
Real Collaboration

A Guide for Grantmakers

David La Piana

January 2001

Made possible through the generous support of the Ford Foundation

CONTENTS

INTRODUCTION	1
THE AUTHOR’S PERSPECTIVE	3
WHAT IS REAL COLLABORATION?	4
CHARACTERISTICS OF REAL COLLABORATION	5
BENEFITS OF REAL COLLABORATION	6
DIAGNOSING THE HEALTH OF A COLLABORATIVE PARTNERSHIP	7
1. INSPIRATION	7
<i>Observable Variables of Real Collaboration at the Inspiration stage</i>	8
2. FORMALIZATION	9
<i>Observable Variables of Real Collaboration at the Formalization stage</i>	11
3. OPERATION	11
<i>Observable Variables of Real Collaboration at the Operation stage</i>	12
4. INSTITUTIONALIZATION OR TERMINATION	13
<i>Observable Variables of Real Collaboration at the Institutionalization/Termination stage</i>	14
SUMMARY	15
CHALLENGES FACING GRANTMAKERS INVOLVED IN COLLABORATIVE INITIATIVES	15
1. THE CHALLENGE OF FUNDER ENCOURAGEMENT	15
2. THE CHALLENGE OF THE PERSONALITIES OF NONPROFIT LEADERS	16
3. THE CHALLENGE OF THE GRANT ITSELF	16
4. THE CHALLENGE OF THE TIMING AND STRUCTURE OF THE INITIATIVE	19
5. LACK OF SUPPORT FOR REAL COLLABORATION	20
6. THE CHALLENGE OF A LEAD AGENCY	21
GRANTMAKER STRATEGIES TO HELP COLLABORATIVE PARTNERSHIPS SUCCEED	22
CONCLUSION	25
ABOUT THE AUTHOR	27
ANNOTATED BIBLIOGRAPHY	28

Introduction

One safe prediction for the nonprofit world in the new century is that philanthropic foundations will continue to manifest a robust interest in the subject of inter-organizational collaboration. From as early as the 1970's, and with increasing frequency in the 1980's and 1990's, many philanthropic foundations have encouraged, supported, pleaded for and in some cases demanded closer collaboration among their nonprofit grantees.

As this trend continues it has become apparent that grantmakers have quite an array of options in mind when they speak of collaboration. Some desire closer programmatic coordination among their grantees, both horizontally (among like programs) and vertically (along different levels of, for example, a continuum of healthcare). Another goal for some funders is the development of stronger associations of nonprofits in a given field or community. For still others, "collaboration" really means "consolidation." These grantmakers would like to fund fewer, stronger nonprofits in their areas of interest. Given the birth of more than 30,000 new nonprofits each year, according to IRS data, each of these motivations is easy to understand.

In the last few years grantmaker interest in inter-organizational collaboration has become inextricably linked with the broader trend toward consideration of organizational effectiveness concerns in grantmaking. The birth in 1998 of the funder affinity group Grantmakers for Effective Organizations (GEO) has helped to galvanize this long-simmering interest. In fact, the strong response to GEO's launch, with more than 300 grantmakers joining before its first conference (November 1998), has served to focus more attention on the question of collaboration.

Traditionally, many philanthropic foundations have focussed largely on the programmatic efforts they fund, devoting less attention to the organizational strength and overall health of the nonprofits themselves. However, when the implementation of either a single grant or a large initiative encounters major problems, grantmakers are quickly reminded that something more than "a good idea" is needed for success. The organizational effectiveness movement holds, essentially, that many grantmaking "failures" are not necessarily due to the unsoundness of the idea being tested or to incompetent management (although either could be the case). The organizational effectiveness perspective tells us that these efforts may fail for many related reasons. It may be due to a lack of organizational capacity, the absence of an adequate organizational framework, the weakness of the organizational structure within which the ideas were tested, a lack of adequately prepared managers to lead the organization, a weak governing body, intra-organizational conflict and turmoil, inadequate capitalization, or any combination of these problems. Thus, the ideas being tested through the grant may never have had a fair shot at success based on their own merits.

The concerns that have lead grantmakers to take an interest in organizational effectiveness are perhaps most clearly seen in the context of inter-organizational collaboration. A large-scale initiative, an effort at "systems change," or any other complex social undertaking, usually requires coordination of efforts among multiple parties. It also necessarily requires the development of an infrastructure within which the parties can work together. Often these parties, despite their enthusiasm for the program, are not invested in the collaborative partnership itself, have not worked out their common understandings, do not have solid relationships, or do not understand how the challenges they face working together differ from those

of single-organization programs or initiatives. Is it surprising then that the resulting program is either of low quality, or never quite gets off the ground?

