The Center on Philanthropy & Public Policy

FOUNDATION COLLABORATIONS

Incubators for Change?

Marcia Sharp

Research Paper - 14
May 2002

UNIVERSITY OF SOUTHERN CALIFORNIA

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The Center on Philanthropy and Public Policy promotes more effective philanthropy and strengthens the nonprofit sector through research that informs philanthropic decision making and public policy to advance public problem solving. Using California and the West as a laboratory, the Center conducts research on philanthropy, volunteerism, and the role of the nonprofit sector in America's communities.

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The opinions presented in this paper represent those of the authors and not those of The Center on Philanthropy and Public Policy.

ABOUT THE AUTHOR

Marcia Sharp is the principal of Millennium Communications Group, a strategic communications practice widely recognized for its expertise in the growth and change issues of the nonprofit and philanthropic sector. Sharp is involved in framing the role and contributions of philanthropy in American life and has worked with the Council on Foundations, the Forum of RAGs and its New Ventures in Philanthropy Initiative, Independent Sector, and many regional associations of grantmakers, on projects to understand the new philanthropic landscape and strengthen connections between grantmakers, their partners, and their communities. She is currently leading Millennium's "Marco Polos in a New Landscape" project, a California-based inquiry to develop and build support for a new vision of foundation leadership, action, and interdependence with other partners, in the changing landscape of public problem solving. A graduate of Harvard University, Sharp is a Research Fellow of the Center on Philanthropy and Public Policy, Vice Chair of the Board of the Center for Arts and Culture, and a director of Development Alternatives, Inc., an international development consulting firm. She served on Independent Sector's Task Force on Performance and Accountability, and on the curriculum committee on Public Sector Marketing at the John F. Kennedy School of Government at Harvard University.   She was a trustee of Goucher College, and has chaired the College's Strategic Planning Task Force.

Foundation Collaborations: Incubators for Change?

Marcia Sharp

Executive Summary

Forming collaborations among foundations represents a significant strategy for increasing funder leverage and capacity to deliver social and policy change.

There are more and more calls for collaboration in the foundation world, and more apparent collaboration as well. The numbers of RAGs (Regional Associations of Grantmakers) and foundation affinity groups continue to grow, as do the numbers of newer collaborative entities like giving circles and Social Venture Funds, and site or issue specific collaboratives such as Los Angeles Urban Funders or the Boston-based Summerfund. There are also an increasing number of learning collaboratives that explore how philanthropy does its work – i.e., Hauser Center Executive Session, Marco Polo Inquiry.

The term collaboration embraces many kinds and levels of activity. Collaborations bond types of foundations, foundations in a geographic place, and foundations focused on common issues. Collaborations can be standing membership organizations, or situational alliances. All are generally thought to embrace shared goals and shared work.

Some of the key variables are:

- whether collaboration is among funders, or also involves public and/or business, grantee or other nonprofit partners as full player/members
- whether the collaboration fundamentally exists for common learning or common action
- whether the grant funds involved are pooled or not
- whether the collaboration itself is an entity – with staff, structure, etc – or simply an aggregation of funders
- the extent to which the participating foundations are institutionally involved in and committed to the collaborative program

Collaboration is generally believed to produce these ends/values:

- Providing possibility of <u>scale</u>
- Expanding potential for <u>knowledge</u> exchange/development
- Providing <u>safe haven</u>/risk pooling
- Giving broader purchase/<u>traction</u>
- Expanding the <u>leverage</u> potential for foundation dollars

As a way to stimulate discussion of these and other ends, this paper profiles four quite different collaborations: the National Community Development Initiative (NCDI); The Funders Network for Smart Growth and Sustainable Development (TFN); the Effective Communications Initiative of Grantmakers for Income Security (GIST); and Los Angeles Urban Funders (LAUF).

In addition to the benefits cited above, the profiles suggest one significant additional benefit of collaboration, highly important in the current period of philanthropic and general social and economic change. This is the potential of collaboratives to serve as <u>incubators for new ways of working</u> – i.e., foundation transformation – in ways can increase foundation leverage and capacity for public problem solving. Possible examples of such incubation might be:

- The development of mechanisms for much faster, more flexible, less "controlled" dispersal of grants and capital
- The development, out of one collaboration, of continuous down the line collaborative initiatives through more phases or spheres of action (i.e., collaboration spawns collaboration)
- The development of new and closer to co-equal learning and action relationships with grantee and other partners
- The capacity of the collaboration to drive interdisciplinary and cross program work, within and beyond the participating foundations.

The profiles also suggest a number of significant questions for further research:

- To what extent do transformative "new ways of working" insinuate themselves into the value system and modus operandi of participating foundations – beyond the time and point of collaboration?
- What is the role and involvement of foundation Boards in collaboration?
- Do "transforming collaborations" exist on any scale, and what are the characteristics of their creation?
- More specifically, what is the nature of the relationship between foundations and their prime grantee action partners, in a "transforming" collaboration?

FOUNDATION COLLABORATIONS: INCUBATORS FOR CHANGE?

INTRODUCTION

Collaborations involving philanthropy and nonprofits in public problem solving result from at least three different organizing principles: funders banding together in common purpose; nonprofits banding together; and funders, nonprofits, and sometimes business and/or public sector partners coming together to create deliberately cross-sectoral entities for action.

This paper looks specifically at collaboration which has its impetus among the funders, and involves their collaboration – with each other, and with the partners they choose to draw into their work.

