The Bridgespan Group

Are Funder Collaboratives Valuable?

A Research Study

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Collaborating to accelerate social impact

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Executive Summary

Increasingly, foundations and wealthy donors are forming collaboratives that, they hope, will produce results for society beyond the reach and capacity of any single funder. But do collaboratives really deliver?

The answer, informed by our extensive literature review, is a cautious yes. Many, but not all, collaboratives make progress on their missions, but most relevant literature draws on case studies with scant quantitative data. We wanted to dig deeper and learn about the impact that collaboratives have achieved for funders, grantees, and the fields in which they work. We also wanted to fill gaps that we identified in the literature concerning two important questions: what lessons can be learned from collaboratives that faltered or failed, and how are collaboratives incorporating diverse perspectives in their work? Ultimately, we sought to provide funders with guidance on when collaboratives can be the right tool, and how to use that tool most effectively.

To pursue these questions, we surveyed funders and grantees participating in 10 collaboratives and received 425 responses. In addition, we interviewed 65 funders and grantees, and reviewed evaluations for 13 collaboratives. The results showed broad agreement about the value of collaboratives and shed new light on how and when collaboratives succeed.

Ninety-two percent of funders and 80 percent of grantees reported that the benefits of collaboratives exceed the costs of participating; however, funders reported deriving greater value from collaboratives than grantees. A median of 88 percent of funders realized the benefits that they had expected, compared with 66 percent of grantees. For grantees, collaboratives fell short in delivering the hoped-for access to funder relationships, longer funding arrangements, and larger grants.

The collaboratives we studied have had significant impact on three dimensions:

- Funders reported having deepened field expertise that led to more strategic, informed, and effective investments.
- Grantees reported that the benefits outweighed the costs of participating in a collaborative, but they offered three ideas for funders to improve the grantee experience: streamline reporting, promote grantees more actively, and facilitate more grantee input into strategy setting and execution.
- Evaluations noted the power of collaboratives to get specific results that change the field, such as successfully advocating for policy changes, hosting convenings, and making "rapid-response" grants.

Our research also aimed to identify the circumstances under which collaboratives produce greater value than costs. The 10 collaboratives we studied in depth—selected for their strength and range of interests—shed light on this question. They shared three characteristics for success: a clear investment thesis on how the collaborative will create impact and the goals for which it will hold itself accountable, including its value proposition to funders and grantees; shared expectations among participants; and an operating model and leadership structure designed to achieve the collaborative's goals.

Among the three characteristics, the investment thesis was most crucial to successful performance—and posed the most difficulty in getting right. While many collaboratives we studied had elements of different investment theses, the successful collaboratives prioritized one to guide their work. We found three primary investment theses:

1. **Organization Funders:** Support strong, organization-driven strategies by putting grantees front and center, aggregating more capital than collaborative members could alone, and signaling to other funders that these high-performing leaders and organizations are worthy of significant trust and investment.
2. **Field Builders:** Build resilient fields by changing a defined field or set or practices over time, enabling organizations in that field to execute their strategies more effectively.
3. **Goal Aligners:** Align strategies towards "winnable milestones"[1] often in pursuit of population-level change, such as disease eradication. These collaboratives identify or create areas of strategic overlap among funders and develop coordinated giving approaches.

Based on our research, we believe that strong collaboratives require clarity around the primary investment thesis and value proposition. While a collaborative may pursue more than one avenue to impact, we believe prioritizing a single investment thesis can clarify important questions for both investors ("what am I really buying by investing through this collaborative?") and grantees ("whose strategy are we funding, mine or yours?"). (With just 10 collaboratives in our study, we hope future research can build on our findings.)

"Based on our research, we believe that strong collaboratives require clarity around the primary investment thesis and value proposition."

The Bridgespan Group

Because these investment theses play out differently based on the objective the collaborative holds itself accountable for and the role it plays in developing and executing the strategy, our research found no single optimal structure for a collaborative. However, in all cases, the operational and leadership structures need to be high-caliber and aligned with the collaborative's goals to maximize the chances of success.

We also sought to address a gap in the literature regarding whether and how collaboratives seek to incorporate diverse perspectives, and how these efforts affect impact. Eighty-one percent of funders and 68 percent of grantees agreed that "it has been important for the funder collaborative to incorporate diverse perspectives in order to advance its/my

1 Susan Wolf Ditkoff and Abe Grindle, "Audacious Philanthropy," *Harvard Business Review*, September-October 2017.

organization's goals." In interviews, we heard a number of examples where incorporating diversity yielded better outcomes. However, many funders and grantees are looking for more: 55 percent of funders and 43 percent of grantees said that their collaborative "should do more to incorporate diverse perspectives into their work."

A second research gap we explored involves collaborative failure. We analyzed 15 collaboratives that failed or faltered, and found five characteristics most frequently associated with this group: (1) misaligned goals among funders (by far the most common factor associated with collaboratives that failed or faltered); (2) failure to translate overall goals into time-bound, winnable milestones; 3) failure to right-size the collaborative's administrative and operational structures to optimize effective pursuit of its goals; (4) inability to adapt strategy in the face of external or internal challenges or opportunities; and (5) limited or ineffective stakeholder engagement in shaping the collaborative's goals and facilitating implementation.

Our research leaves us optimistic that collaborations can yield real value—for society, for funders, for grantees, and ultimately, for beneficiaries—under the right circumstances. We hope this report will spark conversations between potential and existing collaborative participants, and help all concerned ensure that the impact they envision is the impact they achieve.

Introduction

For more than a century, donors have pooled their resources to create change—from community foundations and organizations like United Way Worldwide, to immigrant mutual aid societies and faith-based giving circles. In recent years, both the number of independent funder collaboratives and the scale of investment have accelerated dramatically. Over 70 percent of one type of collaborative, aggregated giving funds, has emerged since 2000, with major entities like Blue Meridian Partners, Co-Impact, and the END Fund forming in the last several years alone. Each has the goal of amassing tens—or hundreds—of millions of dollars toward the most promising social sector organizations and initiatives. Funders typically seek collaboration because they believe that their collective expertise, relationships, and money will improve society beyond the reach and capacity of any single donor.

Some collaboratives succeed; others fail. Most require not only money but equally significant investments of time and energy from staff. As they become increasingly popular vehicles for change, funders want to understand when collaboration is the right approach and how it can be most effective. No surprise, then, that funder collaboration is a subject of intense interest and inquiry. Our literature review found over 125 articles and reports on the subject, most based on case studies of US-based collaboratives in the last five years.

Our study incorporates these past learnings and builds on them with data from a survey of more than 400 funders and grantees, 65 interviews, and results from 13 third-party evaluation studies. The Bridgespan Group conducted the study with guidance from a steering committee of nine funders and evaluation experts with strong interest and experience in funder collaboration.[2] Committee members include:

- Fay Twersky, Director of Effective Philanthropy, William and Flora Hewlett Foundation, Chair of the Steering Committee
- Susan Bell, Principal, Susan Bell & Associates
- Julia Coffman, Founder and Director, Center for Evaluation Innovation
- Stephanie Gillis, Senior Advisor, Impact-Driven Philanthropy Initiative, Raikes Foundation
- Allison Harvey Turner, Environment Program Director, S. D. Bechtel, Jr. Foundation
- Betsy Krebs, Vice President, Poverty, JPB Foundation
- Leonardo Lacerda, Environment Program Director, Oak Foundation
- Kathy Reich, Director, Building Institutions and Networks (BUILD), Ford Foundation
- Darcy Riddell, Director of Strategic Learning, McConnell Foundation

2 The authors would like to acknowledge the work of the steering committee, The Bridgespan Group research and editorial team (Zach Crago, Kate Hassey, Carole Matthews, Gail Perreault, Bradley Seeman, and Roger Thompson), as well as the project leadership team (Ann Cleaveland, Jennifer Kurz, and Rees Warne).

Together, we sought to answer two questions:

1. What evidence exists on the value of donor collaboration?
2. Under what circumstances do funder collaboratives yield greater value than cost, and greater value than what funders could expect from working alone?

To narrow our inquiry, we focused our literature review on collaboration involving foundations and high-net-worth individuals. (There are other important categories of funding collaboration, including with government entities or multinational NGOs, that are likely worth a separate study.) While we identified a number of factors that promote success, we also found some significant knowledge gaps. Our research aimed to help fill three of them:

1. Limited exploration of the grantee experience (except in a small number of case studies) —especially the benefits and costs imposed on grantees receiving collaborative funding as opposed to grants from individual funders;
2. Limited focus on learning from collaboratives that failed or significantly faltered; and
3. Limited attention to diversity, equity, and inclusion (DEI).

We identified for study a group of 25 funder collaboratives—both in the United States and globally—the majority of which continue to operate. We included collaboratives in which donors pool or align funding according to an agreed set of criteria, and excluded those whose main focus is learning together while pursuing individual funding aims—though these may be important for future study. Of these, we chose 10 for their strength and range of interests, and examined them in detail. While the 10 aren't representative of all collaboratives, they suggest what kind of value can be achieved by stronger models. Our survey went to more than 1,000 funders and grantees involved in the 10 collaboratives; we received 425 responses. In addition, we interviewed 65 stakeholders (funders, grantees, and collaborative staff) involved with the 10 collaboratives. To bolster the survey data, we examined evaluation reports and other documents (see evaluation sidebar, page 47). We also analyzed 15 collaboratives that faltered or failed, to whom we promised confidentiality in this report.

Reviewing the Literature on Funder Collaboration

We began this research by conducting a review of the extensive literature on funder collaboratives. We found and reviewed 125 academic research papers, practitioner blogs, and published articles and reports, as well as syntheses of field-specific research focused on individual and institutional funder collaborations. (Literature on collaboratives involving government entities, multinational NGOs, or others in the field, was outside our area of focus). Of the literature we reviewed, 65 percent came from philanthropic advisors or intermediaries, (e.g., Center for Effective Philanthropy, FSG, Grantmakers for Effective Organizations, and The Bridgespan Group), 25 percent came from foundations or practitioners (e.g., William and Flora Hewlett Foundation and the Edna McConnell Clark Foundation), and 10 percent came from academic or field researchers. Most of the publications appeared after 2012. While the overwhelming majority looked at US collaboratives, we included global examples wherever possible.

Key Takeaways from the Literature Review

While much has been written about collaboratives, donors will find little in the way of quantitative or qualitative research to guide their deliberations about whether to team up with like-minded funders in pursuit of a shared goal. Each collaborative is singular, and there are no control groups for comparison purposes. They come with different geographic footprints, ranging from local to global. They tackle many types of issues, and they are highly individual in execution. The existing research is largely case study-based, and the extensive variation across collaboratives makes it difficult to discern patterns in a rigorous way. Even so, the literature yields a number of insights that reflect practical experience. Here are the key takeaways.

Types of collaborative models

Many of the materials we reviewed described collaborative models on a spectrum from loose to tight collective action, with information or knowledge exchange at one end and formal joint ventures, new collaborative entities, or re-granting at the other. The key difference is in the level of control that an individual donor cedes to the collaborative—that is, the distinction between pooling versus coordinating resources that remain under each collaborative member's individual control, and between collaboratives that coordinate or pool investments versus those that only exchange knowledge.

Open questions that remain are whether a common set of conditions triggers (or should trigger) a collaborative to alter its strategy or how it operates and, potentially, move to a different model, and clear guidance on which model to select in the first place.

Benefits of collaboration

The literature frequently cited several expected benefits of collaboration over individual funding:

- More money for an issue, recognizing that no one funder alone can create change at the level of ambition tackled by most of these collaboratives;

- Participation in something at a greater scale and visibility than funders could do alone (including influencing systemic change);
- Increased effectiveness and better results than could be obtained solo, through shared strategic thinking, diligence, monitoring, and access to expanded expertise and networks;
- Increased efficiency of grantmaking (for both donors and grantees) due to a lower cost of capital and shared resources; and
- The ability to take on increased risk.

Success factors

We also found several frequently cited success factors:

- Trusting relationships among participants;
- Outstanding leadership within a well-designed, mutually agreed-upon governance and operating structure;
- Clear goals with a flexible and adaptive strategy; and
- Processes in place for improvement and measurement.

While all factors were important, many resources indicated that the human dimension is particularly critical.

Gaps in the literature

We did not find studies that calculated a "return on investment" for collaboratives, nor any that offered formulas for estimating the expected value of any one collaborative. We believe that such findings may not be feasible given research constraints.

We did identify important gaps that could benefit from targeted research:

- Limited focus on learning from collaboratives that failed or significantly faltered;
- Limited exploration of the grantee experience (except in a small number of case studies) —especially the benefits and costs for grantees receiving collaborative funding as opposed to grants from individual funders;
- Limited attention to diversity, equity, and inclusion (DEI); and
- Limited focus on the experience of individual donors (as opposed to institutional funders).

Our research helps to fill the first three of these gaps. For a more thorough review of the literature, see the Appendix and our accompanying literature review.

Research Questions and Methodology

Based on the results of our literature review, we identified several areas where our research could provide significant insights to funders. We structured our work around these questions:

1. What **impact** are collaboratives generating (or not), and how do collaboratives approach setting goals around impact? Additionally, what does impact look like from three perspectives: impact on the field (i.e., relative to a collaborative's goals); impact on collaborative members (both the collaborative's process and on individual members); and impact on grantees (i.e., benefits and costs)?
2. How, and to what extent, do collaboratives consider DEI and incorporate **diverse perspectives** into strategy setting and execution? What is the potential for impact when doing so, as well as the potential for harm when failing to do so thoughtfully?
3. What can we learn from stories of collaboratives that have **faltered or failed**?

This research focuses on collaboratives that are funder-driven, share a broadly defined goal or mission, and direct money toward the mission (either by pooling it or aligning individual investments). Collaboratives focused primarily on learning or networking, while likely worthy of deeper study, were outside of our scope. Our research comprised four elements:

- **Literature and expert review:** As described above, we examined past research and case studies on funder collaboration, identifying 125 resources in all. We also consulted a number of experts, including funders, philanthropic advisors, and evaluation experts, on their experiences with funder collaboration.
- **In-depth case studies of 10 collaboratives:** We selected these collaboratives based on recommendations from our steering committee, background research, and other experts in the field. (A complete list is below.) All 10 collaboratives had been in operation for at least three years at the time of the study with a median operation time of six years. For this group, we conducted deeper research, including 65 interviews and a survey that yielded 425 responses (with a response rate of 56 percent for funders and 32 percent for grantees). On average, we spoke with six funders, grantees, and staff at each collaborative.[3] We also studied evaluation reports and other documents from these collaboratives.
- **Brief case studies of 15 collaboratives that faltered or failed:** This group, which we agreed to keep confidential, came from suggestions from the steering committee, outside experts, and our own research.
- **Brief review of the evaluation results of six additional collaboratives:** We reviewed evaluations for those within our study set (seven out of the 10 had some form of evaluation), as well as for an additional six collaboratives. These documents also came from suggestions from the steering committee and other experts.

3 In addition to collecting insights from the interviews, we attempted to quantify references across interviews to various themes such as the range of value propositions. Quantifying the interview insights enabled us to corroborate survey insights and elevate key differences between the surveys and interviews for further research.

