Established in 1995, the Baltimore Neighborhood Collective helps local foundations and corporate giving programs coordinate efforts to build stronger communities. BNC pools funding from more than three dozen grantmakers. It works with 12 neighborhood organizations in economically distressed areas of Baltimore, giving grants that help neighborhoods become more self-sufficient in responding to housing, human welfare and economic development needs. It also provides technical assistance to the neighborhood organizations, and education about community building for grantmakers contributing to it. BNC partners directly with neighborhood organizations, to leverage resources and change public policy about neighborhood issues.

After eight years, the reviews of BNC are good. Barbara Aylesworth of Belair-Edison Neighborhoods, Inc. says: “The BNC funding has allowed us to think clearly about our programs and our needs and to raise funds based on very clear strategies. We’ve really taken off.” Suzanne Wolf of Mercantile-Safe Deposit & Trust Co. asserts that BNC helps funders “gain the critical mass needed to accomplish projects they could not accomplish alone.”

Both smaller and larger foundations in BNC focus their philanthropy on Baltimore neighborhoods, working side by side with neighborhood associations. Like other funder collaborations across the country, BNC’s focus is on results for the community, using three key strategies:

C **Work towards “big differences”** in long-term life circumstances for people in poor communities, not just funding “good works” - to quote the slogan of the Liberty Hill Foundation in Los Angeles, “Change not charity”

C **Recognize “you can’t always do it alone”** - to get those big results, foundations often need to collaborate not only with each other, but also with grassroots organizations in the community

C **Build problem-solving capacity in communities** - by empowering neighborhood leaders to play major roles in philanthropy and the changes it promotes

All foundations use their resources in attempting to make a positive difference in the community or the world. Some may achieve results entirely on their own, or use approaches different than the ones just presented here. This publication emphasizes funder collaborations focused on the three key strategies just described. And it centers on guidance for smaller foundations - meaning those without significant staffs, regardless of their grantmaking budgets (according to current estimates, only 3,200 of the 62,000 U.S. foundations have paid staff; and 70% of all foundations focus on grantmaking in their home community).
Collaborations are common in philanthropy today, but many are essentially controlled by one or two funders. Sometimes a big national foundation will come into a community and encourage local foundations to join them in a mission the big foundation has already defined, without much real sharing of decision-making - either with the smaller funders or the grassroots community. Smaller foundations may accept this because they want the chances for increased impact the collaboration promises. Others don't collaborate, because they want independence, or don't want to invest the time and money collaboration might require. And in today’s weak economy, direct, crisis-oriented giving may seem more prudent than the complex, long-term approach to philanthropy described here.

For those who want to tackle community issues requiring both collaboration and longer-term investments, this publication offers eight “considerations” about how to do so. They don’t offer a step-by-step recipe, but rather ways of thinking about the complex process of collaboration. Each can be used both by leaders of a small foundation, to think about whether and how to participate in a collaboration; and by the whole group of foundations creating such an enterprise.

The human dynamics of collaboration are emphasized here, because when collaborations go awry, the causes tend to be psychological in nature as well as strategic or financial. Testament to that comes from failed corporate mergers (more than half of them, according to a 2002 *Business Week* study), and from 2003’s ruptured attempt to merge Carnegie Hall and the New York Philharmonic.

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**EIGHT CONSIDERATIONS FOR COLLABORATIONS IN PHILANTHROPY**

1. **BE CLEAR ABOUT GOALS** - Determine what kinds of results for communities the collaboration is working to achieve, and how an individual foundation can contribute

2. **MAKE AN ACTIVE CHOICE** - Determine whether collaboration is the right strategy for the group or for the individual foundation to use in focusing on obtaining these results

3. **SET LARGER CONTEXT** - Assess how the collaboration, and the individual foundation in it, fit with the overall philanthropic and community environment

4. **ORGANIZE FOR SUCCESS** - Determine how the collaboration can be set up to succeed, and how a smaller foundation’s participation in it can be shaped

5. **SET UP STRUCTURE** - Create the collaboration’s overall form, and the smaller foundation’s activities within it