The premise of the paper is that forming collaborations among foundations can represent a significant strategy for increasing funder leverage and capacity to deliver social and policy change.

The first section of the paper is an overview of foundation collaborations: definitions, trends in incidence, purposes, benefits and barriers to foundation collaboration.

The second section profiles four different collaboratives: the National Community Development Initiative (NCDI); The Funders' Network for Smart Growth and Livable Communities (TFN); the Effective Communications Initiative of Grantmakers for Income Security (GIST); and Los Angeles Urban Funders (LAUF).

The final section distills from the examples a set of implications and questions for discussion, with respect to our efforts to understand how collaboration among foundations may contribute to foundation leverage in public problem solving. It also presents some suggested areas for further research.

The discussion of the four examples of collaboration should be thought of as descriptive, and not evaluative. It is based on interviews and review of available materials, and not on any formal assessment mechanisms.

PART I: AN OVERVIEW OF COLLABORATION AMONG FUNDERS

There are many definitions and kinds of collaboration among funders. All definitions and all kinds build out from, what is in essence, "shared goals and shared work".

The Upsides

Collaboration is an attractive option
Collaboration among funders appears to be a highly attractive option in an era when strategic alliances – for both learning and action – are commonly touted across the three sectors as the route to higher performance and greater output.[1] This would seem to be all the more true today when foundation resources have fallen for the first time in many years – yielding fewer dollars for grants in the context of the greater expectations created by the asset buildup of the last few years – and when the foundation "conversation," from within and without philanthropy, includes such frequent calls for foundations to act in ways that are less insular and "independent".

Collaboration comes in many forms
Collaboration which has its impetus among funders can be found in many forms. There are collaboratives that bond institutional types of funders (the Association of Small Foundations); funders in a single geographic place (Long Beach [CA] Funders Collaborative); funders who cluster around a common issue area (Environmental Grantmakers Association); and groups of participating individuals within foundations (Hispanics in Philanthropy).

There are collaboratives with standing membership (most of the affinity groups connected with the Council on Foundations) and those that are situational (e.g., a "HIP" or Hewlett-Irvine-Packard partnership that works on selected initiatives in the Great Central Valley and elsewhere). Collaboratives can have "funders only" as members (probably the great majority of all funder collaboratives) or be formed, from the beginning, to bring together funders and their action partners (e.g., the Organizational Capacity Grantmaking Initiative [OCGI] in California's peninsula region, that involves leadership from three foundations and 16 nonprofit organizations in a shared learning initiative; or the Northern California Citizenship Project [NCCP] which includes community organizations, private and community foundations, and county governments in a project to assist vulnerable immigrants in the naturalization process).

Collaboratives can have their own institutional identity and staff (Los Angeles Urban Funders) or simply represent the confederated action of participants. They can be focused on the process of philanthropy, or focused on the societal issues philanthropy deals with – as in the many regional and metropolitan collaboratives supported by new Ventures in Philanthropy, all of which aim to increase institutionalized philanthropic giving.

Collaboratives can achieve a variety of purposes

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[1] See, for example, the summary report of the Three Sector Initiative (Fosler 2002), the Fall 2001 edition of Nonprofit Quarterly, which is entirely devoted to alliances, partnerships and collaborations in the nonprofit sector (Weis 2001), or the work of Prahalad and Ramaswamy on "co-opting customer competence" as a strategy for business advantage (2000).

Beyond these variables of composition and structure, collaboratives are also organized to achieve different purposes. Ralph Hamilton, in a mapping project just completed for the Funders' Network for Smart Growth and Livable Communities, has created the following very useful typology of purposes for collaboration: information exchange; co-learning; informal strategic alignment of funding; formal strategic alignment; pooled funding; joint venturing; and hybrid network. (Hamilton 2002)

The amount of collaborative activity appears to be increasing
Studying collaboratives as a genre is new activity, and no one has yet mapped the incidence of collaboration – let alone the benefit and impact. Anecdotal evidence, however, suggests that funder collaboratives, of all kinds, are increasing. The easiest ones to count are the ones with structural identity that exist in many places – i.e., Regional Associations of Grantmakers (RAGs), affinity groups, Social Venture Partnerships – and all of these are growing both by increased number of entities and increased membership within them. Bernholz (2002) found 29 RAGs, 30+ COF affinity groups and 20 Social Venture partnerships. Under most but not all RAG's there are likely to be additional member collaboratives: there are four at SCAP (Southern California Association for Philanthropy) and seven at NCG (Northern California Grantmakers).

The most difficult kind of collaboratives to find and count are the ones that are formed without an umbrella like a RAG or the affinity group to deal with a given, often place-based, challenge. These "situational" collaboratives are almost certainly the most numerous. Hamilton, who studied both affinity groups and collaboratives that represent situational clusters of grantmakers, found more activity of every type than he anticipated. (2002). As further evidence of rising interest and incidence, the Council on Foundations has selected "partnerships and collaborations" as the theme for its Annual Conference in 2003.