The ambitions of the 10 collaboratives we studied closely are wide-ranging and inspiring:

- **Big Bang Philanthropy**: Address the fundamental needs of the global poor in the most impactful ways possible.
- **Blue Meridian Partners**: Transform the life trajectories of America's children and youth living in poverty by scaling the most promising solutions, and address a significant social problem keeping children and youth from leading healthy, successful lives.
- **Climate and Land Use Alliance (CLUA)**: Help identify and support land use policies and practices that contribute to reduced carbon emissions, sustainable rural economies, land rights for traditional communities, biodiversity protection, watershed protection, and increased resilience.
- **Connect U.S. Fund:** Initiate, facilitate, maintain, and sustain effective multi-organizational collaborative efforts which connect policy makers and advocates who share a vision of an engaged US foreign policy.
- **Four Freedoms Fund**: Ensure that the nation's immigration system recognizes the human rights and dignity of all immigrants, is fair and just, and prioritizes keeping families together.
- **Fund for Shared Insight**: Enable foundations and nonprofits to be meaningfully connected to each other and to the people and communities they seek to help—and more responsive to their input and feedback.
- **Funders' Collaborative on Youth Organizing**: Increase resources to the field of youth organizing and promote the leadership of low-income young people and young people of color in social justice organizing.
- **The Global Alliance for the Future of Food**: Transform global food systems now and for future generations.
- **Partners for Places**: Facilitate strong and meaningful local partnerships that result in equitable and sustainable communities.
- **Water Funder Initiative:** Bring basins into balance for people and nature, and strengthen resilience of water systems in a 21st-century climate.

What Kind of Impact Can Collaboratives Achieve?

Through our research, we sought to determine what impact collaboratives are generating (or not), and how they approach setting goals around impact. We considered impact from three perspectives—on the field, on collaborative members, and on grantees—gleaning insights that applied across the collaboratives we studied, as well as specific to three primary investment theses. We distilled operational implications for collaboratives, as well as lessons on how collaboratives set themselves up for success and adapt as necessary.

Value of Collaboratives at the Field, Collaborative Member, and Grantee Levels

Based on interviews and survey findings, we are confident that funder collaboratives can add value for the social sector beyond the reach of any single funder. Yet the value proposition is not clear for all collaboratives, and success has been elusive for some.

Benefits to the field

Survey respondents from the 10 collaboratives indicated satisfaction with their impact. Among funders, 94 percent agreed that their collaborative is an overall success (72 percent strongly agreed), and 93 percent reported being on track to reach the collaborative's goals (55 percent strongly agreed). And 92 percent of funders and 80 percent of grantees reported that their collaborative's benefits exceed the costs of participating.

Because these 10 were chosen for their strength and interest as examples, they aren't representative of all collaboratives, but rather suggest what kind of value can be achieved by stronger models. In addition, since funders have remained involved, there may be inherent bias in their perceptions.

Blue Meridian Partners, launched in 2016, has raised more than $1.7 billion in investment capital from 14 funding partners. "We are trying to identify the most promising strategies, with an evidence base, that can potentially moving the needle for the most disadvantaged kids in poverty in the United States," said Nancy Roob, president and CEO of the Edna McConnell Clark Foundation and Blue Meridian's founding CEO. "We seek out leaders who have a vision for solving a national problem and help them achieve that goal by reaching the national scale required. So we measure our progress on whether or not our investments help leaders achieve that objective. And each one is different." Blue Meridian grantees work to create large-scale change a range of fields—including in health care, child welfare, and criminal justice.

As of summer 2019, Blue Meridian Partners has announced investments in seven national organizations and with total commitments of up to $200 million each over 10-12 years. These investments are approved in two- to four-year phases with payout contingent on meeting milestones.

The Funders' Collaborative on Youth Organizing (FCYO), created in 2000, also benefits the larger field of youth advocacy. The collaborative brings together 12 funders and spends approximately $400,000 a year to increase resources for supporting youth organizing efforts and promoting the leadership of low-income young people, and young people of color, in social justice efforts. One way in which FCYO provided value for its funder members was keeping a steady focus on youth organizing, even at times when overall national interest was waning. FCYO's approach was to persist in looking for opportunities to support promising efforts and build the youth organizing field.

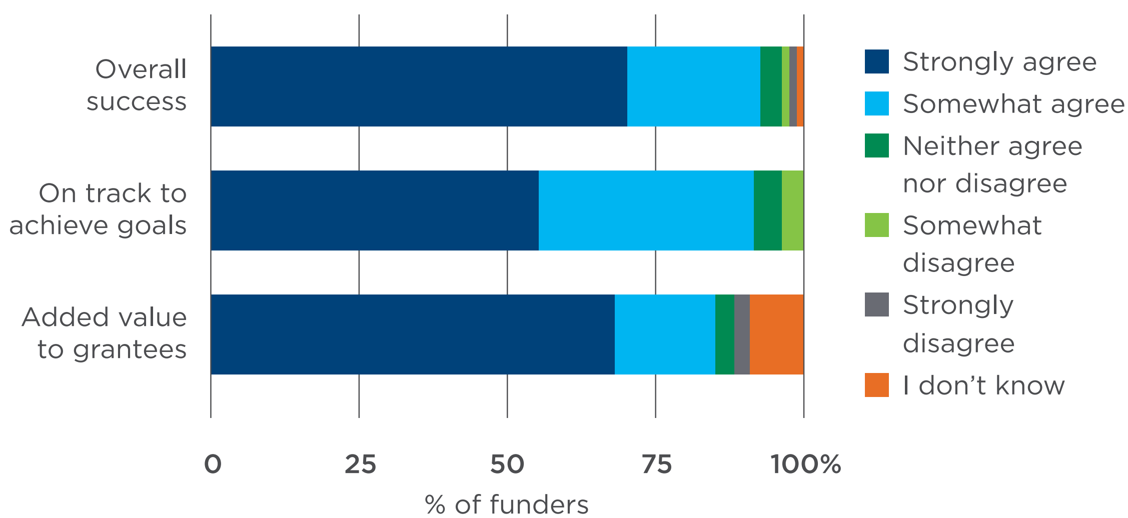
"They provided us critical seed funding that allowed us to develop from a volunteer-run organization to a fully-staffed organization," said Maria Brenes, executive director of InnerCity Struggle, which works in the Eastside area of Los Angeles to demand quality schools, increase civic engagement, and prevent housing displacement. "We had the capacity to increase our visibility with national funders, refocus our strategy to accelerate educational justice and build a base of local support. By leveraging FCYO's funding and support, we successfully secured the construction of three new neighborhood public high schools. Their early support was instrumental for future campaign wins."

While 84 percent of funders reported having impact goals, only 51 percent reported having time-bound milestones and 44 percent indicated using an external evaluator to assess progress, indicating room for improvement in evaluating and quantifying the impact of collaboratives.

Funders are more confident that their collaboratives are successful than that they are on track to achieve their goals

How much do you agree or disagree with the following statements?

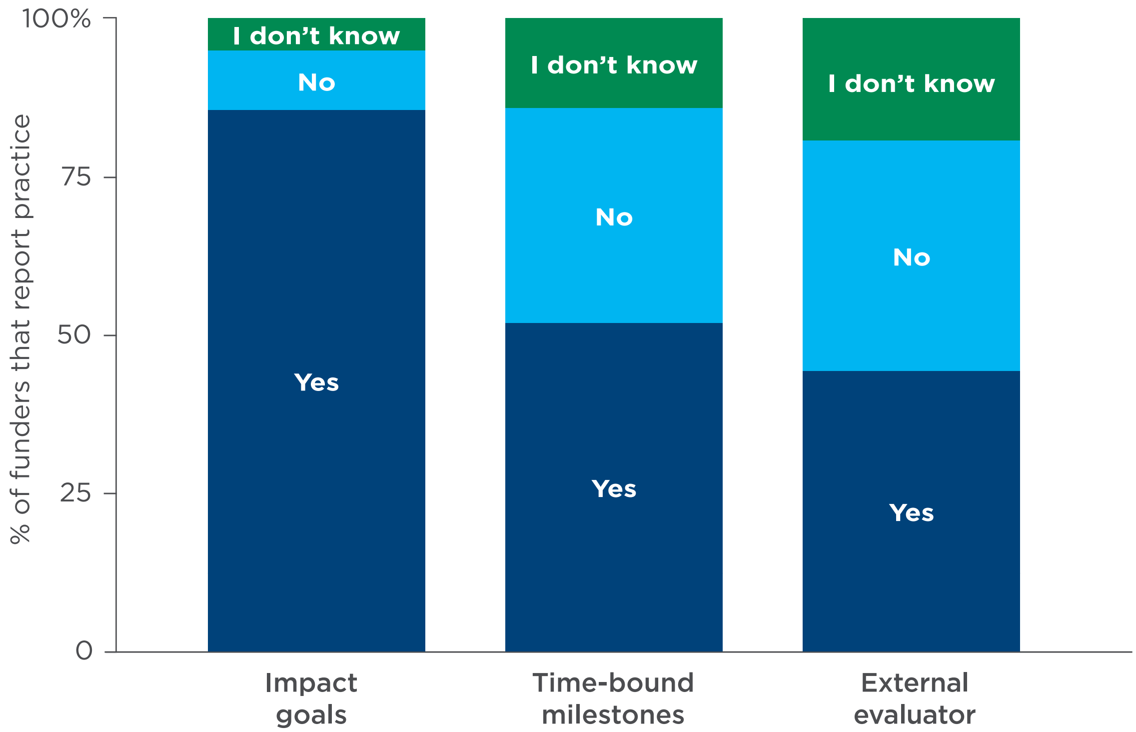
- This funder collaborative has been an overall success
- This funder collaborative achieved or is on track to achieve its goals
- This funder collaborative has added more value than cost to its grantees



Source: Survey conducted by The Bridgespan Group; sent to 167 funders with 95 responses.

While funders typically report having impact goals, there is variety across collaboratives regarding use of milestones and evaluation

- Did this funder collaborative set goals around impact or the long-term change it was seeking?
- Did this funder collaborative translate its goals into specific time-bound milestones?
- Did this funder collaborative measure is progress against those milestones and impact goals with an external evaluation?



Source: Survey conducted by The Bridgespan Group; sent to 167 funders with 95 responses.

Benefits to funders

The funders participating in the 10 collaboratives reported significant benefits. They expected, and received, a higher proportion of collaborative benefits than grantees. Across 10 benefit categories in the survey, funders realized a median of 88 percent of their expected benefits. Funders also reported that overall benefits largely met (41 percent) or exceeded (54 percent) their expectations, and that costs either met (74 percent) or fell below (11 percent) expectations. In addition, 92 percent of funder respondents agreed that benefits had exceeded costs.

Funders also reported high levels of satisfaction with their collaboratives, with an average Net Promoter Score (NPS) of 53 (and a range 0 to 80)–considered strong by industry experts.[4]

While it is not surprising that funders who have participated in longstanding collaboratives find value in these ventures, our analysis yields some deeper insights. First, the survey quantified 10 benefits that funders expected and got from participation. The top three were: 1) to learn more, 2) to form important relationships in the sector, and 3) to "fund and/or coordinate a funding strategy that was more aligned to the scale of the problem and/or influence systemic change."

The survey also gave funders an opportunity to write in benefits that the survey did not cover explicitly. Approximately 20 percent wrote in additional expected benefits, with about 10 percent seeking to work and learn more closely with other funders and grantees, and about 5 percent identifying the opportunity to build fields and strengthen practices (e.g., "build a coalition of strange bedfellows that strengthens a field" or "bring on more effective, meaningful, and powerful grantee collaboration").

Only two expected benefits were realized by fewer than 75 percent of funders—"lower my cost of giving" (46 percent) and "take funding risks I couldn't take alone" (56 percent). This finding was somewhat surprising, but suggests that funders generally participate in collaboratives to optimize for upside versus to manage costs. In addition, the concept of risk sharing was one that appeared frequently in the literature review yet did not seem to be a driving factor for the funders we surveyed.

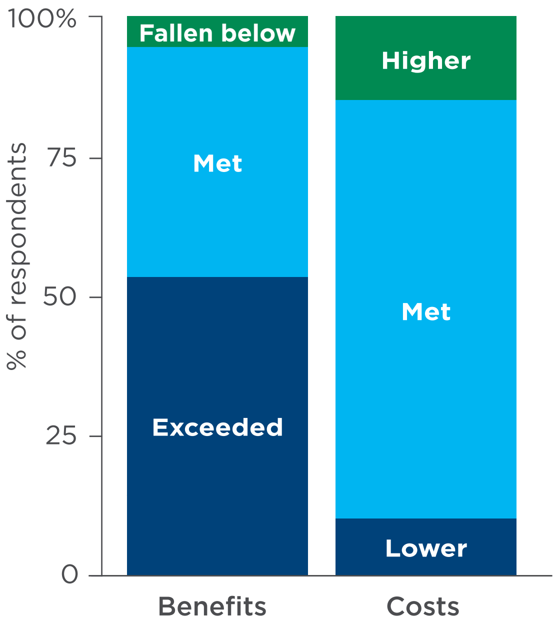
The following charts illustrate these findings.

4 The Net Promoter Score (NPS) is an index ranging from -100 to 100 that measures the willingness of beneficiaries to recommend an organization's products or services to others. It is used as a proxy for gauging overall satisfaction with a product or service. We have been unable to find comparison NPS scores for funder collaboratives and hope this research serves as a helpful first step towards establishing such a data set.

Additional benefits (rather than reduced costs) drive funder value

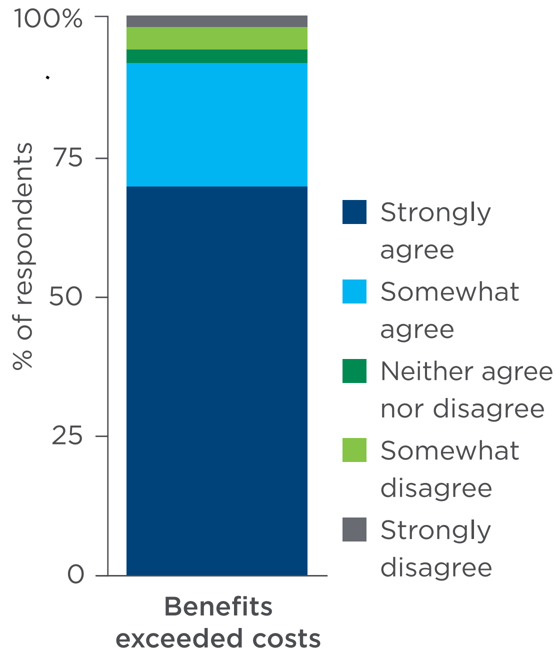
Have the benefits generated exceeded, met, or fallen below your expectations?

Were the costs more than, the same as, or less than you expected?