6. **MOBILIZE RESOURCES** - Assess what challenges resources will present, and how these will be addressed both by the collaboration and the individual foundation

7. **ADDRESS HUMAN DYNAMICS** - Assess the complex interactions among people and systems that characterize the collaboration, and how the individual foundation will deal with them

8. **PROMOTE EVALUATION** - Set up procedures for measuring outcomes to improve the collaboration, and justify the individual foundation’s involvement
Collaborations are needed when the problem being addressed is big enough that it can’t be solved by a single funder. But what is the problem, and what would constitute a solution? General goals like “prevent teen pregnancy” or “improve our schools” are not enough. A more precise mission statement is needed, so that partner foundations can decide whether they want to come on board, helping to avoid later conflict when it turns out collaborators aren’t really after the same things! And good goal definition at the outset makes it more likely that the collaboration will know later if it has been successful (see Consideration #8 about evaluation).

Smaller foundations joining a collaboration need to be especially careful to understand the collaboration’s goals as they begin a three-step kind of “due diligence” process before joining up. An individual foundation, especially a small one, is not likely to be able to re-shape the collaboration’s goals, so if they are not consistent with the foundation’s own priorities or if they are not clear, it is a strong warning sign that this particular collaboration may not be a good choice. Talking about goals surfaces interests and values of other funders in ways that can be critical to figuring out whether an individual foundation should make this commitment.

Also, before joining up it is important to verify that everybody means the same thing when talking about collaboration. Here, "partnership" is used to mean essentially the same thing as "collaboration." But in his forthcoming paper, "Philanthropies Working Together: Myths and Realities," Robert Hughes of the Robert Wood Johnson Foundation calls partnerships "a particular type of collaboration, characterized by foundations working together formally." There are different levels and types of collaboration, from more formal to less formal, from short-term to more or less permanent, from very focused to more general (for instance, community collaborations for reducing poverty or improving quality of life). Some collaborations actually become nonprofit organizations themselves, with staff and a permanent mission. What's essential is that all those working together are clear about the definition they’re using to guide their actions.

The second consideration is about whether collaboration is the right choice for achieving the goals agreed to by the potential partner foundations, instead of some other arrangement (including each foundation working on its own). This same consideration applies for any individual foundation looking to join a collaboration. Is this the right move for this foundation to make, towards this particular set of goals, at this time?
Collaborations, say Chapin Hall researcher Ralph Hamilton, and the Jewish Family Foundation Resource Center, are particularly a good choice if one or more of the following are among the objectives the group of partners want to achieve:

1. to exchange information and experiences about the community, and about the funders’ areas of interest
2. to learn together about possible solutions to community problems
3. to increase access to expertise about philanthropy, as well to financial resources
4. to design a grantmaking process that works better both for funders and grantees (including reducing the “transaction costs” of grantmaking)
5. to explore jointly how to make funding decisions - but make them separately
6. to set common guidelines for funding decisions on a particular topic
7. to pool funding resources and give out grants together
8. to create a “joint venture” to fund a particular project or initiative

One other possible reason to collaborate: through this process foundations can increase their own expertise about community problems and about philanthropic strategies - which can be shared with other funders, and used to guide their own activities in the future.

Smaller foundations also have to ask practical questions about participating in a collaboration: who’ll actually represent the foundation (the donor, a volunteer board member, a staff person if there is one)? And can the energy resources a collaboration will require be spared from other philanthropic missions, including the basic one of simply running the foundation? This is an issue small nonprofits or businesses in a community also have to confront when they’re invited to collaborate - larger organizations can delegate a staff person to come to collaboration meetings. But what if I’m the delegate and there’s nobody else?

Finally, how flexible is the collaboration? Can it be shaped to reflect differences in resources and level of commitment among the partners? Collaborations requiring a lower level of investment and commitment may be less threatening to a foundation’s board or staff, increasing the likelihood of participation.
The third and final consideration related to “due diligence” about getting involved in a collaboration is asking about “goodness of fit.” Because a smaller foundation is not likely to be able to “call the tune” about how the partnering will function, it is extremely important to look up front at whether the fit - between the foundation’s values and styles, and those of the other members of the collaboration - is reasonably good.