Collaboration offers a range of distinct advantages to grantmakers
Among these are scale, leverage, learning, risk pooling, and the wider perspective and wider "traction" that comes from adding additional voices and players to the conversation or action. A brief discussion of each follows:

1. Scale
Bringing multiple foundations together increases the potential scale of the shared activity, whether measured in number of dollars, amount of visibility, or kinds of philanthropic resources, in addition to dollars, that can be brought to bear. The Rockefeller, Carnegie, Ford and MacArthur foundations recently announced a $100 million, five-year collaborative initiative to strengthen African Universities. Funders Concerned About AIDS helped to mobilize millions of dollars in AIDS-related grantmaking when it was launched in 1987. In addition, scale of resources to needs is not only about large foundations playing on the national or international stage; the Great Lakes Community Foundation Environmental Collaborative, Phase I, led to an increase of environmental funds at participating small community foundations from a combined total of $2.2 million to $3.9 million. (Council of Michigan Foundations 1998)

1. **Leverage**
Collaborations have the potential to leverage other dollars and players for public problem solving. Northern California Citizenship Project leveraged $2.8M of foundation grant funds with $2.9M in government funds and another $5M from the Emma Lazarus Fund for combined total spending power of $10.7M for citizenship efforts. NCDI, over its 12 years, has invested $250M in Community Development Corporations and CDC-managed projects, which has in turn leveraged $2B in funding from state and city governments, foundations, banks and other corporations. Los Angeles Urban Funders (LAUF) leveraged its $5M pooled investment fund with an additional $15M in categorical grants from its members outside the LAUF budget.

2. **Learning**
In a funding and problem-solving environment in which it is generally assumed that everything about the landscape – the actors, the issues and the problems – is changing, interest in and need for organizational learning soars. Collaboratives provide a ready venue for that learning. Typically they: offer opportunities for funders from different foundations to meet and work together; convene funders with additional outside resources; commission research projects beyond the scale that any one participant would likely support; and provide technical assistance/peer coaching to members. For example, Environmental Grantmakers Association has working groups on sustainable agriculture, or the Great Lakes, or other specialized interests. Grantmakers in Health runs a support center for health foundations wanting to work on more effective programs, structures and operations. Great Lakes Community Foundation Environmental Collaborative helped its small community foundation members learn how to conduct effective convenings, and provided resources for educating staff and trustees at the foundations on environmental issues.

3. **Safe Haven/Risk Pooling**

To the extent that foundations are cautious and risk-averse organizations, collaboration can provide the means either to share the risk, or to offer the encouragement of large credible collaborative members to smaller and more cautious ones. Writing about "Partnership Among National Foundations," Stephen Isaacs and John Rogers spoke about an early large effort on AIDS saying: "In 1991, after political forces had thwarted the federal government from funding a survey on sexual behavior…the Robert Wood Johnson foundation took the initial role in financing it." Noting that the effort was later joined by Ford, Kaiser, Rockefeller, Mellon, MacArthur, the New York Community Trust and the American Foundation for Aids Research, the authors drily note "There is security in numbers." [2]In a somewhat different vein, trustees who participated in the Community Foundation Environmental Collaborative in Michigan reported that they felt it was less risky because two well known and respected foundations – Mott and Great Lakes Protection Fund – were already in it.[3]

4. **Wider perspective/greater traction**

Collaboration can work to give funders the collective opportunity to reach out beyond their scope and draw into their work either additional players or programs and expertise within their foundations from without. Grantmakers in Health has created a series of partnerships for maternal, child and adolescent health that reflect ongoing relationships between philanthropists and public sector health officials who are seeking ways to leverage their resources collectively. NCDI brought Prudential Insurance into the collaborative very early on, attracted not only to the loan funds that Prudential was able to make available but also to Prudential's expertise in due diligence and back office management of loan programs. The Donors Forum of Chicago collaborative Fund for Immigrants and Refugees used nonprofit representatives on its grant planning and selection panels to better align both processes with need and capacity.

The Downsides

For all the apparent advantages of collaboration, there are also some disadvantages, or at least downsides in the conversation. Chief among them:

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[2] Isaacs and Rodgers 2001. An equally succinct reflection comes from an interview with Michael Laracy at the Annie E. Casey Foundation: "Funders like to be first…but they like to be first in a group."

[3] Council of Michigan Foundations, 1998.

Collaboration is likely more touted than practiced.
There is a quite pervasive belief, within and beyond philanthropy that "true" collaboration is hard to find. There is seldom a meeting of grantees, or a candid meeting of grantees and grantmakers where it is not alleged that "foundations demand collaboration from us, but not of themselves." Op eds in the *Chronicle of Philanthropy* frequently trumpet foundation failings in collaboration.[4] Two seasoned reviewers from inside, writing from the context of large national foundations, allege that there is a "dearth of real collaborations –those where decisions are jointly made, as contrasted to mere joint financing of a program – /which/ may well reflect a decision, reached unconsciously or consciously by foundation staff members and boards, that they simply are not worth the effort."[5]

There are very real barriers to collaboration.
Powerful forces in foundation culture may work against the formation, and certainly against the deepening, of collaborative relationships. These include: pride of ownership in "the foundation's grant program" and its results; the time commitment to process in almost any shared decision-making enterprise; the extent to which foundations are both slow and idiosyncratic in their decision-making; and the difference of mission and style among foundations. Additional factors would include: the silo culture within large foundations, which makes collaboration that moves toward an interdisciplinary approach to problem solving that much more challenging; the lack of staff in small foundations who can shoulder the time-consuming aspects of the collaborative process; and the lack of importance attached to collaborative activity in many foundations.[6]

There has been little evaluation of collaboration.
For all of the belief that "true" collaborations are timely, positive and represent an addition to the foundation capacity for leverage and increased problem solving, there has been little formal mapping of collaboration as a genre or mechanism in philanthropy – let alone evaluation of collaboration as a strategy. Evaluations of individual collaborative efforts are conducted as a part of the evaluation programs of individual foundations for collaborations. But an across the board examination of whether assets, collaboratively utilized, tend to deliver more impact than they would if they remained separate, has not been done.[7] In such a

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[4] See, for example, "Collaboration: The Key to Effective Philanthropy," in the 12/14/00 *Chronicle*: "While that [collaborative] approach may sound obvious, it differs from traditional grantmaking. Grantmakers …tend to work alone, isolating themselves from other organizations that may have good ideas and resisting pooling their money…"

[5] Isaacs and Roberts , Op. Cit.