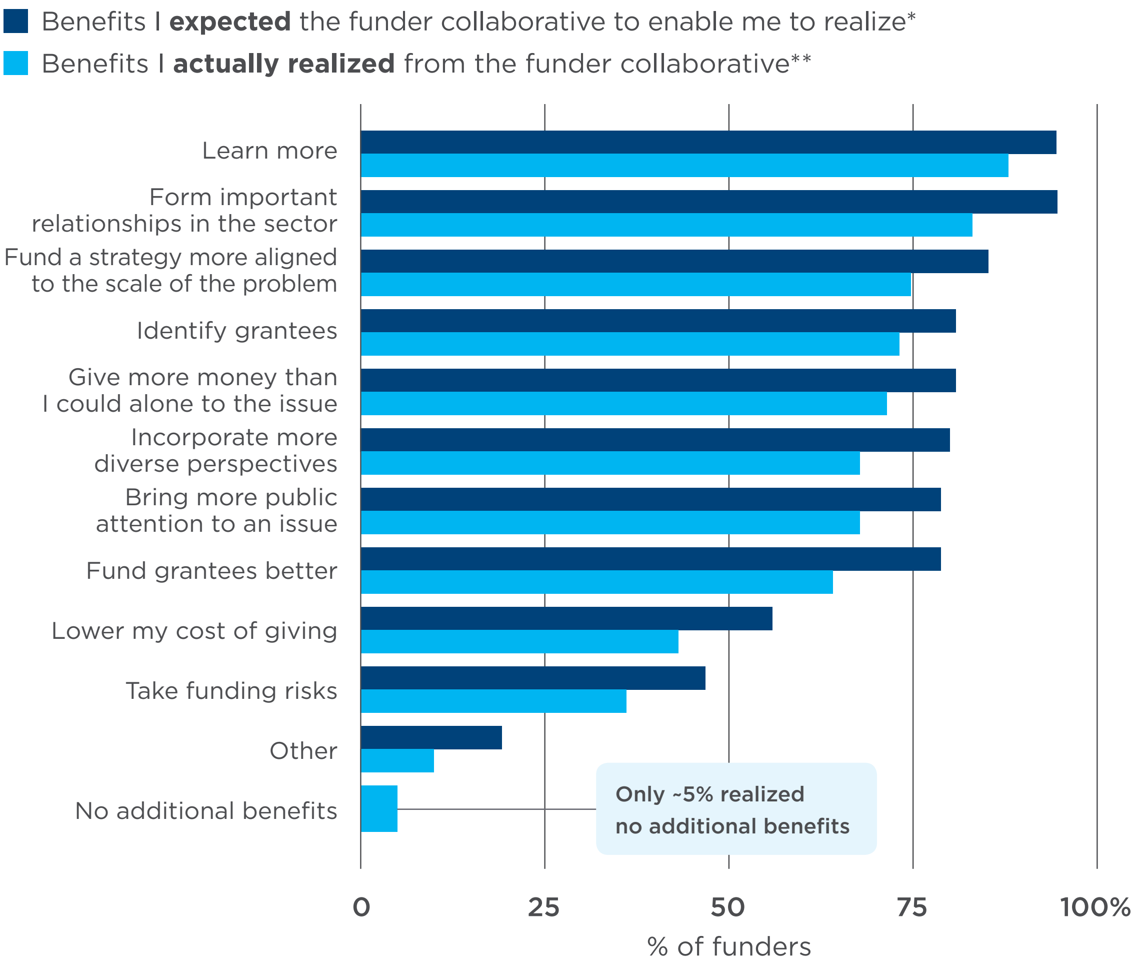
How much do you agree or disagree with the following statement?

- The benefits generated from participating in the funder collaborative have exceeded the costs incurred



Source: Survey conducted by The Bridgespan Group; sent to 167 funders with 95 responses.

Funders most commonly expect that collaboratives will enable them to form relationships in the sector and learn more than they could alone; funders realize a median of 88% of expected benefits**



*Data combines responses from the "Strongly agree" and "Somewhat agree" categories.
**This analysis includes all respondents, regardless of whether they expected the benefit specified. Accordingly, the proportion realized is a simple calculation of realized/expected, not based on those who expected.

Note: All questions were phrased as expectations and benefits compared to what funders could do alone (e.g., "Identify grantees I could not identify alone").

Source: Survey conducted by The Bridgespan Group; sent to 167 funders with 95 responses.

Benefits to grantees

On average, grantees gave collaboratives fairly high Net Promoter Scores (NPS) despite a wide range of experiences, had lower expectations of collaboratives than did funders, agreed that the benefits outweighed the costs of participating in a collaborative, and suggested three sets of improvement opportunities: streamlining reporting, more actively promoting grantees, and allowing more input into strategy setting and execution.

Grantees among the 10 collaboratives gave an average NPS of 48 (with a much wider range of scores than the funders, from -18 to 100). *While the average is quite high, the wider range of grantee scores compared to funder scores suggests that a subset of grantees is experiencing significant challenges with collaboratives.* In both grantee surveys and interviews, we heard multiple ways in which collaboratives amplify both benefits and risks.

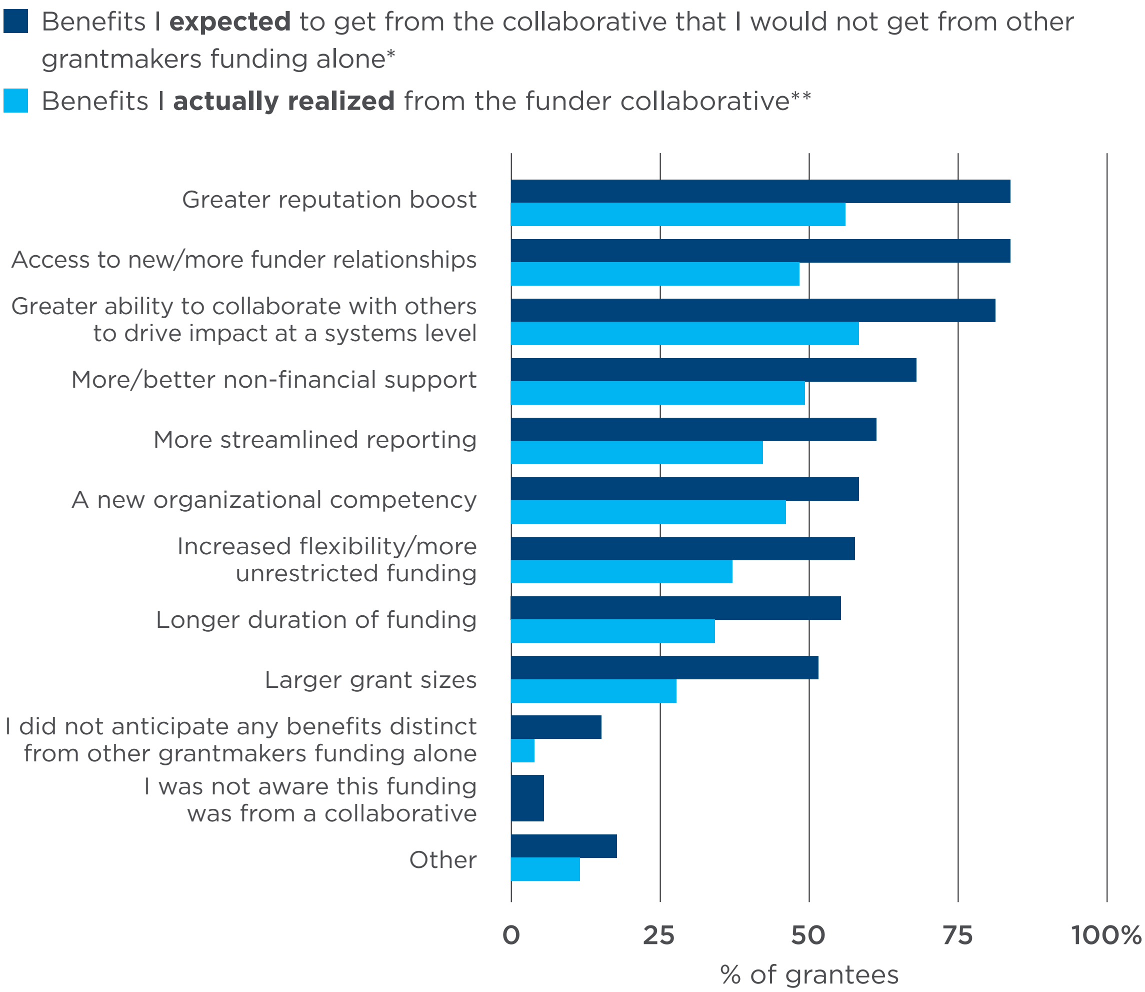
Grantees generally reported lower expectations for collaboratives than funders. On average, 58 percent of funders strongly agreed that they expected a given benefit, while only 35 percent of grantees said the same.

Grantees also experienced a lower proportion of realized benefits to expectations—22 percentage points lower than the funder median.

Most grantees agreed that the benefits of participating in the collaborative outweighed the costs, but at a slightly lower rate than funders (80 percent compared to 92 percent). Grantees also reported that collaboratives don't have markedly different costs for them than funding from single donors; more than 60 percent reported that they incurred no costs beyond what they typically would. This suggests that, on average, the cost per dollar of funding would be roughly the same whether the donors gave independently or as part of a collaborative, if the donors gave the same amount in both cases. If they gave more through collaboratives than they would have alone, the cost per dollar of funding would then be lower in a collaborative approach.

The largest costs reported by grantees compared with traditional funding relate to managing funder relationships and heightened power dynamics. The concentration of resources in a collaborative may create extra pressure on grantees to align with the collaborative's strategy, and increase the risk of deviating from their own. For example, one grantee noted that there was a "surprising absence of genuine partnership… in developing the overall mission" of the collaborative. Another grantee observed that the collaborative can feel like an exclusive club, and when the funder group no longer supports a grantee, "there's a ganging up that can happen." The implication being that broader funding could be at risk. While it can be useful for a group of funders to collectively identify the strongest grantees, this also creates a more distinct set of winners and losers than individual funder decisions would. This piling-on effect (perhaps appropriately) disadvantages "ineffective" organizations, but also risks damaging the prospects of organizations that are having impact but have not been admitted to the collaborative's circle of grantees for any number of reasons besides overall effectiveness.

Grantees most commonly expect that collaboratives will provide a reputational boost and access to new or more funders; grantees realize a median of 66% of expected benefits**

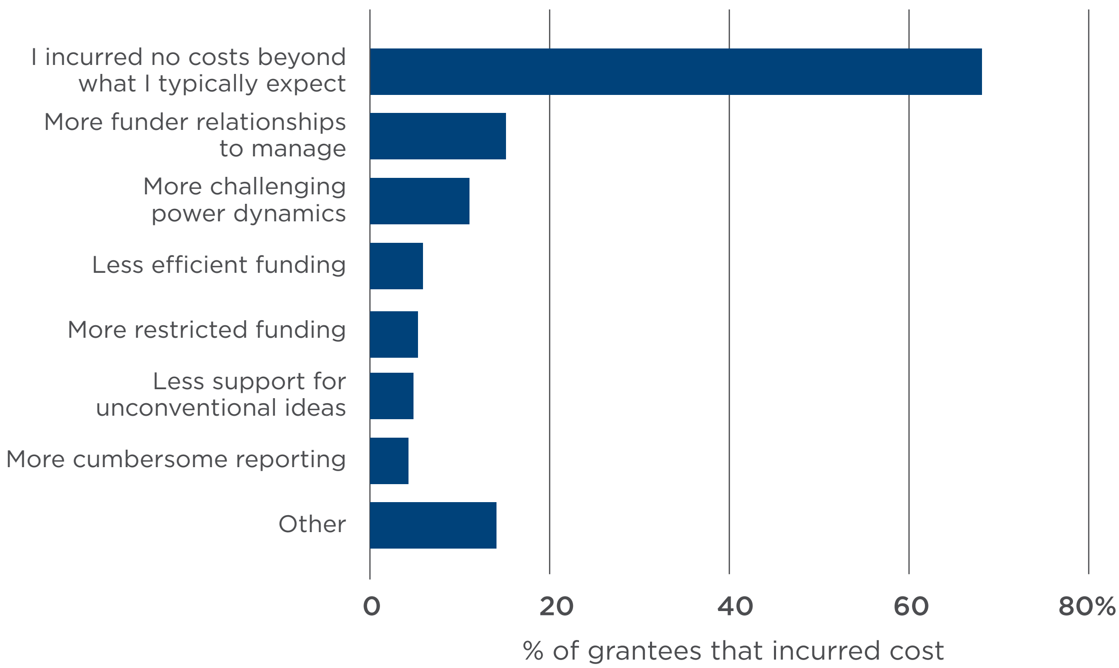


*Data combines responses from the "Strongly agree" and "Somewhat agree" categories.
**This analysis includes all respondents, regardless of whether they expected the benefit specified. Accordingly, the proportion realized is a simple calculation of realized/expected, not based on those who expected.

Source: Survey conducted by The Bridgespan Group; sent to 966 grantees with 330 responses.

Grantees have low costs overall, but managing funder relationships and power dynamics are the largest cost categories

What have been the greatest costs incurred from the funder collaborative compared to grantmakers funding alone? Choose the two greatest costs as compared to your typical costs.



Source: Survey conducted by The Bridgespan Group; sent to 966 grantees with 330 responses.

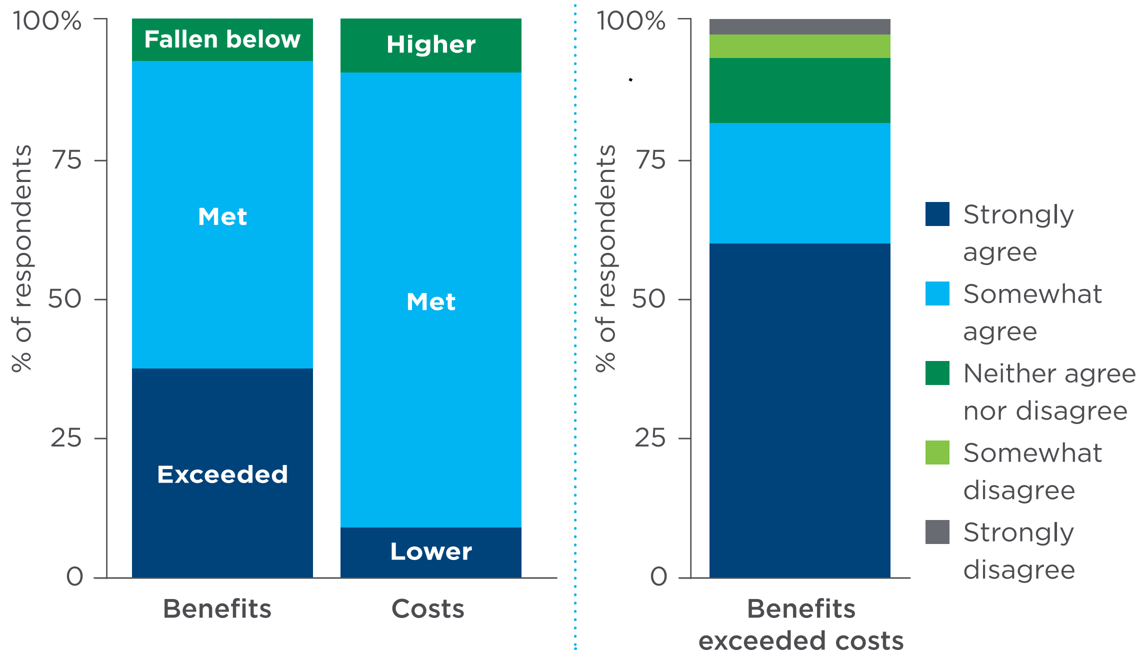
Additional benefits (rather than reduced costs) drive grantee value

Have the benefits exceeded, met, or fallen below your expectations?

Were the costs more than, the same as, or less than you expected?

How much do you agree or disagree with the following statement?

- The benefits generated from the funder collaboratives support have exceeded the costs incurred



Source: Survey conducted by The Bridgespan Group; sent to 966 grantees with 330 responses.