Other factors are concerned with the larger environment. What does joining a particular collaboration say about a foundation to its grantees and to the community in which it does its giving? Is there an unintended message (for instance: “now all of our resources will go to this one cause”)? If so, how can this be addressed?

Is the collaboration’s purpose well-aligned with the current “philanthropic direction” of the local funder community, or is there undesirable overlap with other initiatives? Are there so many other collaborations at present in the community that adding one more might produce “collaboration fatigue”? Are there other factors in the community (a recent crisis, for instance) that bode well or badly for the success of the collaboration?

An individual foundation also may want to know how these questions are being answered by other foundations in the collaboration, as well as for itself.

Then, taken collectively, these first three considerations add up to a “due diligence” effort by one foundation (or by a group of them) so its leaders can decide whether to get into a collaboration - looking carefully at goals, assessing the appropriateness of a collaboration approach to meet them, and appraising the larger context into which this effort will fit.

Ranny Riecker at the Harry A. & Margaret D. Towsley Foundation suggests that a foundation’s leaders ask the following questions before the collaboration begins. These are the basic questions of good strategic planning, and draw upon the three considerations already mentioned:

**Set Larger Context**

- What do we want to accomplish through collaboration?
- How will we measure our success in the collaboration?

**Organize for Success**

- Determine how the collaboration can be set up to succeed, and how a smaller foundation’s participation in it can be shaped.
**With whom are we partnering ... and why?**

**What resources can we commit to a collaboration, and what will we expect our partners to commit?**

**Can we afford to commit to this collaboration; if so, for how long?**

**What models of collaboration are there to inform our work as partners?**

These questions can be asked by an individual smaller foundation as it plans its involvement in a collaboration, or they can be asked by a group of foundations setting up a collaboration together. In either case, it may be useful to put the results of the planning process in writing. This could be a quick memo, or it could be a more detailed written plan for a collaboration that all the partners will agree to. In either case, having some sort of plan written out is likely to help shape the collaboration in a positive way.

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**5 SET UP STRUCTURE - Create the collaboration’s overall form, and the smaller foundation’s activities within it**

There are publications available to help in structuring collaborations, several of which are mentioned in the resources section at the end. Collaborations may range from very informal meetings with little agenda and a vote to take certain actions at the end, to setting up a separate 501-c-3 organization to administer a funder collaborative that has specific objectives and commitments of funding from its foundation partners.

It’s beyond the scope of this brief publication to give guidance about the particulars of structure at any point along that continuum. However, the process of developing a structure may be helped by addressing the principles on “how to collaborate” developed by Beth Bruner at the Bruner Foundation in upstate New York, from her foundation’s years of partnering with other groups in her community:

**You must be able to articulate clearly why collaboration is preferable.**

**You must work to be sure that everyone involved in the collaboration will perceive themselves as "winners" (and this has to include reaching reasonable agreement on setting priorities for the partnering, as well as about strategies by which it will operate).**

**You must be willing to have your foundation share both the credit and the blame for what happens - since there will always be enough of both to spread around!**

**At least in some cases, your collaboration can include a variety of types of funders (public, private, family, corporate, and so forth).**
Your collaboration needs to establish a minimum level of financial commitment - but ensure that all "contributing partners" are treated equally regardless of the size of their contributions. (If there’s a “lead funder,” it helps immensely if that funder is willing to relinquish any kind of “veto” power).

You need a documented agreement about what roles and responsibilities the partners will have, both in terms of time involvement and funding commitments.

Your collaboration probably needs to have a three to five year funding commitment, since little that has measurable impact can be assessed in a shorter time frame.

Your collaboration needs time at the beginning to shape how it will operate, how the partners will communicate with each other and with the community, and how it will develop trustful relationships amongst the partners. (A skilled facilitator present at early collaboration meetings can be of major help in achieving this).

Your partners need to set up a structure for regular communication among themselves.

