborative of New York City*. Anne Mackinnon. Grantmakers for Education, 2006.

## Ways to Use This Guide

Readers often tell us that GrantCraft guides are helpful to them, not just as individual readers but when they want to get a conversation started or work through a process with others. Here are three suggested ways to use the guide with colleagues.

- **Use it to make the case with colleagues.** Use the guide inside your foundation or among colleagues in a field or community to talk about whether a collaborative makes sense for your work. The guide offers common language to get a conversation going about the benefits and challenges of working collaboratively.
- **Use it to stay focused as you get started.** Start-ups are always messier and more chaotic than anyone expects, and collaboratives are no different. Use the flow chart on page 15 to track progress and make sure you don't lose an important step along the way. The chart can also bring up issues that are tempting to avoid because they are hard to do or take time. If you decide to skip something, be sure you have a good reason — since many experienced grant-makers have said those steps are important.
- **Use it to keep a group honest and on track.** Once you are in a collaborative, use our checklist on page 19 periodically to assess whether the group is attending to its indicators of success. Ask everyone to fill out the form candidly, from their own point of view, and have someone aggregate the feedback (anonymously) to create a picture of the group as a whole. The good, bad, and ugly can be shared for analysis to open up difficult topics and celebrate what's working.

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