Across a range of collaboratives, grantees noted three areas for funder consideration:

- **Promote grantees:** It is well-known that funders influence each other's decisions. Grantees identified "greater reputational boost (i.e., 'stamp of approval')" as a leading potential benefit of collaboratives, with 53 percent of grantees reporting receiving this benefit. When funders could consistently identify whether and how they might promote grantees to their funder communities, when warranted, grantees could see greater benefits. A grantee of the Funders' Collaborative on Youth Organizing (FCYO) maintains that FCYO offers a significant platform to access other funders: "They have a map on their website that lays out where other groups are, what they are doing, and with a few clicks, funders can find organizations." Going even further, Big Bang Philanthropy, whose 16 members together give over $30 million annually through aligned funding focused on the most pressing problems of the poor, holds an annual meeting at which funders pitch organizations to each other and help spread the word about strong grantees.
- **Streamline reporting while maintaining funder-grantee relationships:** Collaboratives that pool money can enable grantees to meet new funders and streamline their applications. Neither is a given, however. At times, pooled collaboratives restrict the number of funder relationships grantees otherwise might build by funneling nonprofit-donor interactions through the collaborative or its intermediary organization. This intermediation can be damaging if those nonprofit-donor relationships had pre-dated the collaborative; therefore, collaboratives could consider other ways of helping grantees form relationships with funder members. Additionally, some collaboratives that use an aligned funding strategy may require grantees to submit multiple proposals and reports in different formats, creating an extra burden. Jennifer Schechter, CEO of Integrate Health, a Big Bang Philanthropy grantee, appreciated the flexibility of one funder who simply requested copies of the reporting documents sent to another member of the group.
- **Include grantees in strategy development:** Though grantees and beneficiaries can offer invaluable perspective to funders, they are still subject to the power dynamics inherent in philanthropy. In addition, funders in a collaborative often spend so much time and energy working with each other that they may not pay adequate attention to other stakeholders. While power sharing can feel daunting, collaboratives are made stronger by incorporating grantee and community perspectives into strategy setting and execution. Failing to do so risks missing opportunities for impact, or worse, ending up with mismatched strategies for communities in need. FCYO formalized the inclusion of grantee voices by adding multiple practitioners to their decision-making board. "Today, funders and practitioners on the board learn together," said Executive Director Eric Braxton. "They discuss and track trends in the field. They identify challenges and opportunities in the field, and they co-create responses to them."

Three Investment Theses and Their Distinctive Value Propositions

The 10 collaboratives shared a unique triangle of elements: a clear "investment thesis," or how the collaborative will create impact and what it will specifically be accountable for, including its value proposition to funders and grantees; shared expectations (what each member hopes to accomplish by collaborating); and a high-caliber operating model and leadership structure designed to achieve those goals (since form follows function).

Grantees and funders reported different value propositions based on the investment thesis and their own understanding of each collaborative. Some benefits, such as greater reputational boost and ability to collaborate with others (grantees) and learning and forming relationships (funders), span the majority of collaboratives. However, funders and grantees often expect different things based on the collaborative's primary investment thesis.[5] "Investment thesis" refers to how the collaborative intends to achieve impact and create value beyond what funders can accomplish alone. "Value proposition" refers to the specific benefit that the funder and/or grantee receives that would be difficult or impossible to attain outside the collaborative.

We identified three primary investment theses: Organization Funders ("Support strong organizations"); Field Builders ("Build resilient fields"); and Goal Aligners ("Align goals toward winnable milestones"). Based on our survey and interviews, *we hypothesize that stronger collaboratives require a clear investment thesis and deliver value that corresponds with the investment thesis ("value propositions").* While a collaborative may leverage multiple theses, we believe that selecting one as primary increases the chances of success.

With only 10 collaboratives in our study, we hope future research can build on our findings. We also believe that there may be more nuance to our conclusions when applied to locally focused efforts.

1. Organization Funders: Support strong organizations

Description

This investment thesis drives results primarily by supporting high-performing leaders and organizations that address the collaborative's overall objectives. These collaboratives put grantees' strategies at the center without necessarily expecting them to "add up" to one consolidated milestone. Instead, this thesis prioritizes meeting each grantee's full potential.

5 In quantifying various themes from our interviews, we identified certain value propositions that emerged more frequently among some funder collaboratives than others. For Organization Funders, the more prevalent value propositions mentioned were more money, sourcing, due diligence, monitoring, stamp of approval, strategic support, unrestricted capital, and multiyear funding. For Field Builders, the more prevalent value propositions were capacity building, expansions of scope, gap filling, flexibility or responsiveness, infrastructure (e.g., staff capacity and expertise), and convenings. For Goal Aligners, the most prevalent value propositions were synergies, strategy development or validation, risk-taking, and strategic alignment.

Big Bang Philanthropy, founded in 2011, is a collaborative using the Organization Funder thesis. Big Bang includes 16 funders who make independent funding decisions, but have agreed to fund at least five Big Bang organizations (nonprofits that receive funding from at least five Big Bang funders) with $50,000 or more (each) annually. “Beyond co-funding, the three most important things we share at Big Bang are due diligence, impressions from field visits, and leads,” said Kevin Starr, managing director of the Mulago Foundation. “Some have staff, some don’t. Yet each Big Bang funder shares its strengths to improve our grant making as a whole.”

Value Proposition

The value proposition for this investment thesis (compared to what a funder could do alone) includes sourcing, due diligence, access to capacity-building resources, and performance monitoring over time. Blue Meridian Partners, described above, is classified as an Organization Funder. George Pavlov, who directs philanthropic giving for Sergey Brin’s charitable foundation and is a general partner in Blue Meridian Partners, believes there is “no way we could build the same capability for our share of the annual expenses. This gives us best-in-class capabilities and flexibility.”

Given that Organization Funders aim primarily to drive capital towards high-performing grantees so they can carry out *their* strategies, it is no surprise that grantees report receiving many benefits: a funder stamp of approval, access to unrestricted capital, multiyear funding, larger grant sizes, and access to more funder relationships. More than 60 percent of Organization-Funder grantees in our survey specifically mentioned receiving more trusted investments as an element that distinguished Organization Funders from their other funding relationships.[6] Joining the Big Bang portfolio is “a stamp of approval,” said one grantee. “They let word go in informal networks, and others see that a lot of Big Bang funders are investors, and they want to invest as well.... In some instances, we wouldn’t have received additional money without Big Bang’s endorsement.”

For example, Blue Meridian’s support has inspired other funders “to think much, much bigger and more creatively,” said Mark Edwards, co-CEO of Upstream USA, a Blue Meridian grantee whose mission is to expand economic opportunity by reducing unplanned pregnancy. “Blue Meridian had a way of focusing their minds on the big, important opportunities.”

Challenges

If collaborative funding comprises a significant portion of a nonprofit’s budget, the organization may find itself in jeopardy if the collaborative reconsiders its support. Additionally, rigorous sourcing and outreach is required to guard against an in-group versus out-group mentality—that is, overlooking groups that are outside a funder’s network. One grantee recommended that funders consider facilitating collaboration between “like-minded” or “similarly purposed” grantees to pursue opportunities for more systemic change. Some grantees noted that, because Organization Funders are

6 We defined “trusted investments” to include mention of the key words “greater investment,” “unrestricted,” “introductions to other funders,” “multiyear,” and “shared due diligence.”

often generalists, it is important that they seek input from grantees and remain flexible about the right pace and method for change.

Summary Findings

Organization Funders offer the most straightforward investment thesis—fund and support strong organizations at higher levels—and the clearest value proposition, according to grantee and funder interviews. While broader systemic change is often an important destination and topic of discussion, the success of Organization Funder collaboratives hinges on that of grantees and their strategies. Some questions for funders considering this thesis include:

- Are we able to **operate at a scale that is sufficient to drive the impact we seek**? It takes significant resources to support leaders in making transformational change, yet our research found very few collaboratives giving more than $50 million annually.[7] Our survey indicates that a high proportion of Blue Meridian funders believe they are able to give at the scale required to advance systems change. We believe this may be an atypical expectation among collaboratives, but one that points to the power of giving at the highest funding levels. While it is not necessary to give $50 million to have impact, Organization Funders are wise to ensure their goals are "right sized" based on their investment level.
- Is the **path for growth best suited to the communities we serve**? One grantee noted a tension between growing one targeted model in many communities and growing multiple models within a single community. Blue Meridian CEO Nancy Roob said that in a few specific geographies, namely Tulsa, OK, and Guilford County, NC, Blue Meridian is investing in regional strategies to integrate national, evidence-based interventions into a comprehensive range of local services. The goal is to provide "the strongest possible outcomes for children and youth living in poverty and achieve community-wide impact."

2. Field Builders: Build resilient fields

Description

This thesis drives results by changing a defined field or set of practices over time, thereby enabling grantees to carry out their strategies more effectively. Field Builders prioritize building and strengthening these enabling environments—in some cases over decades—and, crucially, can offer consistent support if other funders' interest wanes. Funding patterns that distinguish collaboratives with this investment thesis include: funding field-building actions (e.g., creating a shared definition of "the field" in question, creating common standards of practice and knowledge bases, generating grassroots and policy support, etc.[8]); providing flexible (and at times rapid-response) resources for grantees for collaboration and late-breaking opportunities; and providing capacity-building funds for grantees.

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7 Susan Wolf Ditkoff, Alison Powell, and Kyle Gardner, with Tom Tierney, "Four Pathways to Greater Giving: What will it take to unlock dramatically more philanthropy from America's wealthiest families?," The Bridgespan Group, 2018.

8 This list of field-building activities is derived from "The Strong Field Framework" developed by the James Irvine Foundation and The Bridgespan Group in June 2009.

We have already mentioned the Funders' Collaborative on Youth Organizing (FCYO), a classic Field Builder. Beyond funding individual grantees, FCYO takes other steps to support practices and build capacity across the field. It brings practitioners together on its advisory board, advocates for additional funding, conducts research, works to communicate to a larger audience the impact of youth organizing, and develops a shared narrative about this work.

One example is the FCYO-supported Youth Community Organizing Resource Exchange (Youth CORE) program, which aims to "help build a stronger and more stable youth organizing field in the US" in areas such as police brutality, immigrant rights, and climate change. FCYO Executive Director Eric Braxton noted that "it is essential that there are structures to support the ongoing engagement and the growing power of these young activists." FCYO formed an "action team" of youth organizers to develop the program, which is now in its fourth year. FCYO has held two National Youth CORE Convenings, each bringing together over 300 youth organizers from over 150 organizations. Between convenings, the program helps connect these organizations with webinars and small grants for exchanges and joint learning projects.

Fund for Shared Insight is another Field Builder. Rather than focus on a single issue, it aims to "unleash the power of listening" across issues enabling philanthropy to benefit from the "voices least heard." To that end, Shared Insight modified the NPS tool used widely in the private sector to gauge customer feedback, and tailor-made a version for nonprofits. The modified version enables nonprofits to solicit, analyze, and respond to beneficiary feedback. Shared Insight had scale in mind from the beginning—both for the tool and the funding needed to spread it. It launched its Listen4Good initiative to encourage foundations to recommend the NPS tool to their grantees, and shares the cost of providing the tool and training to grantees with the nominating foundations. Shared Insight has made more than 200 Listen4Good grants with the support of more than 90 funders.[9]

Partners for Places, another Field Builder, seeks to build more equitable and sustainable communities by strengthening connections between national foundations, community foundations, local government sustainability or water leaders, and the most promising local efforts. It does this through pooled funding to match grants from place-based funders, including community foundations, to fund local government sustainability initiatives. "Partners for Places is like seed money," explained Dana Bourland, vice president of the environmental program at the JPB Foundation, one of the collaborative's seven members. "It helps to leverage what's happening locally and brings in national funders that wouldn't normally be involved at this level." Also, noted Bourland, this kind of national funding gives local grantees more visibility, connects them to a broader network of similar efforts, and helps them build stronger relationships with local foundations and their city halls.

9 We recommend reading "Funding Feedback" in the *Stanford Social Innovation Review* (Fall 2018) to learn more about Fund for Shared Insight.

Value Proposition

Funders and grantees participating in Field Builder collaboratives report that this investment thesis can offer a fundamentally different type of support, one that is relatively rare in the nonprofit landscape.

A key element of the value proposition is the ability to identify field gaps and act—as well as provide funding—to develop and help execute the strategy. These collaboratives often employ or contract experts to carry out activities that individual funders cannot do on their own. As with FCYO's Youth CORE program, Field Builders usually take on one or more operational roles—including convening, advocating, researching and sharing best practices, conducting training, and providing technical expertise. "Our fund knew that we couldn't take on providing training and assistance to smaller youth organizing groups nationwide as FCYO does, hence it was critical to partner with them as they provide the field this valuable support," said FCYO funder Manuela Arciniegas, associate program officer at the Andrus Family Foundation.

Grantees also reap unique benefits, including collaboration with other grantees, capacity building, and access to rapid-response grants. In our survey, 35 percent of Field Builder grantees wrote in field-building activities as something that distinguished this type of collaborative from typical funding arrangements.[10] A grantee of the Four Freedoms Fund wrote: "In addition to the funding, I would stress that Four Freedoms Fund has been very intentional about capacity building and providing tools and trainings for grantees that are tailored to our area of work. This has been a great opportunity for staff leadership development, and support of directors.... It's part of what makes Four Freedoms Fund unique; our other funders do not provide this level of support."

Challenges

Because these collaboratives commonly operate as nonprofits themselves, they risk competing with grantees for scarce resources. Therefore, it is imperative that collaboratives establish the value that they provide beyond dollars. In addition, Field Builders and grantees often have to navigate questions around strategy ownership. At times, grantees felt that funders excessively controlled the strategy. One grantee wrote in the survey that "the collaboration was the controlling center of its ecosystem...there was a huge missed opportunity to support the emerging [field] in ways freed of donor control."

Field Builders may also promise, but not necessarily deliver, the expertise grantees seek. As one grantee said: "Some of the 'experts' that were brought in for mentoring were engaging very experienced grantees as though they needed a 101 on advocacy."[11]

The nature of the Field Builder model can exacerbate the challenges detailed above. Our study showed that Field Builders have the highest operational costs (given that they typically deliver programs as well as pass-through grants), yet attract, on average, the lowest overall funding. However, they get relatively high marks for effectiveness, so clearly there is value in this type of intervention.

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10 We classified field building to include mention of the key words "collaboration," "organizational support," "capacity building," "cohort," "field," "TA," "rapid response," and "convene."

11 Confidential survey responses

Summary Findings

Field Builders in this study were highly regarded by funders and grantees alike, yet are less discussed in the literature and seem comparatively underfunded. This investment approach offers untapped potential to enhance existing social change efforts, either in particular issue areas or across capabilities. Given the challenge of measuring the results of field building strategies, these collaboratives need to articulate thoughtful, meaningful goals as well as indicators of progress for funders. Some questions to consider:

- Are Field Building collaboratives **bringing new money** and new capacities to the table, or are they slicing the existing pie even more thinly?
- What **specific value are they offering** beyond what nonprofits can accomplish themselves?
- What impact are Field Builders **holding themselves accountable for**? Since these collaboratives often fund through a combination of general operating, rapid-response, and capacity-building grants, identifying and measuring the progress of specific programs is critical to demonstrating their value. "We find that overall evaluations are not that useful in isolating our impact, but we find value in evaluating *specific programs*," said Four Freedoms Fund Director Anita Khashu. "Specifically, because we have multiple grant initiatives (including state and local field strategy, response to harsh immigration enforcement, rapid response, etc.), evaluators looking across our work don't tend to go deep enough to provide learnings; such evaluations are helpful for accountability, however." Fund for Shared Insight, perhaps due to its focus on short-term funds, has successfully set clear milestones for some of its capacity-building work—a practice that seems atypical for this investment thesis, but still noteworthy.

3. Goal Aligners: Align strategies towards winnable milestones

Description

This thesis typically seeks population-level outcomes (e.g., disease eradication, climate change mitigation) by forging areas of strategic alignment among funders, then specifying coordinated goals and winnable milestones. These collaboratives tend to be more funder-driven than Organization Funder or Field Builder collaboratives—though, at their best, they include stakeholder voices in both their strategies and execution. Unlike Field Builders, Goal Aligners do not typically take direct action. Instead, they may operate as "field catalysts" to encourage alignment around common goals.[12] Once the desired change is achieved, the collaborative may close shop or pivot to a new winnable milestone.