[6] Isaacs and Rodgers suggest these barriers: mission clash; issues about who gets the credit; challenges in meshing cultures; time demands; lack of incentives/rewards for program officers who do collaborate; staff turnover; fear of lowest common denominator. Ed Skloot sees it in more in the context of system wide values: "We don't interact with the other players on our left or on our right." (Skloot, 2001)

[7] Robert Hughes at the Robert Wood Johnson Foundation is leading a team that is now at the preliminary stages of constructing a broader look. Researchers are hoping to explore a range of

gap, it would not be implausible to argue that collaboration could represent substantial time and resources expended in foundations learning from and about each other with little real output in leverage for public problem solving.

PART II: PROFILES OF FOUR COLLABORATIVE EFFORTS

The material that follows represents brief profiles of four collaborative efforts, selected to illustrate a range of approaches, structures, ambitions, methods, and questions for discussion. They are:

- **Effective Communications Project of the Grantmakers for Income Security Taskforce (GIST),** a focused, time-specific effort, collaboratively funded out of GIST, to augment the communications capacity of nonprofits working toward the reauthorization of TANF (Temporary Assistance to Needy Families).

- **National Community Development Initiative (NCDI)**, a multi-year collaboration of major national foundations, corporations and the Department of Housing and Urban Development to support community development as a strategy and Community Development Corporations (CDC's) as engines of development.

- **Los Angeles Urban Funders,** a 30+ member collaborative of a highly diverse group of Los Angeles Funders who have come together to help rebuild three specific neighborhoods of the city.

- **The Funders' Network for Smart Growth and Livable Communities,** a multi-disciplinary affinity group, operating nationwide, working to strengthen funder capacity to play a leadership role in the movement for smart growth across the country.

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issues including: 1) what are collaboration's benefits for the foundations? 2) what are benefits and downsides for the grantees? and 3) what are the implications for foundation collaboration of the relative lack of market forces on foundations?

Profile 1:   "**Winning at the Endgame"**

Grantmakers Income Security Taskforce (GIST)
Effective Communications Project

The project is essentially a pooled fund of money which is being used to put expert and rapid response communications resources into the hands of dozens of nonprofit/advocacy organizations working toward the reauthorization of TANF (Temporary Assistance to Needy Families) by the September 30, 2002 deadline. It is a small – but its creators believe highly important – piece of the much larger body of work on welfare reform being supported by the funders active in GIST.

The GIST funders came together in 1993. Their first joint effort was the State Fiscal Analysis Project, which aimed to put in place at the state level the same capacities that the Center on Budget and Policy Priorities (CBPP) represents nationally. Since then, they have done some collaborative funding (of the Brookings Institution "Welfare Reform and Beyond" program, for example), paired off within their membership to co-fund a number of projects, created and supported the Welfare Information Network (www.welfareinfo.org), an on-line resource that makes information resources and policy analysis widely available to state and local level activists and practitioners, and met in a regular series of quarterly learning meetings designed to inform both their individual and their collective grant making.

As the discussion in a recent quarterly meeting turned to TANF, in particular, the GIST funders concluded that, although they had supported sound research projects and made dozens of grants to organizations involved in welfare reform, they were not being as smart as they needed to be about 'winning at the endgame" of legislative outcome due to real limitations in their own abilities to use communications to support their policy work and to the significant needs among their grantees for skills and resources in advocacy communications.

The result, with some intermediate steps along the way, was the Effective Communications Project. The project is staffed by the Benton Foundation (where one part time person serves as project coordinator) and the groups it serves are officially convened by Coalition on Human Needs.

The project offers nonprofits (initially grantees of the supporting foundations, but very quickly widened to include other organizations working on TANF issues) "free" and rapid access to the expertise of a pool of 13 vetted and highly seasoned communications strategists, whose skills include polling, message development, media relations, Capitol Hill strategies, and other resources. The strategy consultants have all agreed to work for a set hourly cost, supported by GIST; to work together when possible; and to allow their work products to be shared with the full list of project participating organizations.

Groups can request individualized services (e.g., training state-level strategists for a national advocacy organization; preparing organizational leadership for a town meeting with their Member of Congress; preparing and placing an op ed). Where appropriate and useful, any work done for an individual organization is shared with all the other participating organizations.

Additionally, both the "receiving groups" and the offering consultants were polled as to what common work products, in communications, would add most to the groups' capacity to achieve their goals for TANF. This resulted in a short list that included: interpretation of key national public opinion polls on welfare reform; strategy guidance on best ways to frame the TANF conversation; "morning after" briefing sheets and talking points for responding to testimony in hearings, Administration proposals; current and comprehensive media lists; and more.