Given the scenario just described, and the growth of interest in organizational effectiveness, healthy collaboration is itself increasingly recognized as an essential component of successful initiatives and other complex inter-organizational ventures. Grantmakers have used several approaches in their ongoing pursuit of more and better collaboration. They have made single, integrated grants to more-or-less loosely organized groups of nonprofits. These in turn use subcontracts to distribute the funds among themselves. They have also made separate but linked grants to individual nonprofits that are then expected to act in concert. Alternatively, they have made grants to intermediary organizations for use in re-granting initiatives (sometimes they first need to create the intermediary organization in order to proceed with this strategy).

Whatever the approach, these grantmakers' motivations in encouraging collaboration have been largely similar. They commonly include:

1. Frustration with lack of coordination, duplication of effort and unnecessary or inappropriate competition among their grantees, despite the fact that they often serve the same or overlapping constituencies.
2. Impatience with the lack of demonstrable, significant and measurable outcomes of projects and nonprofit organizations funded individually.
3. The realization that multi-determined problems such as poverty, environmental degradation, poor educational achievement, and the weakness of civic and cultural institutions require multi-disciplinary approaches for workable solutions.

Unfortunately, most grantmakers have discovered that it is far easier to encourage or even to demand collaborative proposals from their prospective grantees than it is to actually achieve successful collaboration and its intended outcomes once the grants are made. This has been obvious to many grantmakers for a long time. The reasons why, however, this is so have been much less clear. In this monograph, we will explore several reasons for the frequent failure of collaboration to achieve the outcomes desired by grantmaker and grantee alike. We will also propose several approaches to improving the outcomes produced by collaborative strategies.

Collaboration has gained increasing attention in the nonprofit management literature in recent years. Unfortunately, much of this body of work is a mixture of homilies about getting along together and war-stories highlighting the horrors of not doing so. In their midst a few good, practical resources have appeared. These include the Amherst Wilder Foundation's Collaboration Handbook: Creating, Sustaining and Enjoying the Journey, (1994) and Barbara Gray's Collaborating, (1989). Other useful resources are cited in the bibliography included at the end of this monograph. To date, however, efforts such as these have understandably focused on the perspective and needs of the nonprofit leader and community activist considering, or engaged in, collaboration. Meanwhile, little attention has been paid to the issues and concerns of the funder of collaboration.

The lack of attention to the grantmaker perspective in inter-organizational collaboration reflects the nonprofit sector's overall slowness to publicly admit that the current heightened emphasis on

collaborative partnerships springs in large part from what is politely termed “funder encouragement.” Despite these concerns’ patent legitimacy, grantmakers themselves are often reluctant to be seen as setting an agenda for their grantees, or as playing an overly controlling role in their organizational lives. Thus, they have not often publicly owned their concerns regarding the need for healthy collaboration.

Grantmaker concerns relative to collaboration partially overlap with those of the nonprofit leader. However, they also include some unique considerations of their own. Grantmakers considering or involved in funding a collaborative partnership need a resource to help them think through the web of issues and challenges they face. This monograph represents an effort to address these concerns. Specifically, Real Collaboration will:

1. Describe the benefits to be derived from authentic partnering, under the rubric of Real Collaboration.
2. Identify the challenges facing grantmakers who are considering or already involved in funding collaborative initiatives.
3. Help grantmakers diagnose the health and developmental stage of a collaborative relationship, whether it is a fledgling effort or a long-standing partnership.
4. Propose strategies that will help grantmakers to help collaborative efforts succeed.
5. Assist grantmakers in thinking through the complex and often emotional issue of intervening in an unhealthy collaborative to either improve it or help it to dissolve.

The author’s perspective

This work draws on my twenty years in the nonprofit sector. During these years I have participated, as an executive director, in many collaborative enterprises. Most of these efforts did not live up to their billing, much less to their potential; a precious few were highly successful. As a consultant, I have worked with hundreds of nonprofits, their funders, executives, trustees, volunteers and staff. This work has focussed on strategic direction, partnering or collaborating with others, and developing a working board-executive-staff relationship. I have tried to bring these experiences to bear on my thinking as a consultant and a management instructor, and thus have formed my commitment to *Real Collaboration*.

This work is enlivened by the voices of earnest nonprofit leaders with whom I have worked over the years. Their joys and frustrations with collaboration, and their honesty in discussing their own motivations, experiences and perspectives, make the narrative more immediate and compelling. Most of the examples used herein involve direct quotes, taken from conversations with these individuals. Some statements have been paraphrased slightly to make their meaning clearer. In this latter case, they remain true to the speaker’s intent. All of these statements are authentic expressions of an individual’s experience. While the identities of these nonprofit leaders are necessarily and respectfully protected in this work, their contribution to it is seminal.