Your collaboration needs to make a commitment to evaluating how it works (so the collaboration can be improved) and what results it achieves.

Lastly, says Bruner, you and your partners need a sense of humor. This work is tough and complex, so allow some time to laugh together!

Smaller foundations can use this list as a way of assessing the structure they will be fitting into as they become part of a collaboration.

Kim Robinson, in her book about the Rockefeller family’s experiences with collaborative grantmaking, also emphasizes the importance of having a clear end date for the collaboration (unless it is intended to be a permanent body), and of using the convening power foundations have in their communities to help do the work of the collaboration.

Collaboration isn’t free - it takes time and money, both to create the collaboration and keep it going. Since those resources then can’t be used for other purposes, getting a foundation involved in a collaboration always needs to start with a “judgment call” that there’s enough potential for success to justify this use of scarce resources. And the pooling or acquisition of resources may require a formal commitment by the foundation partners in a collaboration, necessitating actions by boards of trustees and written agreements.
For smaller foundations, the “resources challenge” is not only about setting aside financial resources for grantmaking or administrative costs of the collaboration, but also assessing what human resources will be required from a very small pool!

Effective collaboration usually requires some systematic investment of resources on the part of its individual members, not just in the work of the collaboration, but in the process by which it operates. Robert Wood Johnson Foundation’s Robert Hughes identifies three such investments: (1) reconnaissance - learning about what others in the collaboration are doing (which also can be part of the reward for collaborating), (2) communication - telling others in the collaboration what your foundation is doing, and (3) coordination - maintaining the ongoing relationships needed to keep the collaboration alive and well. Most foundations, large or small, don’t have an internal system set up to administer these investments, so they're done on an ad hoc basis each time a collaboration is entered.

Finally, collaborations of all sorts tend not to last over time unless sustainability is addressed as an issue up front. If the partnership works and continues to fill a need, how will the resources (financial and otherwise) be found to keep it going? Planning for sustainability needs to happen in the collaboration’s early stages, as Karen Ray explains in her book, The Nimble Collaboration, about strategies for “fine-tuning” collaborations so they’ll last over time.

At the same time, many collaborations are not intended to last forever. There’s often a challenge in designing an exit strategy for a collaboration so that it can end expediently when its time is over.

Challenges foundations often encounter when collaborating are set forth by Stephen Issacs and John Rodgers of Health Policy Associates - and most of these are psychological in nature:

- **C** Foundations have widely different missions, and working to achieve somebody else’s mission can divert scarce energy and resources.

- **C** Board and staff members often want their foundation’s name attached to the work they support, rather than being identified as part of a team.

- **C** Collaboration often brings foundation cultures into conflict; for instance, some foundations take a hands-off approach with grantees, while others are more directive.

- **C** Collaborations are time-consuming, and much of the time is devoted to “process” (having meetings, achieving consensus to move ahead, etc.). For donors (or staff and boards) impatient to get results, these are seen as higher “transaction costs” of working collaboratively!
Foundation staff are not often rewarded in terms of career advancement for their participation in collaborations, which may make them less likely to make a big investment in a collaborative activity.

As a result, there may be resistance to collaborating among funders and their staffs. In a recent article about foundation collaborations, Jerry Kitzi notes that ironically foundations often require their grantees to partner, but are resistant to collaborating amongst themselves! And most foundations, large and small, can cite at least one negative experience they’ve had with a collaborative effort.

Sometimes the heart of this resistance is in expectations about how other individuals are likely to behave in a collaboration. Former Surgeon General Jocelyn Elders put it humorously, but pointedly, in an address to the Rosalynn Carter Mental Health Symposium several years ago:

"Collaboration has been defined as an unnatural act between non-consenting adults. We all say we want to collaborate, but what we really mean is that we want to continue doing things as we have always done them while others change to fit what we are doing."