Communications products delivered over a several week period, via email, to all TANF project recipients:
2/21: Summaries and "where to download" information on recent welfare reform poll results
2/22: Running list of upcoming dates for key briefings, hearings and other events related to welfare reform
2/26 (am) Alert: Bush to release welfare reform plan today
2/26 (pm) Messages and tips for rapid response to Bush plan
2/28 Comprehensive strategy memo from consultants on ways to frame the ongoing debate, based on polls, with q & a
3/5: Briefing sheets on the Bush administration welfare reform proposal, and talking points for responding
3/12: Summary, from Congressional Daily of the House Ways and Means subcommittee hearing on TANF reauthorization
3/13: Talking points for responding to Secretary Thompson's testimony at the prior day's hearing
3/13: Media strategy paper, based on experience dealing with press on TANF and welfare issues over several yeas
4/1: Comprehensive national media data base for TANF

These products are developed and distributed to the project's growing email list which currently includes about 250 individuals representing 100+ organizations. The work is, of course, ongoing as this paper is being written. The box above illustrates the kinds of strategy products being created and shared on the quick turnaround timetable required for work of this sort.

Profile 2:   **Taking a Tested Strategy to Scale**

National Community Development Initiative (NCDI)

NCDI is a private partnership that supports nonprofit community development corporations (CDC's) that work to improve physically and economically distressed inner city neighborhoods.

The partnership, now in its 13th year, is (measured by dollars committed) the largest funder collaborative in the national landscape: $250M was committed by the partners in the first decade and another $110M has been committed in the first round of funding for the second decade. This money has included both grants and below market loans; the current ratio of loan to grants is about 50/50.

NCDI was launched in 1991 with the investment commitments of several national foundations (including Rockefeller, Lilly, Pew, MacArthur, Hewlett, Knight and Surdna) and Prudential Insurance. Since then, it has grown to include more foundations and corporations (some of the original ones have also dropped out) and the U.S. Department of Housing and Urban Development, which is now the largest single funder.

From the outset, NCDI's aim was to expand the growth, scale and impact of community development as a national strategy for renewal. Investors therefore sought to assist the growth of the CDC's as community development's institutional engines, and – in particular – to increase the availability of usable long-term financing for CDC-developed projects.

NCDI funds are channeled through LISC (Local Initiatives Support Coalition) and the Enterprise Foundation, the two national nonprofit intermediary organizations active in community development. LISC was 'present at the creation" and participated fully as a partner with the early funders in designing the central umbrella mechanism; Enterprise came in slightly later.

It is generally acknowledged that NCDI

Outcomes from the first decade and goals for the next, as cited by NCDI

Outcomes:

- The $250M investment of the partners has leveraged more than $2B in funding for community revitalization, from more than 250 different partners including state and local governments, foundations, banks and other corporations
- More than 17,000 rental units or homes have been rehabbed or developed
- Increased visibility and stature for the CDC's, along with increased ability to address a broader range of community building issues – e.g., health care, public safety
- Enhanced ability for LISC and Enterprise to serve as leaders and catalysts for community development nationally

Goals for the second decade:

- Strengthening the core competencies of the CDC's
- Strengthening LISC and Enterprise
- Using lessons and successes of NCDI for greater impact in shaping national urban policy

was born from the vision and commitment of Peter Goldmark, then president of the Rockefeller Foundation. The design process, to shape the program and work out some of the stickiest issues (e.g. interest rates on loans, measures for success) took about 18 months and came directly from the time and intellectual investment of Goldmark and his fellow CEO's from the foundations and LISC and Enterprise. NCDI's senior foundation representatives still meet today.

For the first decade, NCDI as "an initiative" was just that – the name for a strategically aligned funding stream from major national players. It had no institutional structure, and was leanly staffed by core consultants. Only recently has the decision been made to incorporate NCDI as a self-standing 501 (C) 3 organization.

Profile Three: **Building a Shared Strategy From the Ground Up**

                 Los Angeles Urban Funders   (LAUF)

LAUF is a 30+ member funding collaborative, focused on three neighborhoods in Los Angeles. It seeks to change these neighborhoods… and the ways its member funders think, work and bring their resources to bear.

Its four goals are to:

1. Encourage funders to gain an in-depth knowledge of three Los Angeles neighborhoods, coordinate their grantmaking within these communities, and work collaboratively at monthly meetings
2. Strengthen the capacity of leaders and organizations to work together within those communities on collaborative research, asset mapping, strategic planning and decision making
3. Create healthier neighborhoods through comprehensive strategies that integrate human services, economic development, and community organizing
4. Share lessons learned with other grantmakers, neighborhood leaders and policy makers.

LAUF was, in the words of its director Elwood Hopkins, "sourced in the riots" in Los Angeles in 1992. LAUF materials describe the resulting circumstances of its creation in this way: "As funders we began asking ourselves very hard questions:… Can the individual grants we make to specific agencies or programs ever amount to systemic change for low income neighborhoods? Are we really using all of the resources at our disposal to turn these neighborhoods around? It seemed to us commonsensical that we ought to be communicating and collaborating with one another and elevating our dialogue with neighborhood leaders to embrace more long term, strategic issues."

The funders who stepped up to those challenges represent a diverse mix – from The California Wellness Foundation and the California Endowment to The Prudential, James Irvine Foundation, Freddie Mac Foundation, California Community Foundation, Liberty Hill Foundation, Durfee Foundation, Rockefeller Foundation, Wells Fargo Foundation, and Lawrence Welk Foundation.

The collaborative aims to draw these funders into a coherent strategy in each neighborhood, and yet respect the size, funding patterns and program interests of each. The result is LAUF's signature "bimodal funding pattern" which involves:

- an unrestricted and pooled venture capital fund that can be used, often in unconventional ways, to convene and organize stakeholders, conduct research, meet needs that come up on a fast timetable, etc

- a coordinated pattern of categorical grants, made individually by the participating funders in each of the three neighborhoods, in a way that supports the central strategy.

