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## THE ROLE OF PHILANTHROPY IN COLLECTIVE IMPACT

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### SUMMARY

THERE IS NO DOUBT THAT COLLECTIVE IMPACT IS A “CHANGE MAKER,” HAVING considerable resonance with those involved in innovative community development projects like the East Scarborough Storefront. But can such collaborations be funded given the current focus of many funders on narrowly defined issues and specific outcomes? Cathy Mann, a fund raising consultant with more than twenty years of experience, looks at the role of philanthropy in supporting Collective Impact networks and the backbone organizations that are so critical in sustaining them.

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JUNE CALLWOOD WAS A CHAMPION OF SOCIAL JUSTICE. IN HER DAY JOB, SHE wrote 30 books and thousands of articles for newspapers and magazines. In her spare time, she founded or co-founded 50 charities. June had both supporters and detractors, but one thing is undeniable: She was a change-maker.

When she died in 2007, I wondered, “Who will be MY generation's June?” Rather than starting distinct charities, the new June would have to help groups determine how to come together and work collaboratively to be more effective. However, I had no idea what that would look like.

So when I finally met the new June a few years ago, I was delighted. Her name: Collective Impact, a model of working that aims to address an identified problem through the power of collaboration. Like June, it has supporters and detractors, but one thing is undeniable: it's a change-maker.

Many Collective Impact networks work in the realm of social change. Social change is messy and nuanced and difficult to measure and it's difficult to know which of many variables may have led to a particular shift. In fact, this is a key distinction of Collective Impact and is what separates it from the more traditional approach of scaling or taking a known solution and methodology and funding its roll out to new communities. Instead, Kania and Kramer (2013) suggest in “Embracing Emergence” that:

It is the process that comes after the development of the common agenda in which solutions and resources are uncovered, agreed upon, and collectively taken up. Those solutions and resources are quite often not known in advance. They are typically emergent, arising over time through collective vigilance, learning, and action that result from careful structuring of the effort.

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When I started my fundraising<sup>1</sup> consultancy, working primarily in the world of social justice, I wanted to help groups work collaboratively around fundraising. I saw and worked with many groups doing similar or complementary work. Working together on fundraising seemed like a win-win opportunity. But how, I wondered, could I help smaller agencies generate significant revenue to make large-scale, meaningful change? Could I help smaller groups work together to develop the systems, processes, and efficiencies – and ultimately generate the kind of revenue – that larger fundraising shops enjoy?

### **EAST SCARBOROUGH STOREFRONT**

That's why I was thrilled when, in 2009, I met East Scarborough Storefront. The Storefront supports and facilitates the delivery of services from 35 different agencies – under one roof. It works with partner agencies, each of which is a subject matter expert, offering services as wide ranging as employment support, after-school programming, settlement services for newcomers, seniors yoga, legal advice, and a support group for people living with Multiple Sclerosis. As a one-stop shop, The Storefront connects community members to the resources they need, either directly or through referrals to other agencies.

After a decade of working in the community, East Scarborough Storefront had become more than a community resource and an innovative mechanism for service delivery. The Storefront had the trust of the residents, credibility with funders and politicians, and had demonstrated its ability to facilitate collaboration between many actors within and outside of the community. Their trusted role in the community led them naturally into community building activities. Working with residents, they co-created platforms and forums for residents to act as community leaders and to participate directly in making decisions that impacted their lives and community. As The Storefront became more engaged in building relationships and networks – linking people, groups, and institutions – they found themselves in a position to facilitate collaborative solutions to complex community issues. Over time, The Storefront coined its own term for the unique role it plays in the community: Community Backbone Organization.

The Storefront's adaptation shares the five key conditions that distinguish Collective Impact from other types of collaboration, as defined by Kania and Kramer:

1. **A common goal**, identified by residents and local change-makers as a prosperous, safe, and well-educated community.
2. **Shared measurement systems**, using developmental evaluation as the tool and with the understanding that this will be an on-going journey.
3. **Mutually reinforcing activities** in the form of distinct yet inter-related relationships designed to meet the resident-defined common vision of a prosperous, safe, and well-educated community.
4. **Continuous communication**, which is built into the model in the form of multiple opportunities for actors to come together.

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5. **Backbone support**, a role that The Storefront plays as the newly coined “Community Backbone Organization.”

My initial meeting with The Storefront was to discuss a potential capital campaign for a youth-led building renovation. A group of young architects, planners, and designers were mentoring local youth in a hands-on project: the renovation and re-imagination of The Storefront’s home – a dispiriting 1960s police substation – into a vibrant community gathering space.