Take for example the Climate and Land Use Alliance (CLUA), which supports land-use policies and practices that mitigate climate change, benefit indigenous peoples, and protect the environment. The initiative has established specific, "winnable" goals in key geographies, such as supporting the Brazilian government's efforts to reduce deforestation in the Amazon region by 80 percent. From the outset, CLUA believed that funders do not have to fully align on an approach and philosophy for a specific issue. Rather, "you are looking for areas of

12 Taz Hussein, Matt Plummer, and Bill Breen, "How Field Catalysts Galvanize Social Change," *Stanford Social Innovation Review*, Winter 2018.

overlap, places where joint action might be able to advance shared goals," said Walt Reid, director of Conservation and Science at the Packard Foundation, CLUA's founding funder. Since its inception in 2010, CLUA has aligned or pooled $410 million towards shared strategies from four founding funders and three follow-on funders.

> "Typical practice would have led each foundation to develop a unique strategy…by combining resources [they could] drive change at the intersection of their goals."
>
> **The Bridgespan Group**

By aligning an enormous amount of resources behind a shared set of goals, CLUA is seeing encouraging results. An external evaluation completed in 2017 cited CLUA's positive contributions to Forest Code revisions in Brazil, a five-year moratorium on any new palm oil licenses in Indonesia (slowing forest clearing for palm oil plantations), and the capacity of indigenous peoples supporting community forestry in Mexico and Central America. These results likely would not have happened if the funders had not seen a convergence to impact from (at least) three very different vantage points on land use. As Reid recounted, the Ford Foundation was deeply focused on the social justice element of land use; Packard was focused on land use as part of their goal to mitigate climate change; and the Moore Foundation focused on biodiversity. While typical foundation practices would have led each to develop a unique strategy optimized for their particular aims, they realized that combining their resources (both money and expertise) would drive change at the intersection of their goals—protecting biodiverse lands in a manner that would mitigate climate change and support indigenous communities.

Another collaborative that aligns disparate foundations around a common goal is the Water Funder Initiative (WFI), which seeks to "employ powerful, coordinated philanthropic action to shift the trajectory toward sustainable water management." For the S. D. Bechtel, Jr. Foundation, which plans to spend down its endowment by 2020, the realization that it was one of only a few funders working on water issues in the American West highlighted the need to draw more philanthropists to the space. Bechtel's environmental program director Allison Harvey Turner noted the opportunity presented when WFI leader Susan Bell connected her with the Walton Family Foundation, another major water funder. "Bechtel and Walton recognized that water management is one of the most critical issues facing our country," said Harvey Turner. "It only made sense to pursue collaborative efforts that could encourage even more funders to come into this space."

Bechtel and Walton researched the water management landscape and discovered that funders thought the topic was too local, too intractable, and too political to get involved, Harvey Turner recalled. The foundations therefore adopted a "what's-it-going-to-take-to-win" mindset. They funded research to develop a "philanthropy blueprint" that focused on six priority strategies, including "shovel-ready" investment opportunities with high potential for impact across the American West.

Bolstered by the blueprint, WFI has so far aligned $175 million in funding with the priority strategies, including more than $40 million in new funding to pursue the six proposed plans. To date, WFI has used these resources to work with the federal and California state governments to adopt a long-stalled plan to restore the receding Salton Sea, an inland saline lake in the Sonoran Desert of extreme southeastern California. WFI members also agreed to make critical contributions to water conservation projects in Mexico as part of a Colorado River water-sharing deal between the United States and Mexico. With millions yet to be deployed, WFI is on track to address western states' water resource issues that have long lacked the necessary funding.

Value Proposition

As these examples demonstrate, funders in Goal Aligner collaboratives collectively benefit from making progress on an issue even when their philanthropic strategies differ. They are also able to direct resources and expertise toward complex problems much more effectively than they could alone—either through coordinating existing resources, growing the amount of available funding, or (ideally) both. One CLUA funder noted, "At the beginning we challenged each other to really stress test our strategy. Climate change and land use are wicked problems and multiple approaches are needed to solve them." When successful, this type of collaborative also allows funders to align aspects of individual strategies and bring in new funders for joint investment opportunities.

The ability of the Water Funder Initiative to catalyze new funding was key to attracting another participating funder, who stated, "we thought it would be appropriate to make our commitments and make additional joint commitments in a collaborative way as an effort to lead and encourage other funders to come into this space."

Grantees of Goal Aligner collaboratives often don't even know they are being funded by a collaborative. On average, these grantees experience the fewest benefits specific to collaborative funding among those we surveyed.

However, grantees experience other important benefits. One survey respondent cited that "consensus among our funders… gave comfort to other funders in supporting our work." The Global Alliance for the Future of Food, a Goal Aligner collaborative, seeks to transform global food systems so that they are more sustainable and just. The Global Alliance convenes key actors, sponsors research, and supports action in subjects such as agroecology, health and well-being, and a true-cost accounting of food systems. Barbara Gemmill-Herren, a researcher who leads the Global Alliance's Beacons of Hope initiative, emphasized the role that such collaboratives can play for the field: "A number of funders were focused on transitions in agriculture, but they weren't aligned, and there was significant fragmentation. The Global Alliance is bringing those funders together to identify areas of shared strategic importance to drive transformation in agriculture. Without The Global Alliance, the aims of funders would likely be more dispersed and have less synergy, thus less impact."

Challenges

Among the collaboratives we studied, this category seemed to prove especially challenging for participants, perhaps because the scope and magnitude of the ambition—

solving a winnable milestone—necessitates more investment of both time and money than traditional grantmaking. Goal Aligners may have to navigate divergent assumptions, theories of change, and operational requirements among funders. In addition, funders have different priorities in terms of geography, strategy, and values; it can be difficult to find enough overlap to allow for productive, aligned investment. Without strong, overlapping alignment, this type of collaboration can feel like all talk and no action.

Therefore, these collaboratives require a high bar for moving ahead, and strong facilitation and coordination once underway. One funder noted, “The time required to participate meaningfully is high.” Scott Cullen, executive director of the GRACE Communications Foundation and a funder of The Global Alliance for the Future of Food, noted that Goal Aligner collaboratives “work when there have been a handful of funders who put in the sweat equity. Funders have to go into it allocating staff time and resources. For example, one of our staff spends 60 percent of their time leading this process.” Additionally, funder-driven strategies like this may not have sufficient involvement from the field, which can undervalue or provide less support for bottom-up ideas and approaches, deliver more restricted funding, and unintentionally disempower the communities they hope to serve.

Summary Findings

Goal Aligner collaboratives can be the trickiest to get right. In our analysis, collaboratives that fail to invest time in identifying areas of productive overlap, align on those shared areas, and invest appropriately in staff and foundation leadership time, often hit major roadblocks. Yet a number of Goal Aligners in our sample have realized dramatic outcomes for society by jointly targeting winnable milestones in concert with grantees, beneficiaries, and the field. This suggests that, despite the challenges, funders can pursue these collaboratives more actively.

Some questions to consider:

- Are there **sufficient areas of alignment** (including on “non-negotiables”) to constitute a shared purpose for collaboration? Are funders at the CEO and/or program director level sufficiently involved to ensure that commitments will be made and maintained?
- What **time-bound, winnable milestones** can ensure alignment and demonstrate progress?
- What **interdependencies** require planning?
- How can **stakeholder perspectives** more effectively inform the collaborative’s efforts?

Operational Implications for Funder Collaboratives

We found that there is no single right way to structure a collaborative, nor any formulas that point to a magic cost number—consistent with Blue Meridian CEO Nancy Roob's advice to "start with impact, then focus on relationships, then create the structure that best maps to those." We did observe a set of common operating practices that promoted success: strong, nuanced leadership (as reported in the literature), with emphasis on the lead director role being particularly critical; some level of staffing and core architecture (with variation in cost per dollar, often related to investment thesis); and, commonly, consulting roles for communications, evaluation, and grantee capacity building.

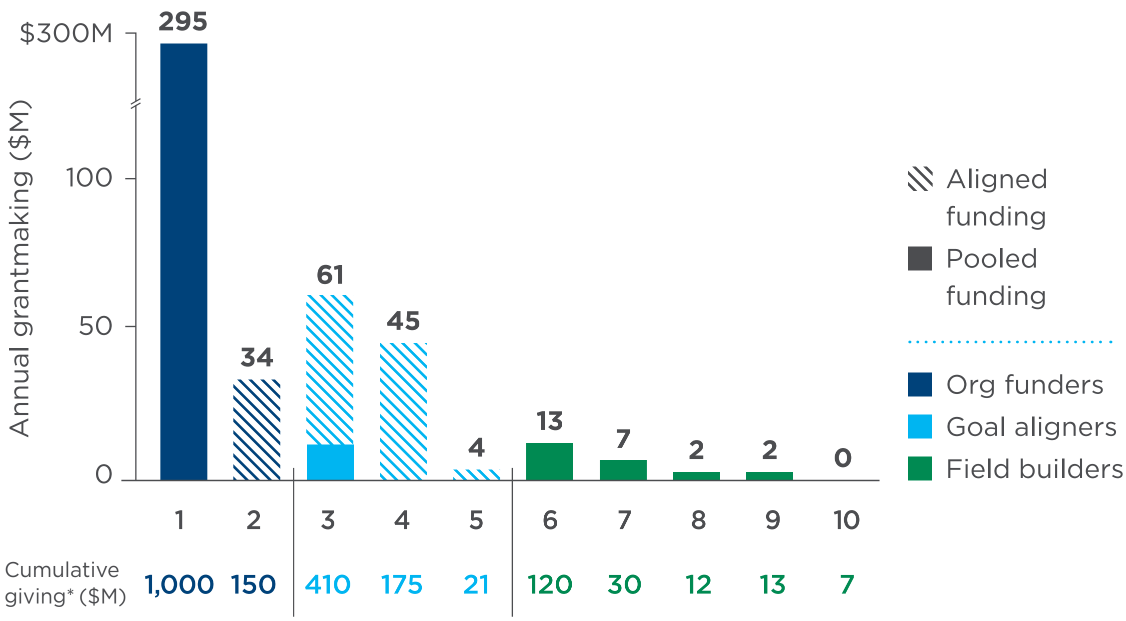
Operating model review

The collaboratives we studied vary widely in staff size and operational costs, but these factors are not closely related to the amount of money being invested. The collaboratives we studied gave away between $400,000 and $295,000,000 per year—an immense range (removing the largest and smallest still leaves a large range of 44x). Organization Funders and Goal Aligners tended to grant more than Field Builders. Organization Funders and Goal Aligners either pooled or aligned their funding, while Field Builders primarily pooled their funding.

While there was a wide range of annual grant making totals, the range of annual operating costs was narrower. Removing one outlier on the high end and one on the low end, the largest collaborative's operating costs were only four times the amount of the smallest. Annual operating costs ranged from $50,000 to $15.2 million, with a median of $1.86 million.

We also saw meaningful differences in annual operating costs depending on the investment thesis. While Field Builders gave the least, they had the highest median annual operating cost at 47 percent of annual grant making—compared to less than 5 percent for Goal Aligners and Organization Funders.

The funder collaboratives in our study gave a wide range of money annually from <$1M to $295M—a 700x multiple

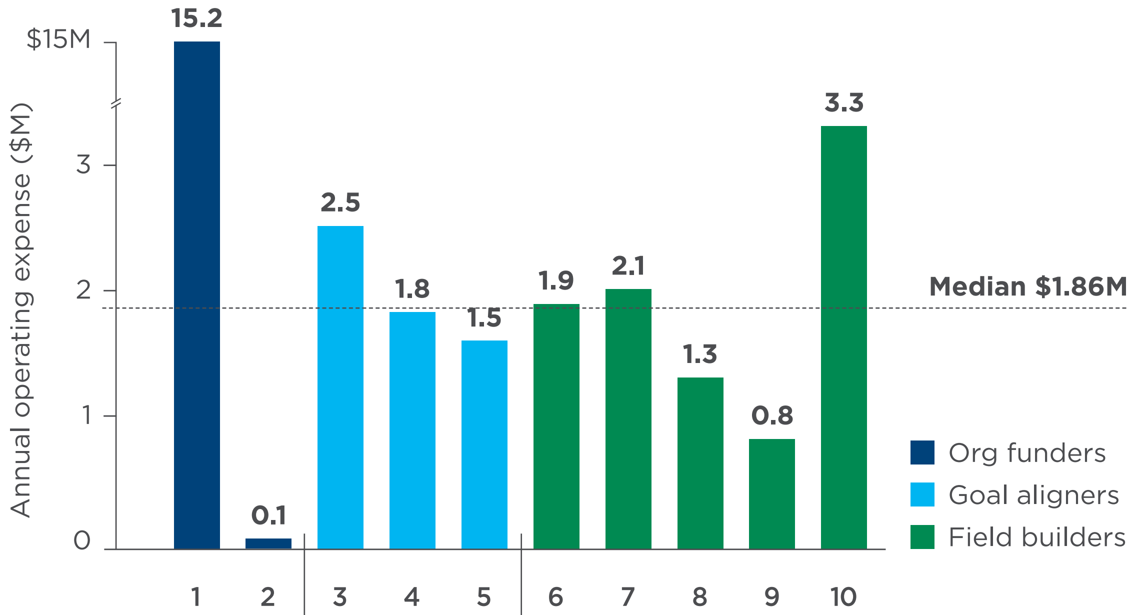


*Cumulative numbers include past for all and projected for one collaborative.

Notes: Annual grantmaking reflects three-year average in most cases; in one case it is anticipated "steady state" grantmaking; cumulative giving in one case represents total announced fund size instead of past giving.

Source: Survey conducted by The Bridgespan Group; sent to 167 funders with 95 responses.

Costs are more consistent across collaboratives with a 300x multiple for operating expenses (and 4x with high/low outliers removed)



	1	2	3	4	5	6	7	8	9	10
Operating Cost (%)	5	0	4	4	43	15	28	70	47	818
Total Staff (FTEs)	TBD	1	11	6	6	10	11	4	8	6

Note: Operating cost is reflected as a percentage of grantmaking. Full-time equivalents (FTEs) are an estimate, given the wide range of staffing structures, consultant time allocations, and funder staff time allocations.

Source: Survey conducted by The Bridgespan Group; sent to 167 funders with 95 responses.

Each collaborative built management capacity in different ways, but all paid for some level of staffing. Unsurprisingly, the largest cost driver for all collaboratives was personnel. Hired staff or consultant staff ranged from 0.5 to nine full-time equivalents (FTEs).[13] However, the FTE number can be somewhat misleading, since many collaboratives employ an "accordion model" with staff numbers flexing as needs change.

