

# Philanthropies Working Together

## Myths and Realities

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*February 2005*

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# Executive Summary

Collaboration is on the rise in philanthropy, yet it is still relatively infrequent. Based on interviews with 19 leaders in philanthropy, this paper examines the forces that promote or stifle collaboration, and highlights the advantages and disadvantages of the major approaches now in use. Funders are advised to carefully assess the potential costs and benefits of engaging in collaborative activities because they can require more organizational and financial resources than expected.

The terms “collaboration” and “partnership” are often used interchangeably, but this paper draws an important distinction between the two. Here, the term “collaboration” encompasses the full continuum of inter-foundation relationships—from informal sharing of information and advice to much more complex and structured arrangements. “Partnerships” are a particular form of collaboration characterized by formal relationships that involve investment of money or other tangible resources. Not surprisingly, the loosest arrangements are the most common, and involve few if any changes in a foundation’s usual way of doing business. Partnerships, on the other hand, require more time, resources, and flexibility in foundations’ normal practices than other forms of collaboration.

The recent spurt in joint initiatives among foundations can be traced to at least six factors:

- The proliferation of foundations, with overlapping programmatic and geographic interests.
- The desire for more effective approaches to grantmaking, which are assumed to be more achievable when multiple funders contribute to a project, or share expertise that increases the chance of success.
- Information technology that makes it easier than ever for foundations to learn about funders with similar priorities, projects, and goals.
- Application of business practices to foundations, including the use of networks and partnerships.

- Changes in fields of foundation investment, such as welfare reform and health care. As the focus in these fields has shifted to the state and local arena, national philanthropies are looking to local funders for information and perspective.
- Re-examination of philanthropy's role in relation to government. Funders recognize that it is difficult, even for the best projects, to obtain long-term funding from government sources. Working together, funders hope to leverage their resources, and assist grantees to seek public or alternative funding sources more effectively.

Within the context of these overall trends, several specific circumstances tend to trigger collaboration among funders. When a new foundation is created, or when an existing foundation seeks to enter a new funding area, it is common for them to look for guidance from more experienced funders. Also, collaboration can be natural when foundations with similar substantive or geographic focuses seek to share knowledge or resources, or when they share a common applicant pool and wish to streamline the grantseeking process. A history of working well together in the past, or interpersonal contacts among foundation board or staff members, can also lead to good working relationships. External events, such as crises or changes in the policy environment, can also stimulate joint activity.

Foundations contribute many assets to their collaborations, including money, information, reputation, knowledge and experience of staff and board members. By pooling these resources, they can strengthen the effectiveness of their initiatives. Another resource is the culture—including the norms, values, decisionmaking processes, and operating styles—that each foundation embodies. Culture clash is always a risk; it is best to test compatibility before embarking on a joint project.

Conditions are right for *collaboration* when:

- Strong personal relationships exist among staff
- Institutions are open to outside ideas
- Foundation interests coincide
- Foundations respect each other and appreciate one another's constraints
- Staff turnover is low and organizational support is high.

*Partnerships* are more likely to succeed when the foundations involved are:

- Open about their goals, interests, and decisionmaking authority

- Willing to negotiate and accommodate
- Able to spend the time to work out logistics
- Prepared to commit resources
- Ready to persevere through implementation.

Collaboration can have great value, providing funders with the chance to share perspectives, build networks, increase organizational learning, prevent problems, generate innovative solutions, and extend influence.

Yet, collaborative efforts can also entail more time, resources, and frustration than foundation staff expect. Funders should enter into collaborative relationships only after a careful assessment to gauge the likelihood of success. Particularly in the more formal forms of collaboration, such as partnership, the participants may need to change their usual procedures, administrative systems and staffing, and they must be willing to devote energy to clarify goals, implementation plans, and other issues, such as expectations about funding duration.

Collaboration among foundations takes many forms. Three general types of collaboration can be identified based on their major structural features and the roles the participating foundations play:

- Foundations play the same role—for example, when foundations share information, experience, expertise, or best practices with each other.
- Foundations play complementary roles—for example, when national foundations work with federal or state policy, and local funders work with communities.
- Foundation collaboration is managed by an outside organization. The mediating organizations can vary from large membership associations to small consultative entities that sponsor meetings, serve as information clearinghouses, or administer a program on behalf of foundations working together.

A fourth and particularly intriguing form of collaboration involves the relationships among large, mostly national foundations and local funders. The growth of local/national funder relationships is driven by the philanthropic focus on issues such as education, health, social services, the environment, and economic development—issues that are dealt with practically at the local level, but are influenced through funding and policy at the state and national level. In the most successful examples, both sides benefit. Local funders benefit from the financial resources and networks of the national funders; and the national funders gain from local

philanthropies' understanding of community politics and the nonprofit sector. There are also risks due to the power imbalance between local and national funders, as well as the fact that locals are invested in a given community for the long haul, whereas national funders' interests can be transitory.

Deciding to collaborate should begin with the mission and purpose of the foundation. It is then important to weigh the potential costs and benefits of collaborating, particularly for more formal and structured efforts such as partnerships. Much of the rhetoric in the field implies that collaboration is almost always beneficial. A clear-eyed look at the practicalities is essential, however, because the most salient feature of foundation collaboration is that it requires exceptions to an institution's normal business practices.