It was – and continues to be – amazing to watch youth and professionals learn from each other and to see The Storefront help facilitate a messy and exhilarating process that has resulted in some beautiful new spaces: a commercial-grade community kitchen, a community resource centre, additional offices for partner agencies, and a multi-sport outdoor play area for the community, including an innovative shade structure with a green roof and water filtration system. Completing the project is taking longer than hoped due to fundraising challenges; however, everyone involved – community, staff, and building professionals who continue to mentor youth – are in this for the long haul. It has been an insightful journey into the role of philanthropy in Collective Impact networks.

#### FUNDRAISING FOR THE STOREFRONT

When I first met with The Storefront staff about the possibility of a capital campaign, they had few of the foundational elements one expects as predictors of fundraising success. To their credit, they had excellent and long-standing relationships with a handful of larger, institutional funders. However, the rest of their philanthropy program was underdeveloped. They had only a handful of individual donors, no dedicated fundraising staff, virtually no fundraising infrastructure, and had yet to develop a succinct way of explaining their new model of working in community. For most organizations, I would have suggested that they weren’t ready for a capital campaign. But The Storefront seemed different. It had a leader who was inspiring, a group of professionals who were so excited about the project that it was palpable, a community that passionately supported the project, and a new way of working in collaboration that was showing promising results and that struck a chord with me. This, I realized, was the best way for me to approach collaborative fundraising: work with groups that *were already* collaborating.

In the first years of consulting with The Storefront, I watched and learned about Collective Impact. During that time, we began slowly implementing the fundraising infrastructure needed and practiced what I call “responsive fundraising.” When fundraising opportunities came our way, we responded, submitting proposals, making presentations, and having conversations. As part of a new approach to addressing old problems, there was a belief that The Storefront could also practice fundraising differently. And there was precedent for this belief. Early funders, in many cases, sought out The Storefront and became engaged as partners, working collaboratively with other funders to develop and strengthen the model. They saw the value in this new collective approach and were prepared to invest to see where it led.

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## FUNDRAISING FOR BACKBONE ORGANIZATIONS

It soon became clear that The Storefront would have to consider reaching out to a broader donor constituency if it wanted to address long-term sustainability. The Storefront was not the only backbone organization and Collective Impact network reaching this conclusion. In a blog posting by Jennifer Splansky Juster on FSG's website (Splansky Juster, 2013), she shares a common question that emerged from backbone leaders at a Collective Impact workshop: "How do backbone organizations mobilize the funding and resources required to support and sustain the work of the Collective Impact initiative over time?" Among the solutions identified:

- **Make the case for leverage.** Explain the return on investment when organizations, agencies, and systems are in alignment.
- **Emphasize systems building.** Describe how a backbone organization helps to create better systems to address old problems in new ways.
- **Engage funders in creating the solution.** Have funders at the table as part of the conversation to allow them to be part of and co-creators in emergence.
- **Mobilize resources, not just funding.** Engage donors and funders in helping to identify volunteers, in-kind support, and provide introductions to build new relationships.

All of the points above resonate with me as I think about East Scarborough Storefront. Yet, as a fundraising professional, another solution seems glaringly obvious to me: develop a proactive revenue generation program and hire dedicated staff to ensure you can raise funds for the long-term.

### Dedicate resources for fundraising

In the world of fundraising, there is a truism: people give because they are asked. The corollary to that statement is that people rarely give if they are *not* asked. Therefore, it is incumbent upon backbone organizations hoping to raise money through philanthropy to proactively ask for money. In order to do so, organizations need to have the appropriate staff, volunteers, and infrastructure to identify and reach out to prospective donors and make the case for this new approach to solving intractable social problems.

Moreover, no traditional fundraiser will do: a backbone organization will likely have to find someone who can bridge the world of traditional fundraising methods with the emerging practices of social enterprise and other hybrid business models.

The literature suggests that most backbone organizations are small – some as small as one or two people facilitating the relationships of their entire Collective Impact network. It can be difficult to add proactive fundraising activities to an already busy set of responsibilities. However, if backbone organizations wish to develop a plan for sustainability, they will eventually have to invest in the staff and infrastructure needed to support revenue generation efforts. The Storefront is currently investigating how to enhance its revenue generation activities, including the structure and culture required to support them. What this will look like, like everything at The Storefront, will be determined through consultation and collaboration.

