The Bridgespan Group

GiveSmart

The Long Spoon Problem

Five Models of Philanthropic Collaboration

By Susan Wolf Ditkoff

Collaborating to accelerate social impact

www.GiveSmart.org

You may know the allegory of the long spoons. It vividly describes a table in Hell where there is delicious food in front of hungry people, but spoons far too long for any one person to use. As a result, each person struggles with his spoon, and ultimately starves. In Heaven there's the same table, with the same too-long spoons, but everyone is nourished. Why? Because they feed each other.

Historically, philanthropists have had their own "long spoon" problem when it comes to collaboration. In the first place, there are *no natural forces pressuring philanthropists to work together and get results*. Free from the accountability imposed upon governments by voters, or upon businesses by customers, or even upon nonprofits by funders—philanthropists are under no obligation to work together, even when necessary! Quite the contrary, many donors fear the *reduction in control* that true collaboration requires, and some even fear that it strips away their philanthropic freedom.

Second, it can be quite difficult to find funding partners with truly *shared goals*; joint decision-making and negotiated partnerships inevitably require compromise. Third, collaborations are *time-consuming and expensive* to do well. An African proverb teaches that if you want to go fast, go alone; if you want to go far, go together. Philanthropists want to go both fast and far, and of course, without the messy compromises. Finally, many philanthropists fear *quid pro quo* obligations of partnership; worrying about what will be asked of them by those whom they are soliciting.

At the same time, collaboration is a red hot topic right now because the benefits of collaboration are so clear. *More money* for causes that require massive investment, like global public health. *Coordinated action* on problems like climate change that cross sectors and are beyond the capacity of any single player to solve. *Access to networks and specialized skills* that no one donor has on staff – for example, expertise working with government or the media or engaging the public. *Cost efficiencies* due to shared strategy development or due diligence, or evaluation of a multi-pronged initiative. *Greater visibility* on causes like social justice when multiple voices speak in unison. The list goes on.

In addition to the clear benefits, new trends are making everyone re-examine the potential of collaboration. One fundamental shift is how many donors think about their donations. As one nonprofit CEO pointed out to me: donors who used to make “gifts” now make “investments” – and the impact of that tectonic shift in mindset cannot be under-estimated in terms of donors’ attitude towards results. Another shift is the increase in many donors’ impatience and desire to solve long-standing problems, especially among newbie philanthropists. Every day, it seems, I meet with another philanthropist who wants to do more with less, and at the same time “solve” problems far beyond the scope of his grantmaking ability, and by the way, do it yesterday. “I don’t want to fund a homeless shelter,” he might insist. “I want to end homelessness. In my lifetime!”

The good news is that philanthropists are realizing they can’t solve these problems and get results alone, so they are increasingly turning to donor-donor collaborations.[1] While collaboration may still run against the grain, we are in fact seeing patterns in how donors are seeking to work with each other. It turns out there is a spectrum of options to choose from; *the primary dimension of which is how much control donors are willing to cede* to the collaborative entity, and correlated with that, *how much of their own resources* (time, money, etc.) they are willing to invest in the collaboration’s success.

Not surprisingly, everyone seems to have his own definition of “collaboration.” We have observed a spectrum of five models, and offer an example of each:

The Alliance

Funders exchange ideas, raise awareness, and perhaps establish a broad understanding of a field, but retain individual control over investment decisions.

> *Led by a prominent philanthropist/entrepreneur, the Massachusetts Education Innovators group is a terrific example of effective, low-cost, low-stakes collaboration. Every month or so, the group convenes education philanthropists with a diverse group of leaders including social entrepreneurs, business leaders—and even high-ranking officials from the establishment like the state Department of Education, local superintendents, and leaders from one of the state’s biggest unions. In recent months speakers like Sal Khan and Tom Kane have provided intellectual fodder for conversation. While a scattering of new funding and collaborative opportunities have emerged informally from these gatherings, the network and learning is clearly the primary objective.*

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1 For more on a parallel trend of collaborations with government and nonprofits, visit the Bridgespan Group website, www.givesmart.org.

The Match

One or more funders creates a pool of matching funding or prize funding, which incentivizes other funders to contribute to a specific project or cause.