There is a different organizing strategy or framework for each of the three LAUF neighborhoods – Vermont/Manchester, Hyde Park, and Pacoima. In each case, the strategy derives from a resident-driven process to define the critical issues and then ensure that there is a real constituency base committed to the outcome to be achieved. In Pacoima, for example, the process is focused on student achievement, which it addresses through school reform, family support services, and workforce development for parents.

All members participate in shaping the strategy, and work together – and often directly with the neighborhood leaders – to carry it out. Within that strategic framework, LAUF's Director has the latitude to mobilize different kinds and styles of funding from the venture fund – contracts, stipends, small and large grants, not necessarily to formally organized 501 c 3's.

Pacoima: Building the Strategic Framework

Issue: Workforce Development for parents
Vehicle: school-based parent centers
Action steps:

1. LAUF funded agroup of parents to design and implement their own survey research on barriers to employment for parents in the neighborhood
2. Parent group reached 1500 households, door-to-door (10% population)
3. From survey, parents identified 9 barriers to employment (e.g., lack of English language, citizenship problems, lack of child care, lack of transportantion)
4. LAUF identified a neighborhood non-profit to work on each of the 9 barriers.
5. An individual LAUF funder then provided categorical grant support to each of the 9 nonprofits (resulting in shuttle busses, literacy classes, a defined career ladder for workers in one large employer represented by a member, etc)
6. LAUF trained a parent in each parent center to serve as a career coach for other parents. The coaches reported "up" to a professional career coach whom LAUF placed at the Valley Economic Development Center
7. Data on intermediate measures, like number of parents enrolled in a given class and on end measures (number of jobs), is collected and aggregated for the overall effort, and benchmarked against goals.

<u>**Profile Four:**</u> **Building an Interdisciplinary Field**

**Funders' Network for Smart Growth
and Livable Communities (TFN)**

The Funders' Network (TFN) was founded in 1999 following a meeting of about 30 funders active in the environment and community development. Seven foundations – James Irvine, Surdna, Turner, Ford, MacArthur, Packard and the Energy Foundation – put in the initial dollars. The network grew very quickly to more than 40 foundation members in its first year and now has more than 60.

TFN is not a grantmaking entity and therefore does not represent pooled funding. From the outset, its goal has been to increase the potential of funders to lead change in the work of building neighborhoods and communities that are socially equitable, economically prosperous and environmentally healthy. Its work has reflected the founders' assessment that their challenge was to build and support an interdisciplinary field to do this work.

Core services include strategic planning, convening, developing and sharing information, networking, refining grantmaking, and targeting support.

The broad strategies that undergird these services can be summarized as "build out," and "build deep."

- <u>Build out</u>: Enlarge and connect the sphere of funders in a broad variety of disciplines or program areas from aging to public health who see their work in the context of smart growth and livable communities
- <u>Build deep</u>: Be willing to undertake sustained and complex research and joint projects to build the knowledge base and relationships to support and increase the impact of those who are involved.

Major activities of TFN include the following:

1. **Translation Papers**: A series of papers that explore and drive home the implications of sprawl on other key issues in the social and economic agenda: i.e., Aging, Transportation Reform; Agricultural Sustainability; Social Equity; Workforce Development (See box on next page)

2. **Collaborative Projects**
   - A social equity project which has matured into a comprehensive partnership with Policylink focused on creating a Learning Action Network of funders, academicians and practitioners who have worked together in a series of meetings to develop strategies for ensuring that community concerns for social and economic equity are represented in both the definition and the pursuit of smart growth.

- A project in communications that produced a extensive briefing book and series of meetings for members based on: 1) the first ever national poll on public attitudes about suburban sprawl; 2) an analysis of more than 20 relevant public opinion surveys on issues relevant to sprawl; 3) a strategic options paper exploring case studies of trend-bending on other complex national issues; 4) an inventory of the communications activities by nonprofits active on sprawl and smart growth issues; and 5) analysis of messages and tactics employed by the pro-growth forces.

- A project in transportation which began by TFN agreeing to host a newly revived transportation funders group and has since made the transition from a learning group to a significant strategic alignment of funding among the participants.

- The TFN website, which in addition to carrying all the working papers from project activity, contains an extensive "mapping the field' searchable database of smart growth-related people, projects, and strategies in 70 some foundations.

3. **Conferences and convenings**

Translation Paper: Transportation Reform

- Draws in allied organizations by choice of co-authors (these two represent Smart Growth America and the Surface Transportation Policy Project)
- Lays out a vision of transportation policy that's on register with smart growth
- Sketches out the development of transportation policy from the (top down) creation of the Interstate Highway system through the (livable communities) pushback that began to occur in the 90's, with the passage of ISTEA.
- Maps where allies for smart growth-influenced transportation policy might be found (sections on how smart growth will :Help fight Poverty", " Improve Public Health", "Improve Public Safety", "Improve Environmental Quality"
- Suggests, on the basis of polling, where the openings might be with respect to mobilizing supportive public opinion
- Maps what the opponents are saying and doing
- Lays out a the areas where funder work might be most leveraged: state and local legislative action; tools for practitioners; Federal policy; coalition building of citizen interest groups; business alliances.

PART III: COLLABORATION AND PUBLIC PROBLEM SOLVING:
A STARTING CONCEPTUAL FRAMEWORK

Because there are so many research questions about collaboration still to be explored, we can answer the question posed at the end of Part I – do the advantages of collaboration genuinely turn into advantage in public problem solving – only in an intuitive way.