Fundraising is an established profession with a growing body of knowledge and research. Even though the Collective Impact approach is new, many tried and true fundraising principles still apply. As The Storefront moved beyond the small circle of donors and funders who knew and loved it, basic fundraising principles became more relevant and useful.

Typically, fundraising practitioners think about philanthropy in terms of three main constituent groups: foundations, individuals, and corporations/groups (which include many different types of groups such as faith groups, service clubs, etc.). To date, much of the philanthropic funding for Collective Impact networks has tended to come from foundations. This is understandable because foundations often play an important role in introducing new and innovative programs and helping them to get off the ground. In the past, once foundations helped move a program from the idea stage to the execution stage and helped to demonstrate its effectiveness, they expected that other sources of on-going funding would be found to sustain the program.

There is now some interesting literature emerging from the world of foundations, reflecting on their roles, their influence on Collective Impact, and the shift some are beginning to make in the ways in which they engage in these initiatives. While most of this literature is from the United States, the lessons seem applicable here in Canada as well. Foundations that have engaged in self-reflection have reached the following four conclusions based on their involvement with Collective Impact networks:

- 1. Provide flexible funding, adopt an experimental mind-set, and make a long-term commitment.** It can take years to fully understand the nature of intractable social, environmental, and health issues, and to identify ways of addressing them robustly. “In a world that expects short-term solutions to long-standing problems, it can be difficult to take the time needed to develop the trust that is required between all of the players. But it’s virtually impossible to succeed without it” (Mann, 2012). Flexible and long-term funding allows a backbone organization that supports a Collective Impact network to adjust to previously unknown information, changing circumstances, the impact of new relationships, an evolving understanding of needs, and emerging solutions. It permits and encourages experimentation with new approaches to solve long-standing problems and provides the financial stability to build a team with the appropriate skills to engender the trust required to sustain a collaborative approach.
- 2. Balance the dual role of funder and facilitator.** The motivation of the funder to support Collective Impact can influence the funding relationship. When funders proactively create networks in support of an identified cause, the vested interest in achieving desired results may lead to the problem of funders trying to direct activities rather than acting as facilitators to draw out the collective wisdom of the participants. This temptation to direct the group may undermine the very collaboration required to create change. So it’s critically important for everyone to act as equal partners in the relationship. Collaboration requires humility and an acknowledgement that everyone involved can and must learn from each other.

3. **Encourage candour.** In order for this emerging model of collaborative engagement to make a lasting and meaningful difference, grantees and funders must work closely together in an environment that permits both parties to candidly share their successes and challenges. Relationships between funders and grantees are, by their very nature, fraught with power imbalances. Funders with money to grant to groups struggling to find funding may not be aware of the degree to which this power dynamic influences candid communication. Wiley et al. (2013) address a common barrier to candour in grantor/grantee relationships: “Unfortunately, there is a disincentive for grantees to critically evaluate and honestly report project outcomes because, traditionally, future funding has been tied to a track record of ‘successful’ projects” (p. 98).
4. **Think big.** Funders, whether they initiate the collaborative approach themselves or fund existing networks, can challenge Collective Impact networks to think bigger than they had originally anticipated and can support this notion of thinking big by bringing additional resources to bear, in the form of relationships, skills, and introductions to additional funders (Wiley et al., 2013; Carlson et al., 2011; Easterling, 2013). To this end, foundations and institutional funders have had a meaningful impact on the emerging Collective Impact network model. They have funded nascent initiatives, prodded and supported networks, and studied the movement itself. As in any relationship, funders and grant recipients are learning how to get along with each other and to work together – the lessons continue.

#### WHAT OF OTHER PHILANTHROPIC CONSTITUENTS?

As The Storefront began to reach beyond its early supporters to proactively develop relationships with new prospective donors, keeping the following basic fundraising principles in mind has proven helpful:

1. **Be prepared.** Proactive fundraising requires a basic infrastructure as well as an organizational culture that is supportive of fundraising. This requires intentional focus, commitment, and deliberate action. You need dedicated staff, volunteers, and infrastructure, along with an understanding of donor motivations and the ability to succinctly describe the value of your work and its expected impact, in order to be successful. That takes a lot of preparation.
2. **Take a donor-centred approach.** Potential support is dependent on honouring the donor’s interests and priorities. This has meant describing the work of The Storefront in terms the donor cares about and being prepared to speak about the work in different ways, depending on the audience. In one case, a donor may be inspired by the role The Storefront plays in facilitating collaboration between higher education and the community, but not necessarily be interested in the role of supporting delivery of services efficiently. In other cases, donors may be more interested in the urban environmental work being facilitated by The Storefront than its community building. Moreover, taking a donor-centred approach means inviting the

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donor to be part of the “collective” in Collective Impact, but only if that is the kind of relationship the donor wants.