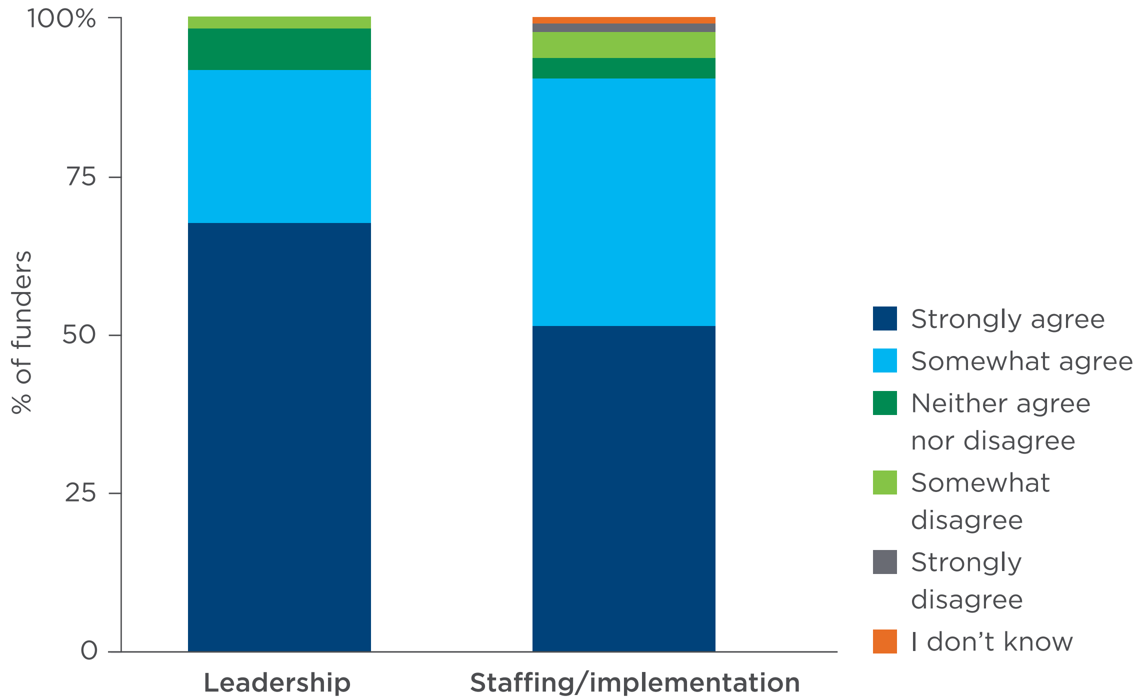
Six of the collaboratives employed both full-time staff and consultants, while two used staff only and two used consultants only. Our survey indicated that funders seemed generally satisfied with their collaborative's capacity, with 91 percent agreeing (52 percent strongly agreeing) that "this funder collaborative has sufficient staffing/implementation capacity." There was no relationship between the number of staff and funder satisfaction.

13 We are still finalizing data for one collaborative.

Funders overall believe that there is strong leadership as well as staffing and implementation capacity

How much do you agree or disagree with the following statement?

- This funder collaborative has strong leadership
- This funder collaborative has sufficient staffing/implementation capacity



Source: Survey conducted by The Bridgespan Group; sent to 167 funders with 95 responses.

While our data do not give funders hard and fast answers about what a collaborative costs, *member funders who are serious about getting results should pay for some level of dedicated support.* Sometimes a lead funder may provide this funding as an incentive to spur the group's activity. "One of the things that made [the Climate and Land Use Alliance] possible was that Packard was generous in the beginning and indirectly put up most of the upfront costs through the ClimateWorks Foundation," explained David Kaimowitz, director of Natural Resources and Sustainable Development at the Ford Foundation. Other collaboratives may jointly fund expenses through a membership fee or with an expectation that a portion of their funding "dues" will be used for administration.

Roles

The literature is clear that leadership matters. Our research reinforced that point and found related insights. A few key staffing roles crop up repeatedly. All the collaboratives we studied had a lead administrator or director. Other common roles were in program administration, coordination, communication, and evaluation (the last two were typically filled by consultants). In particular, funders looked for managers to facilitate relationship building among collaborative participants, keep the collaborative organized, and help advance the strategy. “It’s hard to get the same momentum when the coalition isn’t staffed as when you have a managing director owning the bottom line,” said Fund for Shared Insight consultant Katie Smith Milway. The most common consultant roles are in communications, evaluation, and capacity building for grantees. Half the collaboratives we studied contracted with evaluators. A third category of staffing involves employees borrowed or detailed from member funders, who typically worked as the collaboratives’ program staff. Many funders have knowledgeable program staff already, so it’s no surprise that they lend expertise to collaboratives. Goal Aligner collaboratives particularly benefit from experts who can help align disparate strategies around shared goals.

We observed other differences in staff roles between collaboratives based on investment theses. Field Builders tended to hire experts in subject matter and capacity building, while Goal Aligners were more likely to hire facilitators, contract with field experts, or leverage the expertise of their participating funders. Organization Funders tended to hire due diligence and general management experts, or leverage the due diligence efforts of member funders.

How Can Collaboratives Set Themselves Up for Success—and Adapt as Necessary?

In reviewing collaboratives' life cycles, we identified two lessons: 1) the start-up phase presents a critical opportunity for funders to candidly discuss expectations around impact, how they will contribute, and anything they consider to be non-negotiable; and 2) at some point, collaboratives are likely to grapple with internal challenges, external shifts, or both. Among the collaboratives we studied, some shifted successfully when needed and adapted their investment thesis, shared expectations and operating model in concert; others alternately chose to disband or cease operations entirely.

Start-up Phase

Our research indicated that the start-up phase is best served when members move beyond politeness and speak clearly and candidly about the investment thesis and value proposition. Candor and clarity sound a lot like motherhood and apple pie—who wouldn't urge them for any well-functioning organization? But in a funder collaborative—where one of the great potential benefits, as well as one of the potential challenges—is the diversity of interests and viewpoints, it appears especially important at the outset to move beyond politeness in order to identify and capitalize on the benefits of different approaches.

"Like it or not, in a foundation, you're already driving towards groupthink," said Packard director Walter Reid. "Sometimes it has felt like we're getting too much groupthink in the (CLUA) collaborative," he added. "We're trying to be too nice. We need to be able to surface differences faster. Part of the thinking at the outset was that different foundations were starting with different strategies and thinking in different ways. In a complex landscape, we thought it made sense to have these different and sometimes conflicting perspectives that could challenge our thinking."

Others we interviewed stressed that funders do not necessarily have to align on the same overall strategy or approach to an issue. Their collective goal should instead be to agree on non-negotiables and areas of overlap, as well as places where joint action can achieve multiple goals and support more than one strategy. Candor and clarity don't seem to depend on any one type of communications or decision-making structure, but rather, a commitment to these values.

Aligning on the right governance and decision-making model also increases chances for a successful collaborative.

The collaboratives we studied used a variety of models—from pooled funding with shared decision making on most grant making, to aligned models where individual funders retain all funding authority. "We have a huge emphasis on dialogue, so when it comes to a vote, the result usually isn't surprising," said Melinda Tuan, managing director of Fund for Shared Insight, which works to elevate the voices of those least heard. With 13 "core funders," the collaborative's goal is for foundations and nonprofits to be meaningfully connected to each other and to the people and communities they seek to help—and more responsive to their input and feedback. The collaborative has developed a communications and decision-making style that allows for conflict and candor. "It's not a consensus model. It's a majority-rule model," explained Tuan. "Very early on, one of our first funding votes tested the model. We had a difficult debate, people voted their consciences, and everyone felt comfortable with the possible outcome."

One of the collaboratives among the 15 that failed or faltered shows the perils of sidestepping clear, honest communication. Two participating funders explained that the convening foundation had "a very specific vision, agenda, and belief about how things should be done," but also felt strong pressure to achieve outcomes quickly. Among the participants, there were strong differences in strategic outlook, capabilities, and personalities. Rather than pausing and attempting to mediate those differences, the collaborative pushed forward with a strategy that did not have a consensus among the funders. In the view of the two members we interviewed, this caused the collaborative to falter.

Adapting to Internal and External Challenges

Perhaps because of their entrepreneurial and, often, transient nature, collaboratives tend to understand the need to embrace iteration. Every collaborative we studied changed its approach in some significant way during its life cycle. As internal and external circumstances shifted, collaboratives adapted their investment thesis and value proposition, shared expectations, or operating model. Sometimes collaboratives disband or take on a new form entirely. Several circumstances may drive this adaptation.

Collaboratives may change when initial funders leave or significant new funders join.

Collaboratives often create formal or informal procedures for adding new members, and sometimes restrict new members. "Every new foundation you add requires new costs of alignment and education, so we don't want to do more than we can absorb," said Anita Khashu, director of Four Freedoms Fund (FFF). When new members join, FFF devotes significant time to educating them about how the collaborative operates. FFF also educates and advises other funders without adding them as members. Said Khashu, "there are other ways of helping to engage funders who want to donate to immigration issues. They don't need to be part of us, but we can advise them."

Fay Twersky, director of the Effective Philanthropy Group at the William and Flora Hewlett Foundation, and a founding co-chair of Fund for Shared Insight, notes that the collaborative's members came in two distinct waves. "We were completely an unknown quantity. At the beginning, we didn't have a name or even a charge, but our first group of funders planned to come up with a strategy together," said Twersky. "The second wave of funders wanted to know more specifically what they were joining. That's when Gates, Irvine, and some of the others came in." Several funds, including Shared Insight and Blue Meridian Partners, build in planned entry and exit dates.

Serious operational challenges may require a collaborative to adapt or wind down.

Consider the Latin America Regional Climate Initiative (LARCI), founded by four major environmental funders to tackle climate change from the largest national sources of greenhouse gases in Latin America. LARCI identified opportunities for impact in Mexico and Brazil, so they decided to open offices in both countries. But cracks started appearing in the operating model. Due to the differing cultural, linguistic, and political contexts in Mexico and Brazil, the two office heads couldn't agree on a shared strategy, and funders couldn't agree on how to divide resources across two very different locations. This led to serious challenges in efficiently distributing funds to grantees, leaving grantees, staff, and funders frustrated. The funders decided to split LARCI into two organizations to better serve the distinct needs of each country. In one, it has ended up working mainly as a Goal Aligner; in the other, mainly as a Field Builder.

Sometimes, operational challenges are identified by third-party evaluators. In one case, the evaluator found that a "lack of a strong governance and strategic management framework limits [the collaborative's] ability to evolve in response to changing conditions and opportunities." As a result, the collaborative created a committee to address strategy issues. Collaboratives often face operating problems; the strongest will acknowledge and address those problems, even if it means altering some of their initial assumptions.

External circumstances can also influence change.

Given the evolving political and social landscape, funders are generally seeking ways to be more adaptive.[14] That means having "clear but flexible boundaries and a definition of success" coupled with strong strategic anchors, yet remaining open to adapting to new opportunities.

Changes in the external environment can reduce or increase the need for specific activities. The original members of the Four Freedoms Fund saw it as a Goal Aligner with a vital but short-term mission—passing immigration reform. Today, as the potential for such legislation has receded, and immigrants are facing a host of new challenges, Four Freedoms Fund has become an ongoing collaborative, and added new staff and capabilities in order to create longer-term capacity in the immigrant rights field.

Miscalculated or changing demand can also alter a collaborative's trajectory. Fund for Shared Insight initially focused on the issue of listening and sharing in foundations, in addition to collecting feedback from the people and communities funders were trying to help. The listening and sharing work did not attract much interest, but the work on feedback did. The collaborative shifted to focus on helping nonprofits and funders effectively collect and use feedback—which also supports better listening. Today, nearly 100 funders are involved with Fund for Shared Insight.

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14 Susan Wolf Ditkoff, "Giving That Gets Results: An Introduction," *Stanford Social Innovation Review*, October 14, 2013.

How Do Collaboratives Incorporate Diverse Perspectives? What Are the Benefits and Risks of Doing So, and of Failing to Do This Thoughtfully?

Given the conversation in the nonprofit sector, and within philanthropy specifically, about inadequate focus on diversity (often broadened to diversity, equity, and inclusion, or DEI), we sought to (1) position this discussion within the broader dialogue, and (2) understand what collaboratives are experiencing and learning with regard to diversity.[15] Our interviews revealed a deep interest among funders and grantees alike to learn from others on this topic. We also derived some insights about promising approaches, such as: (a) including diversity as a topic in the candid set-up conversations, and aligning around common definitions and priorities; (b) inviting beneficiaries and nonprofit practitioners who bring diverse and relevant perspectives to meaningfully participate in the collaborative's work; and (c) hiring an external consultant to support these conversations and optimize their utility.

1. **Positioning this discussion**: A wide body of research indicates that increasing the diversity among nonprofit and philanthropic leadership can bring innovation to strategy development, new perspectives to overcome challenges, and can ultimately improve outcomes.[16] Yet, philanthropy in the United States has come under fire for insufficient attention to diversity. Too often, foundation staff—and sometimes leaders at grantee organizations—do not sufficiently mirror the populations they serve. A recent Center for Effective Philanthropy survey found that only 14 percent of foundation CEOs self-identified as people of color.[17] A recent report on diversity within collective impact initiatives came to similar conclusions: "While most of the study initiatives saw the value of infusing equity into their work, only a few have been able to develop the capacity, target their actions, and authentically engage and shift power to communities."[18]
2. **Understand funder experiences**: In this study, we sought to understand whether and how collaboratives are seeking to incorporate diverse perspectives, and how this manifests in their operations and their impact. In our survey, diversity was important

15 For the purposes of this report, we define diversity as "the involvement of individuals representing more than one national origin, color, religion, socioeconomic stratum, sexual orientation, and other ways in which people differ;" equity as "understanding the role of structural racism in society and the full context of historic and persistent racial inequities while analyzing problems and looking for solutions"; and inclusion as "authentically bringing traditionally excluded individuals and/or groups into processes, activities, and decision/policy making in a way that shares power." (Eugene Victor Wolfenstein, "Race, Racism and Racial Liberation," *The Western Political Quarterly* 30, no. 2 (June 1, 1977).)

16 Annie E. Casey Foundation, *Race Equity and Inclusion Action Guide*, 2014; Center for Effective Philanthropy, *Nonprofit Diversity Efforts: Current Practices and the Role of Foundations*, 2018; Barbara Chow, *From Words to Action: A Practical Philanthropic Guide to Diversity, Equity, and Inclusion*, GrantCraft, 2018; D5, *State of the Work: The Road to Greater Diversity, Equity, and Inclusion in Philanthropy*, 2012; Lilly Family School of Philanthropy, "Greater Diversity on Nonprofit Boards Can Lead to More Engaged Board Members, New Research Shows," 2018; Kelly Gulley, "Listening for Good: Reflections on Equity, Diversity, Inclusion, and Feedback," 2018; Urvashi Vaid and Ashindi Maxton, *The Apparitional Donor: Understanding and Engaging High Net Worth Donors of Color*, 2017.

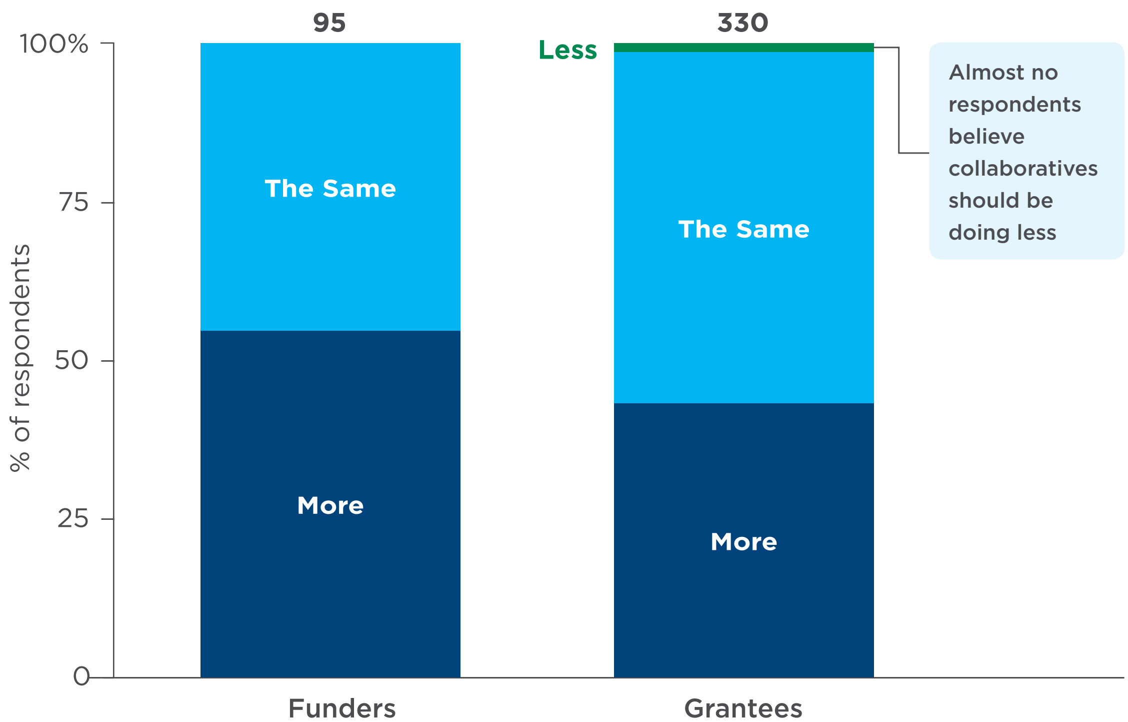
17 Ramya Gopal, *Racial Diversity of Foundation Leadership*, Center for Effective Philanthropy, January 30, 2014.