There can be logical reasons for resistance, of course. In fact, William Schambra of the Hudson Institute cautions foundations that are thinking of collaborating - especially smaller ones that are invited into a collaboration with a large national foundation, where their agenda and identity may simply get lost. He questions whether national collaborations that involve significant infrastructure expenses (for consultants, meetings with many people traveling, etc.) are really cost-effective for any of the participating foundations. Finally, he warns about partnering that encourages smaller foundations to “slide into mindless group-think and painfully conventional mediocrity.”

There are also challenges in the community for funders deciding to partner. Thomas Backer and Alex Norman, in reviewing the science about “what works and what doesn’t” in collaborations, emphasize that every new collaboration is forced to live with negative experiences the partners or community had with past collaborations. They emphasize that new partners need to know what that “bad history” has been, and deal with it up front when getting the new collaboration together.

This research also found that collaborations often fail because of internal conflicts among the partners. Partnering that lasts finds a way to negotiate through these conflicts, seeing them as a normal part of “living together,” just as in family relationships. Sometimes that means having a professional available to help guide the partners through conflict resolution.

In essence, collaboration is a human activity, whether it is foundations or any other kind of group involved in it. As just discussed, collaborations have internal conflicts, and resistances both inside the partnering effort and out in the community. As with individual human relationships, foundations often come to a collaboration laden with expectations and fears ... as well as with hopes and dreams about how the collaboration might advance their philanthropic cause.
The first key to handling these complex human dynamics is to recognize that they exist, and that for the most part they’re a normal, non-pathological aspect of making a collaboration work in any area of life! Just as all collaborations have to live with past bad experiences communities may have had with other partnering efforts, so all have to live with the reality that they’re made up of (mostly) well-intentioned people who have all the usual human frailties.

The second key is to develop an internal strategy for how these human elements will be dealt within the routine activities of the collaboration. The third key is to devote some partnership energy, in a fairly straightforward way, to figuring out how each member of the collaboration can be rewarded for their participation in it. And at least some of the rewards need to flow to the person, not just their organization or to the cause the collaboration is supporting! Appropriate self-interest is healthy, and addressing it gives the collaboration a better chance of succeeding.

In some cases, donors of smaller foundations may find that their experiences with their own individual family dynamics are useful guides to the partnering process. People working in groups are not so different whether the group is a family or a funder collaboration in a community.

Very few collaborations of any type get evaluated - either to learn how they could be improved, or to provide evidence justifying the resources they use. Foundations increasingly require that their grantees undertake evaluations for one or both reasons, and need to insist on the same for activities they’re involved with as partners.

For smaller foundations, of course, the resources to plan and carry out an evaluation may be limited. If one of the partners has evaluation expertise, that can help if they’re willing to lead an internal evaluation effort. Or a volunteer outside evaluator may undertake a very simple evaluation, focused on strategies for improvement and major lessons learned from the collaboration.

**Evaluating Community Collaborations,** edited by Thomas Backer, provides some guidance for funders or other community leaders who are thinking about an evaluation strategy. It includes a chapter by John Bare of the John S. & James L. Knight Foundation that highlights philanthropic issues. The book also has practical suggestions for small-scale evaluations - and even some forms that can be reproduced and used directly for this purpose.

For a more detailed way of measuring both the process and outcomes of collaborations, Roz Lasker and her colleagues at the Center for the Advancement of Collaborative Strategies in Health have developed a self-assessment tool. It is now available in an online format (see resources section at the end of this publication).
Also, at a more sophisticated level, the Aspen Institute Roundtable on Evaluating Comprehensive Community Initiatives has published several books on how major foundation collaboratives can be evaluated. Their approaches might be adapted for use with smaller partnering efforts.

**More Examples** Three more examples of foundation collaborations follow:

**C** The **Rochester Effectiveness Partnership** brings together funders, evaluators, and nonprofits seeking to improve the effectiveness of their work in the Rochester, NY community. Since 1996, REP has been providing in-depth training in participatory evaluation approaches. Funders and nonprofit partners participate in separate training sessions, but collectively manage the partnership through a governance team. REP also has invested in building evaluation capacity for the Rochester community through training conferences, workshops and presentations. A common grant application form and evaluation strategy developed partly through REP’s activities now is used by more than 40 of the area’s funders.