This section attempts to answer that question, starting with a conceptual framework for collaboration and public problem solving that is part hypothesis and part deduction from the examples.

Viewing the four profiled collaborations through the lens of public problem solving suggests the following commentary:

1. **Scale and Leverage for Public Outcome**

    NCDI offers the most straightforward example. The pooled investment of the funders, public and private, is now in excess of $350,000M and has: leveraged additional investment funds at the local level estimated well in excess of $2B; put 17,000 housing units in place; built capacity for community and economic development in nearly two dozen major cities around the country; and built capacity in two effective national intermediaries as well.

    The other profiles offer interesting variants:

    GIST is taking a fairly modest investment (c. $600,000) and seeking to achieve large-scale communications impacts in a national policy environment by leveraging those dollars through multiple users. A more traditional – and less leveraged – view of scale, from the GIST perspective, might have involved funding a single organization to do a substantial (and probably far *more* costly and *less* effective) public education campaign.

    LAUF has leveraged its collaborative pool of $5 million with an additional $15M in categorical grants from its own members. It has also developed comprehensive interventions for a range of intractable issues –substance abuse, lack of jobs, lack of transportation – that are beginning to show success as measured by interim and direct outcome measures. But it has done so in a way that cuts back dramatically on geographic focus, which is forcing a "replication" rather than a "get bigger where you are" strategy to achieve scale.

    TFN suggests a more circuitous route to scale and leverage of the members investments through a long term and highly ambitious diffusion strategy to embed sprawl issues and knowledge into the program agendas of many different granting streams of many different foundations. This appears to be working, but it is too soon to assess long term impact.

2. **Risk Tolerance**

There is an element of risk-taking in these collaboratives which goes beyond the 'safety in numbers" initial approach to pooling the funds and thus beyond spreading around the financial risk and doing everything else the same way. **NCDI**'s investors committed unprecedented dollars and also authority for use and dispersal of funds in LISC and Enterprise. **GIST**'s funders have not only "risked the pool," but launched an activity where the use of the funds is not controlled by them, and the services, products created, and recipients are not vetted by them. **In LAUF**, once the shared strategy has been built and endorsed, and the neighborhood partners selected, funders appear to be willing to assume that due diligence has been met and then to support grants and other actions that they might have classified as highly risky, or at least irregular, in other circumstances.

3. **Real Time Solutions: Faster And More Flexible Ways To Get Money And Other Resources Into The Field**

This is perhaps an extension of risk pooling but is an important development in its own right. Three of these profiles suggest initiatives where getting grant funds and other resources out quickly, flexibly, and through an intermediary are at the core of the strategy. **NCDI** uses LISC and Enterprise as "a national distribution system for capital," to move grant and loan funds directly to CDC's in a retail process that is much faster and freer than could have been accomplished through the individual funders. The Communications Project allows **GIST** funders an analogous speed and freedom: the project manager is able to "buy" and "pre-buy" communications services from vetted experts in a way that means that "rapid response' strategies for responding, for example, to a Cabinet secretary's testimony are on the emails of 200 "ready to go" advocates by early morning the next day. **LAUF**'s director is empowered to use grants, contracts, stipends, and in-kind supports to engage and support individual residents, contractors, CBOs – whatever and whomever it takes to advance the strategy on the timetable that will work for neighborhhood actors.

4. **A Wider And More Comprehensive Array Of Strategies And Solutions.**

These collaborations suggest the development and use of a wide array of strategies in the pursuit of the collaborative's goals. For example:

- Communications   Two of these collaboratives – GIST and TFN – have put outreach/communications quite close to the center of what they do, and brought funders into comprehensive and highly sophisticated communications analysis and action. LAUF has tapped a groundbreaking view of communications to elicit resident ideas and engagement and to mobilize residents in defining their own solutions and goals.   Since lack of comfort and experience with communications is generally seen as a key element in the foundation/policy impact nexus, these examples seem important.

- Policy Work   Each of these collaborations has either focused its participants on policy impact from the outset (GIST and TFN), or moved in that direction over the course of the engagement: NCDI has articulated strong policy goals for its second decade, and LAUF, seeing its neighborhood residents become more engaged in their own policy advocacy, has developed organizing and funding strategies to support this emerging new action stream.

- Successive Acts of Collaboration   If collaboration is beneficial for public problem solving, then it is worthy of note that these examples strongly suggest that "collaboration begets collaboration." The Funders' Network has nurtured and supported the Transportation Funders Group and, in a different way, Smart Growth America. Individual members of TFN report that they now, as standard operating procedure, develop new programming in their own foundations with the intellectual collaboration of TFN colleagues. LAUF has led to new collaborations in each of its neighborhoods. The GIST communications project has brought the participating communications consultants into collaborative relationships not usually seen in the industry.

- Broadscale Knowledge Sharing   Foundations are sometimes accused of "hoarding their knowledge." These collaborations suggest a reverse pattern: purposeful creation and sharing of knowledge resources as a part of the strategy for achieving results. The GIST communications resources are available to anyone who gets on the email list; and the wider the "free" circulation, the greater the impact. The Funders' Network offers the great majority of its translation and social equity work through the website. LAUF has had a standing offer, from the moment its goals were articulated, to share its ideas and knowledge with any interested funders.