18 Sarah Stachowiak and Lauren Gase, "Does Collective Impact Really Make an Impact?", *Stanford Social Innovation Review*, August 9, 2018.

to most participants; 81 percent of funders and 68 percent of grantees agreed that "it has been important for the funder collaborative to incorporate diverse perspectives in order to advance its/my organization's goals." However, most participants still feel these efforts are inadequate: 55 percent of funders and 43 percent of grantees said that their collaborative "should do more to incorporate diverse perspectives into their work."

Around half of funders and grantees surveyed believe that collaboratives should do more to incorporate diverse perspectives

Should the collaborative do more, less, or the same to incorporate diverse perspectives into its work?



Source: Survey conducted by The Bridgespan Group; sent to 167 funders with 95 responses and 966 grantees with 330 responses.

Risks of omitting diverse perspectives

In our failure and falter analysis, some collaboratives did not demonstrate a commitment to incorporating diverse perspectives from stakeholders into their strategies. We hypothesize, with some evidence, that this reduced their effectiveness. We examined one ambitious, local collaborative in the United States, comprised primarily of white funders, which aimed to improve educational outcomes in a black-majority community. It developed a set of solutions without significantly engaging the community about its experience, perceptions, and ideas. Perhaps predictably, this collaborative ran into trouble. For example, parents voiced skepticism about external partners and the use of organizations brought in from other cities. Despite a significant investment of philanthropic funds, the collaborative has struggled to gain traction in many participating schools.

Benefits of incorporating diverse perspectives

Our research revealed a number of examples where incorporating diversity yielded better outcomes.

For example, Fund for Shared Insight, through its signature initiative, Listen4Good, helps nonprofits disaggregate their feedback data. One organization, a food bank, found that its Vietnamese clients were rating services much lower than Latino clients. Based on these data, the food bank instituted cultural competency training, recruited and hired more Vietnamese staff and volunteers, and opened up a new site catering to the needs of the Vietnamese clientele.

Another example is Partners for Places, which updated its grant process to encourage applicants to give more detailed information about the communities they seek to impact, including a demographic profile. One member funder noted that the level of insight and depth in the responses varies greatly, indicating how well an applicant really knows their community.

Challenges and opportunities in incorporating diversity into collaboratives

"In collaborations, you go further when people agree," said Kathy Reich, a Ford Foundation director and one of the funders involved with Fund for Shared Insight. "And it takes time to get people to agree on DEI. Shared Insight has been talking through these issues for a year and a half—only now are we starting to see some of that work influence our decisions." Based on interviews with collaborative funders and grantees, we identified some common challenges and opportunities.

First, because collaboratives have many stakeholders (steering committee members, grantees, advisors, funders in the broader field, etc.), with differing views and experiences, a shared approach takes time to build. One funder noted, "Among the foundation community, I think we have a deep level of respect for how far each of us can go on DEI. But we are not all on the same page as to how much it is a priority for our foundations." Time is another challenge; there is often pressure on collaboratives to build momentum and act quickly, and conversations around diversity can take a long time and can feel disconnected from specific actions. A Big Bang grantee noted that "everything is harder when you're working with multiple entities. [Each foundation] has its own process for making decisions, and that makes everything so much slower."

However, collaboratives also offer opportunities to connect funders with little practice in incorporating diversity into strategy development with others who are much more experienced. A number of interviewees singled out the Ford Foundation and the W.K. Kellogg Foundation as leaders in this effort. Scott Cullen, executive director of GRACE Communications Foundation and a funder of the Global Alliance for the Future of Food (GAFF), said that diversity, equity and inclusion are core values and non-negotiable tenets for some of GAFF's funders. As with all non-negotiables, DEI was an important conversation to engage from the outset. Two key collaborative funders stated upfront that DEI "has to be part of the conversation, or we can't participate," Cullen recalled.

Our literature review and our own research have surfaced promising ways for collaboratives to incorporate diverse perspectives into their work. As with other core priorities, these approaches are most effective at the earliest stages of a collaborative's life cycle, during strategy development. However, if a collaborative misses the opportunity at the beginning, there are compelling reasons to raise DEI as a priority at later stages, too. Practices to consider include:

a) **Establishing definitions of diversity (and, more broadly, equity and inclusion) principles, and then discussing how they intersect with the collaborative's strategy and implementation**. The likelihood of disparate experiences and contact with this topic reinforces the need for candor upfront—in this case, what diversity means in practice. "There is a lot of language and jargon" around the issue, reflected a nonprofit leader. "For me, the question is, what are you actually doing?"

b) **Inviting beneficiaries and others with diverse perspectives to weigh in on the development and management of the collaboration**. There are a variety of ways to do this, such as forming and supporting an advisory group of beneficiaries or frontline practitioners. "All of our programs are really informed by the field," said Eric Braxton at the Funders' Collaborative on Youth Organizing (FCYO). "We have practitioners on our board, our staff is mostly former youth organizers, and we have created other structures to get feedback from those that are currently in the field." A FCYO member concurred: "FCYO includes practitioners as equal members and thought partners, informing the collaborative's strategy and decision making…centering people of color and other marginalized identities, in its analysis, communications, and funding priorities." As another example, the Water Funder Initiative engaged more than 100 stakeholders when it wrote its strategy blueprint.

c) **Including an expert consultant on the steering committee to help inform strategy and implementation**. "With funders, what you pay for is what gets attention," said Ford's Kathy Reich. For instance, Fund for Shared Insight hired a DEI consultant who is part of the core team, leads exercises at funder meets, reviews materials, and "holds up a mirror to us on whether or not we are incorporating values and practices of DEI in our work," said Reich.

What Lessons Can We Learn from Collaboratives that Failed or Faltered?

Through steering committee insights, outreach by Bridgespan staff, and the literature review, we identified 15 collaboratives that failed or experienced serious setbacks. Some already had case studies or evaluations. We conducted six interviews to collect additional information.

Our review revealed five areas that seemed to account for the majority of challenges in collaboratives:

1. **Misaligned goals.** This was the most common reason cited for failure, with two-thirds of the collaboratives appearing to experience one or more types of misalignment. For example, funders may have had different strategic priorities within a set of agreed-upon goals. In one collaborative, some funders prioritized the quality of outcomes, while others prioritized scale. As a result, the collaborative was torn between focusing on existing beneficiaries and reaching new ones.

   Funders may also have different approaches to a common issue. In another instance, one key funder focused on creating a strong organization, while another focused on using that organization to build the field. These approaches became fundamentally incompatible over time, and one funder ended up taking a board seat on the revitalized organization while the other funder became more of an advisor. At a minimum, participating funders need to align on the investment thesis and value proposition. They don't all have to start in the same place—but they should be willing to identify differences and try to work through them.

2. **Failure to translate high-level goals into time-bound, winnable milestones.** Winnable milestones not only allow for course correction, but can also boost morale among collaborative participants. In one collaborative, two funders noted that they "had a challenge noting our own successes" along the way because they were so focused on their overall goal. These funders believe the collaborative would have lasted longer and achieved more impact if they had been able to recognize and build upon small victories. A member of a different collaborative lamented that he "dreads attending meetings" because it feels like "nothing is moving." Without milestones, collaboration can begin to feel like an end in itself rather than something that's actually capable of getting results.

3. **Difficulty developing the right level of infrastructure.** The right level of infrastructure isn't always more. For example, one collaborative initially had a single, part-time staff member. As it grew to several full-time staff, grantees began to feel as though the collaborative was competing with them for resources. In our research, we concluded that right-sizing, and finding the right people, are critical. Collaboratives need to discuss what staff model will adequately manage the collaborative and fulfill the value proposition without threatening the efforts of grantees or members.

4. **Failure to adapt to external or internal challenges or opportunities**. Such missteps in our sample included failing to: implement up-to-date best practices in the field, react to changes in the policy environment that threatened to outpace the collaborative's value proposition, and reassess the assumptions behind the original strategy as

challenges arose. For example, one collaborative shaped its strategy based on best-in-class field knowledge from 2010 without considering how the field has advanced since then. While this collaborative invested in year-end summative reports, they often sat unopened in members' emails. This stands in sharp contrast to the midcourse corrections made by stronger collaboratives (described earlier in this report).

5. **Poor stakeholder engagement**. Three collaboratives failed to achieve the results they sought because they did not sufficiently engage beneficiaries, underlining the importance of beneficiary input and/or ownership. We have explored this theme further in our research on DEI in strategy development.

		Collaborative															Count
		A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	
Challenging funder relationships	Lack of trust		●			●	●	●	●								5
	"Ego"/need for credit					●	●										2
	Right people not involved		●			●	●	●									4
	Power dynamics	●	●				●	●	●								5
Strategic misalignment and/or errors	Misaligned goals	●			●	●	●	●	●	●	●		●	●			10
	Lack of clear, aligned strategy	●			●		●	●	●							●	6
	Misguided strategy	●				●	●				●			●		●	6
	No winnable milestones	●			●	●	●		●		●					●	7
	Unclear investment thesis	●			●	●		●									4
	Unclear value proposition				●		●		●		●		●				5
Structural issues	Lack of clarity on structure	●															1
	Unclear responsibilities	●												●			2
	Decision making challenges		●			●	●			●	●						5
	Too much/little infrastructure	●				●	●		●	●	●		●				7
Adaptation issues	Failure to learn from mistakes and/or external triggers		●		●		●			●	●			●		●	7
	No formative assessments		●							●	●					●	4
Poor stakeholder engagement	High grantee burden	●		●													2
	Poor stakeholder engagement		●		●	●					●	●		●	●		7
Leadership	Insufficient staff capabilities																0
	Insufficient funder leadership					●	●										2

Source: Bridgespan research and analysis of 15 confidential collaboratives that failed or significantly faltered.

Conclusion

Our research leaves us optimistic that collaborations can yield real value—for funders, for grantees, and ultimately, for beneficiaries and society—under the right circumstances. We hope this research will spark conversations between potential and existing collaborative participants, who can ask themselves questions such as:

- *What goals and primary investment thesis best describes our work?* If we can't identify a primary thesis, should we clarify our model? What type of goal will we prioritize and pursue (for example, supporting strong organizations, building fields, or aligning against a meaningful outcome in the world)? How does this thesis translate into specific value propositions for our funders and grantees (including and beyond money)?
- *How do we want to work together?* What initial "table stakes" will we commit (financial, time, and other resources)? What shared expectations around relationships, principles, and norms should we establish? What structure, governance, leadership roles, supporting staff, and other contractors do we need to deliver this value? What timeline should we set (perpetual, limited life, or a pre-ordained "fund" structure)?
- *How will we know we are delivering this value?* Are we gathering authentic feedback from members, grantees, beneficiaries, and others in the field? Do we have independent evaluation or verification, and are we learning from prior history? How will we use this knowledge to improve our work—and the work of others?
- *If we are a funder-driven collaborative, are we effectively and authentically engaging diverse communities where we are seeking impact, in all aspects of our work (framing the top issues, setting priorities, assessing failure and success, adjusting course as needed)?* What ongoing processes and methods might help us better engage grantees and incorporate more diverse perspectives into our work?

Given the increasing appetite to tackle social problems at greater scale and ambition, candidly asking and answering these questions in turn becomes increasingly important to funders considering whether they can get greater results on their own, or by joining forces with other funders and the communities they hope to benefit.

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Insights from a Review of External Evaluations

In seeking third-party assessments of impact, we reviewed evaluations of 13 collaboratives, some public and some shared with us confidentially. Among the 10 collaboratives we studied in depth, seven used an external evaluator. We located six evaluations of other collaboratives for review. All of the evaluations were valuable in providing specifics on impact realized and what worked, or did not work, as collaboratives pursued their goals.

Of the 13 collaboratives whose evaluations we reviewed, five were largely positive, two were mixed, three were largely negative, and three were non-evaluative. Of note, for the evaluations of the 10 collaboratives we had also studied deeply, the results largely correlated with our survey data on funder and grantee satisfaction (as reflected in their Net Promoter Scores; see page 15). The evaluations also echoed the value propositions identified in our literature review and survey, including more money or attention for an issue, participation at a greater scale than funders could do alone (possibly including influencing systemic change), efficiency with lower cost of capital, strategic thinking and expertise, the ability to take on increased risk, and field building.

The evaluations also discuss impact at the levels we identified for study:

- **Field impact:** Evaluations noted the power of collaboratives to get specific results (e.g., successfully advocating for policy changes) and, perhaps more commonly, to build fields. Collaboratives were noted for "effective convening" and making "rapid response" grants, and counterfactual statements such as "it's hard to imagine the [relevant] practice would be where it is today" without the collaborative.
- **Funder impact:** Collaboratives were seen to have "deepened [participating] funders' field expertise and led to participating funders making more strategic, informed and effective investments." Funders reported that "the benefits… continue to outweigh the costs."
- **Grantee impact:** An evaluation noted that "all grantees made impressive progress towards their goals;" another noted that the collaborative's "support and guidance were existential to the creation of some organizations, and allowed many more to flourish at a time when they could have withered."

Consider the Four Freedoms Fund (FFF), which has shown impact on funders, grantees, and the field. Founded in 2003, FFF is a national donor collaborative with 16 member foundations working toward full integration of immigrants as active participants in American democracy. A 2012 evaluation found that the collaborative has added value in several ways.

The evaluation found that "FFF's core group of national funders has gained greater expertise and improved the coordination of its grants. Grantees report seeing greater coordination among funders as well." In addition, the core group added local funders, who were then able to learn about national issues related to their priorities.

For grantees, FFF provides both funding and capacity-building support to organizations across the country. The evaluation found successes: more than half the grantees reported becoming more strategic in participating in coalitions; 60 percent reported greater capacity to implement their policy and advocacy efforts effectively; close to half reported greater capacity to monitor and evaluate their work; and three-quarters reported greater clarity about their organization's role in implementing a state or local strategy.

FFF has worked to build the larger field in several ways, including support for state coalitions focused on immigrant issues. The evaluation found that the collaborative's support "built their capacity in a range of areas, including management, strategic communications, and collaboration" and noted that there were more organizations engaged in immigrant integration, and that organizations "elevated their game."