> *The Social Innovation Fund awards funds to grantmaking institutions ("intermediaries"), which provide the grantmaking mechanisms to deliver Social Innovation Fund dollars locally. Such organizations have a track record of identifying, supporting and investing in the growth of promising community-based solutions. Each intermediary is required to match its federal grant dollar for dollar, in cash, and then regrant the funding to "subgrantee" organizations it has selected through an open and competitive process. The subgrantees selected by the intermediaries must operate programs to improve measurable outcomes in one or more of the fund's designated issue areas and are required to generate a dollar-for-dollar cash match for their grants.*

The Co-Investment

A funder raises money from other funders to finance a specific nonprofit or initiative's plan with clear goals and joint reporting to funders. Funders take shared "accountability" for the plan's success.

> *To multiply the impact of its highest performing grantees, the Edna McConnell Clark Foundation recruited co-funders to support five-year growth plans for three nonprofits with strong evidence of success. EMCF spent about six months assisting the grantees to prepare strong growth plans, and about a year raising funds. Grantees played an active role in cultivating funding partners, and ultimately 19 partners joined (4-9 partners per grantee). The partners jointly committed funds, and also signed a shared Memorandum of Understanding that specified investment terms, milestones, reporting, and management oversight.*

The NewCo

Funders create and co-invest in a new, separate entity ("NewCo") which gives grants or operates programs. As the new entity develops, it may directly raise funds, rather than relying on others' solicitation.

> *In 2007, five big California foundations came together, led by the Irvine Foundation. They created California Forward as a new, bipartisan organization to address the process by which California state government makes—or increasingly has failed to make—major policy and budget decisions. The foundations ultimately pooled over $30 million to form and sustain California Forward, which focused*

on reforming state government to promote pragmatic, fiscally sound public policy that would be responsive to Californians. California Forward is featured in our new article, "Philanthropy and the New Age of Government Austerity."

The Re-Funder

Funders invest in another funder with strong expertise in a content area, which re-grants money to other nonprofits or initiatives.

Started in 2003, SkillWorks is an investment partnership for workforce development led by the Boston Foundation, together with over 15 other local, national, and corporate foundations, the City of Boston, and the Commonwealth of Massachusetts. SkillWorks is not a separate organization, but a donor-advised fund led by TBF, which had a strong vision and an extensive set of relationships among a small, tight-knit community of local funders, all of whom shared concerns over the perceived disinvestment in workforce development. TBF provides office space and pays for overhead; other donors meet together regularly to make funding and policy decisions.

Today's philanthropists face a new "Long Spoon" imperative: to form collaborations that achieve these ambitious aspirations. So what does it take to do collaborations well? In "Galvanizing Philanthropy" (*Harvard Business Review*, 2009) we talked about the three key principles of philanthropic strategy: getting clear on what you care about and what success looks like, getting real about what it actually takes to make change happen on the ground, and getting better over time.

These collaborations meet that test. They got clear on shared objectives and goals (however loose or tight – and it was a spectrum of how much control each donor was willing to cede), they got real about the fact that they couldn't amass the resources on their own (and how much of their resources they were willing to commit), and they got better as they went along. That last piece is critical. We have observed that philanthropists with adaptive strategies have far more success than those who create rigid theories of change and don't build mechanisms to course correct over time. We've observed that philanthropists who focus on measuring to learn get further than those who are still engaged in yesterday's tired debates over learning to measure. And we've observed that, as my colleagues Tom Tierney and Joel Fleishman point out in their book *Give Smart*: fewer, bigger, and longer commitments tend to get the best results over the long haul.

Of course eating with long spoons is hard; and frankly, sometimes it's better to stay with safe and cheap "Alliances" than waste societal resources on a big "NewCo" collaboration where funders aren't prepared to follow through. But when philanthropists are willing to commit, they may find that eating with others can nourish everyone.

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Many at Bridgespan work on collaboratives: Gihani Fernando, Matt Forti, William Foster, Amy Markham, Alison Powell, Willa Seldon, Nan Stone, and Tom Tierney. Later this winter, Willa and Tom will release a new study that explores "high stakes" collaboration in more detail.