- The Long View   At least two of these collaborative initiatives significantly extend the time frame of funder attention and action. NCDI is into its second decade, and clearly looking at a twenty year window at the least. The Funders' Network strategy takes a similar view. As director Ben Starrett puts it: "smart growth is not an issue, but a framework, or a lens. It's the way you see issues and opportunities in the national agenda over the next twenty years." Interestingly, however, Starrett also reports that if you're going to take this long view, "you have to chunk things down to be more concrete and actionable for the funders."

- Changing the Relationships: the Power of "Co-"   The word collaboration of course starts with the prefix "co." At the very center of much of today's lively debate about how effectively foundations work and contribute to public problem solving is the question of "co:" 1) what can be achieved by co-working with other funders, and not just, in Ed Skloot's imagery (2001), "playing the slot machines solo"; and 2) what are the limitations for foundations in today's world, if "co" does not extend to "co-working" and "co-learning" and "co-creating" with partners other than funders.

NCDI's leadership co-created NCDI with LISC and then Enterprise. The Funders' Network has aimed to break new ground in understanding the intersection of regional and smart growth policies with social equity through the partnership work and learning of two equal partners: The Network and PolicyLink. LAUF's neighborhood strategies and action plans are co-created and "co-pursued" by funders, residents, nonprofit organizations, and participating consultants and companies. While it is admittedly working on a small geographic scale, there is a conceptual door being opened when LAUF's funders speak of finding their sense of place in a larger ecosystem composed not only of many different funders tackling different and complementary parts of a shared strategy, but also of the residents, non profits and contractors as actors in the same ecosystem who also take on their parts.[8]

5. **Entry and Engagement for New Players**

Finally, these profiles suggest a role for collaboratives in bringing new players along – drawing in those that are smaller, or new to an issue, or new to policy work, or new to communications and exposing them to the more advanced work of colleagues. In this way, they may play a key role in advancing the overall capacity of philanthropy as an

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[8] Looking at collaboration in other sectors suggests that some of the richest learning and greatest benefit comes from that aspect of collaboration that is about incorporating difference and building different futures together. The literature of collaboration among nonprofits, for example, is full of reference to incorporating multiple perspectives, learning to listen, and learning to learn in different ways. In corporate literature as well, there is highly interesting work being done on new collaborative relationships involving companies, their suppliers, partners and consumers. On the nonprofit side, see, for example, the Fall 2001 edition of the Nonprofit Quarterly, devoted entirely to collaborations and other strategic relationships among nonprofits and their partners. In introducing and defining collaboration, the editors describe participants *in a system* who identify shared interests…develop a dialogue to define current realities….search out possibilities…and *imagine and co-create a different future, planning and implementing together…"* (emphasis added) Over time, the editors argue, this creates "a broad community of practice capable of engendering change at many levels." On the corporate side, see two provocative articles, one in the Harvard Business Review and one not yet published, in which University of Michigan business school professor C.K. Prahalad traces the ways that consumers are changing the dynamics of the marketplace, resulting in what is in effect powerful collaborations of manufacturers, their suppliers and their customers working together in new ways to 'co-create value." (Prahalad's second article is one of the drivers for Ed Skloot's recent speech 'Slot Machines, Boat-building, and the Future of Philanthropy.") Phahalad's work traces the way that consumers – who used to be the audience, or the 'prey" for manufacturers – are now becoming co-creators of value and competence (whether building better houseboars or better software) creating not only competent companies or competent networks of companies and suppliers, but *competent systems of companies, suppliers, partners and customers*" (emphasis added). The parallels to how foundations might, through different kinds of collaborative relationships with grantees, other partners, and individuals, create *competent systems of problem solving,* and more value (social capital) are fascinating.

enterprise of many variously inclined and variously expert foundations to leverage its resources for public problem solving.

Change in the Safe Space? Or Paths to the Future?

The preceding discussion begins to suggest a framework for looking at collaborations from the lens of achieving leverage in public problem solving that focuses on: achievement of scale and leverage for public outcome; development of tolerance for risk beyond a straight financial risk; creation of faster and more flexible mechanisms to disburse resources; development of a wider and more comprehensive array of strategies and solutions; exploration of co-learning and co-creation of value; and encouragement for the entry of new players. This list of potential attributes or characteristics of "leveraged collaboration" is only a start, to be tested and refined in further research.

One of the most interesting questions about collaborations still remains. If they can indeed represent a space where "something different happens" – different in terms of skills and strategies deployed, patterns changed, and relationships practiced – to what extent do they have an impact on the involved funders, *beyond the time and point of collaboration?*[9]

As well as developing far more general knowledge about the incidence and effects of collaboration, as suggested below, it will be vital to focus more attention on the mechanisms through which the knowledge, norms and values of collaboration can become part of the knowledge, norms and values of the foundations from which they emanate.

<u>**Potential Research Questions or Topics**</u>

1. What are the types and incidence of collaboration across the field?
2. What are the characteristics of collaborative action that have most impact on foundation capacity for public problem solving?
3. What encourages or impedes the development of these characteristics, as the collaboration develops?
4. How have several specific collaboratives functioned to leverage foundation assets for public problem solving (case studies)?
5. To what extent do transformative "new ways of working" developed by collaborations insinuate themselves into the value system and modus operandi of participating foundations – beyond the time and point of collaboration?
6. What is the role and involvement of foundation Boards in collaboration?

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[9] Skloot (2001) suggests that at their best, they can "change the rules-of-the-road," but is not optimistic about their larger impact on the system. Hamilton (2002) notes that some of his interviewees believe that "collaboration represents the front line of innovation and adjustment" to the changes pressing in on philanthropy.

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