Field-building was not simply a by-product of FFF's work with individual grantees, but a central reason for the collaborative's existence. "It's part of our origin story," said Anita Khashu, FFF's director. "The feeling was that in order to move anything on federal policy, there needs to be strong movement, field organizing, and advocacy at a state and local level, not just an inside-the-beltway strategy." One grantee gave an example of how FFF's work can translate into a broader field- and movement-building strategy. "We had a real fight on our hands with [a local] county sheriff, who was a 'darling of the right wing,'" the grantee explained. The grantee coordinated an event that evolved into a national effort. "FFF helped us raise the money to do a national convening on economic action for immigrants, and it turned into a significant moment in the immigrant rights movement," said the grantee. "We needed support in that moment, and they made it happen."

When evaluations highlighted difficulties, they often pinpointed challenging funder relationships, strategic misalignment, problems with how the collaborative was structured or staffed, challenges with measurement, adaptation issues, and poor stakeholder engagement.

Our analysis leads us to recommend that funders who are participating in or initiating collaboratives invest in high-quality, third-party evaluation to assess outcomes, process, or both.

Some of the collaboratives we studied used the results of these evaluations to change course as necessary and communicate impact in a more powerful way. Kathy Reich, director of the Building Institutions and Networks (BUILD) initiative at the Ford Foundation, notes the value of developmental evaluation—collecting and analyzing data in ways that lead to informed and ongoing decision making as part of the design, development, and implementation process. "For Fund for Shared Insight, we found it to be enormously positive," she said. "We have the evaluator embedded in every meeting, and we have reports a couple times a year that inform how we go forward." As Julia Coffman, founder of the Center for Evaluation Innovation, explained, it is important to ask: "Did the collaborative strengthen organizations and their ability to scale, strengthen the field, or achieve progress against a particular, substantive goal?"

Phil Buchanan, president of the Center for Effective Philanthropy, argues that the evaluation approach should be designed with the grantees in mind. "Some grantees are already doing that evaluation work," he said. "So it's just a matter of sharing those evaluations with the funder collaborative."

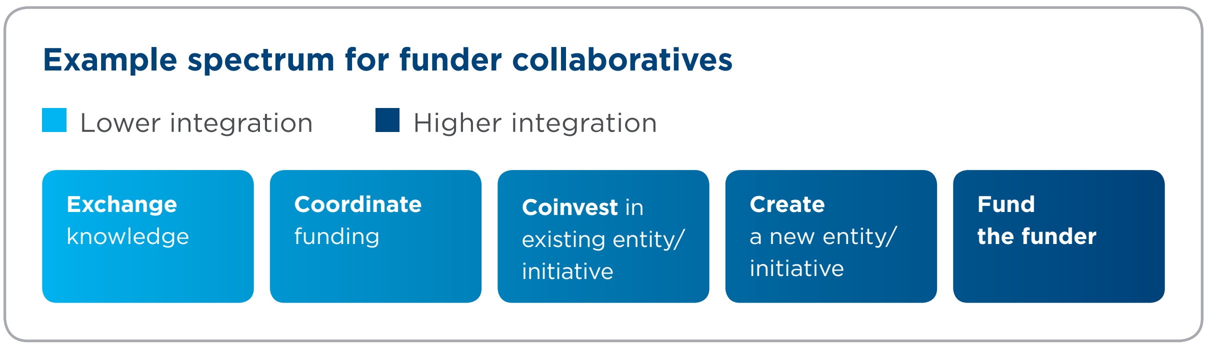
Appendix

Literature Review Summary

A. Types of Funder Collaboration

Collaboratives lie on a spectrum of loose to tight control and integration: on one end there are information or knowledge exchanges, and at the other end more formal joint ventures, new collaboratives, or re-granting entities. Authors most frequently note a distinction between "aligning" resources that remain under individual control versus "pooling" resources into an entity with coordinated decision making.

Authors have used different terms, but there was general agreement about the spectrum, the collaboration types, and where along the spectrum they lie. Here is an example: (Susan Wolf Ditkoff, "Long Spoon Problem", 2012; Willa Seldon and Judy Huang, "Lessons in Funder Collaboration: What the Packard Foundation Has Learned about Working with Other Funders", The Bridgespan Group, 2014):



1. **Knowledge exchange:** Funders partner to exchange ideas and raise awareness. In this model, funders retain all decision rights. An example is Grantmakers for Education, which is described on its website as "the largest and most diverse consortium of education philanthropists in the nation…[offering] important opportunities for meaningful dialogue, collaboration, and action on the most critical challenges in education."
2. **Coordinated funding (also known as "matching"):** Funders agree upon shared or complementary strategies, exchange ideas on an ongoing basis, and invest in aligned causes. For example, Big Bang Philanthropy's funders commit to fund annually at least five common grantees at a minimum of $50,000 each.
3. **Coinvestment in existing entity:** Funders invest together to support a specific initiative or organization. This requires a great deal of coordination as funds are almost always pooled. For example, the Great Bear Rainforest environmental project in British Columbia, led by Tides Canada, incorporates individual gifts from funders to make grants for rainforest conservation.
4. **Creating a new entity or joint venture (NewCo)**: Funders create and coinvest in a new entity or initiative that gives grants or operates programs. In Gavi (The Vaccine Alliance), the Bill & Melinda Gates Foundation provided seed funding to launch a vaccine nonprofit, which is now supported by a range of other funders and

governments. Another example is Blue Meridian Partners, a capital aggregation vehicle jointly funded by general and limited partners who retain differential decision rights.

5. **Funding the funder:** Funders invest in another funder with strong expertise in a content area. One example is Warren Buffett's pledge to the Bill & Melinda Gates Foundation, which allocates his own resources to be spent as part of the Foundation's giving. Another example is donors who grant funds to community foundations for re-granting purposes against a strong local strategy.

Additional publications also included collaborative types, including Nancy Pole's "Collaboration among grantmaking foundations," Montreal Research Laboratory on Canadian Philanthropy, 2016; Ralph Hamilton's "Moving Ideas and Money," Chapin Hall Center for Children at the University of Chicago, 2002; Lori Bartczak's "Building Collaboration from the Inside Out," GEO, 2015; Cynthia Gibson and Anne Mackinnon's "Funder Collaboratives: How and Why Funders Work Together," Grantcraft, 2009. In practice, the collaboration typology is often more fluid, with collaboratives encompassing multiple typologies or evolving over time.

Gaps identified

A gap in the research was investigating **how, and whether, collaboratives adapt over time** and the extent to which impact sustains beyond the life of the collaborative. Some resources noted a few examples of collaborations altering their structures, and some case studies noted when adaptation had occurred. But this topic was not discussed extensively. One such example is ClimateWorks Foundation, which was founded as a new entity, and has adapted to become, at least in part, a knowledge exchange. **An unanswered question is whether there is a common set of conditions that indicate when a collaboration should consider modifying how it operates.**

We examined guidance within the materials on how to define certain aspects of funder collaboration given individual circumstances. Many authors suggested that the rationale for selecting specific types of collaboratives was based largely on two factors: the degree to which donors will forego decision rights and align on strategies, and the needs of the particular issue area or field. One guide identified use cases for different collaborative types.[19] In addition, many case studies looked at decision making authority as a critical element to get right.

19 Lori Bartczak, "Building Collaboration from the Inside Out," Grantmakers for Effective Organizations, 2015.

B. Value Propositions and Risks of Funder Collaboration

Although authors identified diverse value propositions in funder collaboration, the most frequently cited expected benefits were (1) bringing **more money and public attention** to an issue;[20] (2) enabling participation at **a greater scale** than funders could achieve alone, or having the ability to influence systemic change;[21] (3) **creating efficiencies** by sharing research and other burdens across funders;[22] (4) bringing **strategic or "revolutionary" thinking and expertise** to bear (e.g., matching national funding to local expertise[23]); (5) increased **risk-taking** (note: risk spread too thinly can be a risk of collaboration);[24] and (6) providing an **entry point for strategic philanthropy**, particularly for high-net-worth individuals who have not engaged with it before.[25]

A small number of studies **identified benefits to grantees.** The True North and Growth Capital Aggregation Pilot evaluations extensively interviewed grantees and highlighted a range of potential benefits, including increased funding and funder relationships, a "stamp of approval," and streamlined reporting. Particularly beneficial were large gifts that included funding for general operating support, allowing grantees to invest over longer terms.[26] Hamilton's report highlighted innovations in grantmaking practice, including tailoring support and providing core support to grantees (*Hamilton, Chapin Hall*).

The literature also highlighted some **potential risks of funder collaboration.** Some reports questioned whether funders aligning around strategies could turn the field away from emergent ideas and practices (Ralph Hamilton, "Moving Ideas and Money," Chapin Hall Center for Children at the University of Chicago, 2002)—essentially leading to "groupthink," which could have negative effects on grantees and the field. To this point,

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20 Susan Parker, "Lessons from a Ten Year Funding Collaborative: A Case Study of the Partnership for Higher Education in Africa," Clear Thinking Communications, 2010; Olivia Leland, "A New Model of Collaborative Philanthropy," *Stanford Social Innovation Review*, 2017; William Ryan and Barbara Taylor, "An Experiment in Scaling Impact: Assessing the Growth Capital Aggregation Pilot," Edna McConnell Clark Foundation, 2012; Melinda Tuan, "A Midpoint Report on the True North Fund," Edna McConnell Clark Foundation, 2014; Ralph Hamilton, "Moving Ideas and Money," Chapin Hall Center for Children at the University of Chicago, 2002; "Donor Collaboration: Power in Numbers," The Philanthropic Initiative, 2014.

21 Susan Wolf Ditkoff, "Long Spoon Problem," 2012; Lori Bartczak, "Building Collaboration from the Inside Out," Grantmakers for Effective Organizations, 2015; Jen Bokoff and Cynthia Gibson, "Funder Advocacy Collaboratives: Framing Thoughts," Grantcraft, 2017.

22 Cynthia Gibson and Anne Mackinnon, "Funder Collaboratives: How and Why Funders Work Together," Grantcraft, 2009; William Ryan and Barbara Taylor, "An Experiment in Scaling Impact: Assessing the Growth Capital Aggregation Pilot," Edna McConnell Clark Foundation, 2012; Melinda Tuan, "A Midpoint Report on the True North Fund," Edna McConnell Clark Foundation, 2014.

23 Lauren Marra and Bruce Boyd, "Three Ways to Maximize Impact through Collaboration," Arabella Advisors, 2015; Susan Wolf Ditkoff, Alison Powell, and Jennifer Morgan, "Giving that Gets Results," The Bridgespan Group, 2014; Willa Seldon and Judy Huang, "Lessons from Funder Collaboration," The Bridgespan Group, 2013; William Schambra, "One Cheer for Collaboration," *Philanthropy Magazine*, 2003.

24 Jen Bokoff and Cynthia Gibson, "Funder Advocacy Collaboratives: Framing Thoughts," Grantcraft, 2017; "Best Practices of Collaboration," Connect US, 2016.

25 Lisa Philp, "Education Collaboration Fund: Possibilities and Limitations of Pooled Funds," The Foundation Review, 2011.

26 William Ryan and Barbara Taylor, "An Experiment in Scaling Impact: Assessing the Growth Capital Aggregation Pilot," Edna McConnell Clark Foundation, 2012; Melinda Tuan, "A Midpoint Report on the True North Fund," Edna McConnell Clark Foundation, 2014.

Ford's Fran Korten advises grant makers to be mindful of the line between "suggesting" and "dictating" in their relationships with grantees ("Managing a Funder Collaborative: The Ford Foundation," Grantcraft*,* 2003). Other resources questioned whether collaboratives risk hindering the role of local funders when doing place-based or regional work.[27] And *Grantcraft* noted that power dynamics between funders (especially the regional/national dynamic) could exacerbate this risk. Finally, some posited that collaboratives may have negative effects for grantees by adding an additional layer or wall between grantees and funders (Elaine Fawcett, "Inside Look at a Funder Collaborative," Four Winds Writing Inc., 2016) or limiting the number of funding opportunities available.

Gaps identified

Most articles focused on funder perspectives rather than those of grantees or community stakeholders. In addition, very few articles highlighted the different value propositions that collaboratives may have and how those value propositions affect structure and governance.

C. Factors Contributing to Successful Collaboration

Many sources provided conclusions about what made funder collaborations successful. The most frequently cited success factors were strong relationships; aligned beliefs, goals and strategies; mutually agreed-upon governance structures; and continual measurement and reevaluation (including having exits in sight). In addition to the consensus on the importance of aligned goals and values for collaboration, some authors argued that better outcomes arise from collaborations periodically reexamining, and perhaps changing, those core beliefs, values, goals, and definitions of success, and factoring grantee feedback in such deliberations.

While all of the factors seem important, many resources indicated that the "human dimension of collaboration" (Nancy Pole, "Collaboration among grantmaking foundations," Montreal Research Laboratory on Canadian Philanthropy, 2016) is particularly critical—including navigating and managing power politics, tacit assumptions, and wishes and fears of participants through candid, trusting, and open communication among funders and their representatives.[28]

Some success factors may be specific to different collaboration types. For example, examining and building upon existing community efforts and identifying "positive deviants" within the community may be most relevant in place-based collaborative efforts (Gayle

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27 Efraín Gutiérrez, Kyle Muther, and Hallie Preskill, "Investing in Degrees: Engaging Local Funders in Degree Attainment Collaboratives," FSG, 2015; Ralph Hamilton, "Moving Ideas and Money: Issues and Opportunities in Funder Funding Collaboration," Chapin Hall Center for Children at the University of Chicago, 2002.

28 Phil Buchanan, "Barriers to Funder Collaboration and the Will to Overcome them," *Stanford Social Innovation Review*, 2017; Chris Kabel, "Five Lessons on Successful Philanthropic Collaboration," Kresge Foundation; Center for Effective Philanthropy, 2016; Willa Seldon and Judy Huang, "Lessons from Funder Collaboration," The Bridgespan Group, 2014; William Schambra, "One Cheer for Collaboration," *Philanthropy Magazine*, 2003; John Kania and Mark Kramer, "Collective Impact," *Stanford Social Innovation Review*, Winter 2011; Robert Hughes, "Philanthropies Working Together: Myths and Realities," Foundation Center, 2005; Bill Porter, James Kelly, and Robert Medina, "How Funder Collaborations Flourish," Education First, 2018

Peterson, "ClimateWorks: Lessons in Leadership and Learning," pfc Social Impact Advisors, 2016), while having flexibility to adapt to on-the-ground dynamics may be especially important for advocacy collaborations (Jen Bokoff and Cynthia Gibson, "Funder Advocacy Collaboratives," Grantcraft, 2017; David Lewis, "Hearts and Minds: The Untold Story of How Philanthropy and the Civil Marriage Collaborative Helped America Embrace Marriage Equality," Proteus Fund, 2015).

Gaps identified

Despite many perspectives on factors that contribute to a collaboration's success or failure, the literature typically did not clearly define success for the collaborations studied, and therefore did not explicitly quantitatively or qualitatively compare successful and unsuccessful collaborations. Additionally, very few studies took the **grantee perspective into account or explicitly addressed diversity, equity, and inclusion when determining success factors.** We believe that further investigation into integrating the voices of grantees and centering diversity, equity, and inclusion would yield additional insights on how collaborations can best serve all stakeholders.

D. Lessons from Collaborations that Failed or Faltered

The literature identifies a number of challenges collaborations face. Generally, the challenges are the mirror of the success factors noted above (e.g., the absence of strong relationships or explicit structure). In addition, there were a limited number of case studies that explicitly grappled with failure or a severe course correction (and were sometimes anonymous).

Gaps Identified

We did not find any studies that drew insights or patterns from multiple examples of collaborations that faced significant setbacks or failure. As we have noted, it would be valuable to have an analysis of a large sample of collaborations with varied success to identify the most frequent types of challenges and offer advice on overcoming them.

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