**C** In Milwaukee, the **Nonprofit Management Fund** includes foundations of all types and sizes that provide funding to improve the management effectiveness and efficiency of nonprofit organizations operating in the Greater Milwaukee area. Begun in 1994, the collaboration members meet regularly to oversee the Fund’s work, and operate as equal partners in making decisions about technical assistance grants to local nonprofits, as well as funding a set of direct service activities (diagnostic clinics to identify nonprofit needs for capacity building, board orientation, consultant’s registry, technical assistance directory, resource library, ongoing focus groups about topics related to nonprofit management, and activities to strengthen the work of TA providers in the community). The Fund is housed at the Greater Milwaukee Foundation, and also is affiliated with the Funders Collaborative for Strong Latino Communities in Southern Wisconsin.

**C** **Los Angeles Urban Funders** is a collaboration of 21 foundations supporting comprehensive community building in three Los Angeles neighborhoods, operating under the umbrella of the Southern California Association for Philanthropy (the Regional Association of Grantmakers for Los Angeles). LAUF’s four goals are: (1) to encourage funders to gain an in-depth knowledge of the three LA neighborhoods, coordinate their grant making within these communities, and work collaboratively; (2) to strengthen the capacity of nonprofit leaders to work together on collaborative research, asset mapping, strategic planning and decision-making; (3) to create healthier neighborhoods through comprehensive strategies that integrate human services, economic development and community organizing; and (4) to share lessons learned with other grantmakers, neighborhood leaders, and policy makers.

LAUF starts with large-scale resident organizing, taps into neighborhood associations, then convenes nonprofits and moves into management assistance and planning with them. It also supports capacity building for nonprofits in each of its three communities, contracted out to local management service providers. A qualitative evaluation has documented the process of the program and some of its accomplishments.
**What's Next**  As more foundations are created in communities across America, the opportunities for collaboration increase, though careful decisions need to be made about when collaborating is a good idea. Information technology is providing useful options for more time and cost-efficient collaborating, ranging from simple mechanisms like e-mail discussion groups, to more complex ones like online communities that might contain much of the work and interaction of a collaboration. Philanthropic organizations like community foundations and regional associations of grantmakers may serve as coordinators or "homes" for collaborations, and they may provide technical assistance or training for smaller foundation staff or boards wanting to know more about these approaches. Also, as resources like this publication, and case studies about the successes and challenges of foundations, become more widely available, smaller foundations can make more informed choices about whether to collaborate, and how to participate in a collaboration when they decide to do so.

**For More Information**  The following organizations may help readers who want more information about partnering, including strategies specific to smaller foundations:

- Association for Small Foundations, smallfoundations.org
- Center for the Advancement of Collaborative Strategies in Health, cacsh.org
- Council on Foundations Family Foundations Services Department, cof.org
- Institute for Family Foundations, iffdvisors.com
- Jewish Community Foundation Family Resource Center, jewishfoundationla.org/ffrc
- National Center on Family Philanthropy, ncfp.org
- The Philanthropic Collaborative, ccrosson@rockco.com

And these publications (which were mentioned in the text of this publication) may also help:


For information on place-based philanthropy, contact the Annie E. Casey Foundation. More about the philosophy behind Casey’s own approach, and resources for information about others’ use of this approach, is offered on the Foundation’s website, [www.aecf.org/initiatives/pbp](http://www.aecf.org/initiatives/pbp). That web section also links to an electronic *Place-Based Philanthropy Newsletter* (first issue: April 2003), which includes some of the information presented.

Finally, for more information about the programs described here, contact:

*Baltimore Neighborhood Collaborative*, Ann Sherrill, 410/727-0169, bnc@abagmd.org, www.abagmd.org

*Los Angeles Urban Funders*, Elwood Hopkins, 213/627-4348, ehopkins@scap.org

*Nonprofit Management Fund*, Patricia Wyzbinski, 414/271-5511, fundadvisors@nonprofitmanagementfund.org

*Rochester Effectiveness Partnership*, Beth Bruner, 585/381-3098, brufound@exnet.net

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