- 3. You have to ask to receive and you can expect to hear “No.”** Fundraising requires a proactive approach to reaching out and requesting support. If The Storefront wishes to grow the revenue generated from fundraising activities, it must be prepared to ask more frequently, yet still act strategically. And in so doing, one can expect to be turned down. It happens a lot in fundraising. It may simply not be the right fit, the right time, or the right cause for the donor.
- 4. Large donations tend to come in the form of dedicated project or program-based support.** That’s just how it is. Very few donors are prepared to hand over a large sum of money and say simply, “You do what you think is best with it.” They want to know how it is going to be used and how it will make a difference. They are interested in impact and they want to know your theory of change – how are your actions going to change outcomes. This means that the very nature of backbone organizations – their role to leverage and facilitate relationships – may not have the characteristics that will interest larger and more traditional philanthropic support, primarily because backbone organizations are not themselves delivering direct programs or services, and Collective Impact initiatives do not always start with clearly defined solutions.

This principle is reinforced by research conducted a decade ago by Katherine Scott for the Canadian Council on Social Development. Her conclusions echoed what many in the charitable sector had experienced anecdotally: Traditional funders have shifted away from what they perceive to be administrative or overhead costs, including core operating costs, and are adopting an increasingly targeted approach that is project-based, more narrowly focused, and with funding being provided for shorter periods of time (Scott, 2003). Backbone organizations, central to the effectiveness of a Collective Impact approach can easily be seen as the very “overhead” costs funders strive to avoid.

## PHILANTHROPY’S ROLE IN COLLECTIVE IMPACT

So, what does this mean in practical terms for The Storefront and other backbone organizations as they consider philanthropy’s potential contribution to their financial sustainability? Here are some of the practical lessons we have learned at The Storefront:

- 1. Start with progressive, change-making funders.** Find funders who understand the importance of supporting infrastructure to the success of effecting lasting change and who understand the need of making a long-term commitment. These philanthropic angel investors have been the lifeblood of the Collective Impact movement to date. The Storefront, like many of the Collective Impact networks described in the literature, has also benefited from these kinds of partnerships.

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**2. As you expand from angel funders to a broader universe of donors, your organization needs to develop fundraising capacity. This means it should:**

- Develop the infrastructure needed to support more fundraising activity such as donor management tools, policies, donor stewardship and communications, and more complex financial accountability.
- Ask more frequently (and be prepared to hear “no” more often). Effecting social change, and doing so in a new way that is unfamiliar – moreover, without a guarantee of outcomes – poses a greater challenge to making your case understood to a broader range of donors/funders.
- Invest in adequate human resources. Increased fundraising activity, such as infrastructure development and increased volume of asks, requires increased capacity and resources.

**3. Describe your work in ways that will resonate with prospective donors.**

Donating is a voluntary action, so, in order to engage donors and inspire them to take action on your behalf, talk about your work in ways that align with their interests and intersect with your cause. StriveTogether, an organization that facilitates a growing number of communities in supporting children from cradle to career, articulated this notion in a recent white paper:

- The difficulty in raising funds is understandable: funding for core operations (e.g. backbone support) is not likely one of the most attractive support options for funders when compared to investing in programs that directly serve children. As a result, effectively framing the importance of the role is critical to ensuring that collective impact efforts are sustained over time (StriveTogether, 2013)

Backbone organizations, central to the effectiveness of a Collective Impact approach, can easily be seen as the very “overhead” costs funders strive to avoid. This reinforces the need to take a donor-centred approach in order to position the work of Collective Impact in terms the donor understands and cares about.

## CONCLUSION

Philanthropy has the potential to make a meaningful difference in the world of Collective Impact and, by extension, social change. Developing robust and proactive revenue generation programs may be the next big challenge facing this movement if it is to endure and continue to move the needle on intractable social issues.

The 1970s saw the rise of the environmental movement; in the 1980s cancer charities grew in awareness and the revenue they generated; the 1990s saw activism and philanthropy grow in support of the HIV/AIDS crisis. Perhaps ours will be the era of social change, facilitated in large part by the Collective Impact movement.

1. The terms “philanthropy,” “fund development,” “development,” and “fundraising” are used interchangeably throughout this article.

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