What is Real Collaboration?

Before discussing this topic in greater depth, it is useful to define the subject's often-overused terms, distinguishing their specialized nonprofit meanings from their more common Standard English usage:

The standard English terms (lower case "c") *collaboration*, and *collaborative* refer to the means through which individuals or organizations work together in a concerted effort toward mutually desired ends. (E.g. "Through *collaboration* we hope to achieve our mutual goals." Or, "Working *collaboratively*, community members solved their problems.")

vs.

The specialized, nonprofit usage of the terms (for our purposes indicated by use of a capital "C") *Collaboration* and *Collaborative* refer to the creation of a more formal and semi-permanent structure that supports the type of collaboration described above. This usage involves the ungrammatical reification of the previously simpler terms. (E.g. "I am going to a meeting of the Collaborative." Or, "We are now actively funding *Collaboration*.").

In this monograph, capitalization is used to signify the specialized meaning just described. Almost all nonprofits, by the very nature of their public benefit activities, collaborate with other nonprofits on a variety of issues. Nonprofits may work together on a joint lobbying effort to gain more funds from local government, they may desire to reduce costs through joint purchasing activities, or they may simply engage in the ongoing mutual support and helpfulness nonprofit managers extend to one another in order to keep their sanity while doing a difficult job. These simple and necessary forms of collaboration are "real" in that they are honest; they purport to be what they really are. These common collaborative activities are voluntary and informal. It is significant that they are also usually somewhat tangential. That is, they are removed from the core programmatic or operational activities of the entities and are thus less threatening to that lifeblood of the nonprofit enterprise: organizational autonomy.

The case with program-focused Collaboration and Collaboratives is not so simple. As grantmakers encourage or demand collaborative action on the part of their grantees, they receive one of two possible responses. The first, and apparently the most common response, is for the grantees to create the "appearance of collaboration" by forming a group they will call a Collaborative. The Collaborative then holds a series of meetings leading to the members jointly writing a grant proposal to the funder. This approach often masks the fact that the parties have little stomach for integrating or even coordinating their services, and intend to use the jointly raised money to continue working separately. In other words, Collaboration may be simply another way of gaining grant support. Much like a challenge grant, a matching grant, or any other restricted purpose foundation grant, a Collaborative grant may be viewed by grantees as another way of getting money. Indeed, they may see it as one with some particularly onerous strings attached.

The second, rarer response to funder encouragement is for the grantees to meet, honestly recognize the possible synergies of working together, and begin to coordinate programmatic and other core efforts more closely. This is Real Collaboration. It is a rare response to funder encouragement because it is difficult for a grantmaker to instill in its grantees a genuine motivation to undertake such a partnership. This is

particularly true when grantmaking is tied to collaboration. It is perhaps most difficult to build a collaborative relationship if the impulse for partnership arises during the hectic period of responding to a funder's Request for Proposals. Says one experienced funder of collaboration:

For the past eight years our foundation has maintained a Collaboration fund to which our grantees could apply. I would say about 75% of these grants have failed to produce anything. They have just been a different way for the grantees to get money from us. In the other 25%, where something has in fact developed, these are almost always situations where there was already a spark of collaboration and our money just helped to fan it into a flame.

For many reasons, Real Collaboration is by all accounts far less common than the appearance of collaboration. Some of these reasons will be covered in the next section. Our purpose here has been principally to distinguish and define Real Collaboration, which is what most grantmakers have in mind when they use the "C" word.

Characteristics of Real Collaboration

The relationships nonprofit leaders form, and those they would like their funders to observe, are not always one and the same. How is the funder to recognize Real Collaboration? Equally important, how is the funder to distinguish it from a temporary nonprofit "marriage of convenience," aimed at obtaining grant funds and little more? Finally, how can the funder recognize sincere collaborative efforts that are floundering, understand why, and determine what can be done to help these honest efforts to succeed?

Despite the complexity of inter-organizational collaborative relationships, it is possible to identify Real Collaboration when one sees it. It is defined by the presence of certain characteristics, and conversely, by the absence of others. Some of these characteristics are quite readily apparent to the outside observer, while others are subtler; their identification may require taking a much closer look. Consider some aspects of Real Collaboration:

- Real Collaboration necessarily involves nonprofit leaders working closely together on substantial content-laden issues, not merely in an effort to raise grant money. It is inherently interactive. It may entail conflict, but it must involve engagement.
 - Real Collaboration is relationship-based; it requires that the partners get to know one another well enough to eventually develop trust. This trusting relationship includes a deep commitment to work together.
 - Real Collaboration is voluntary. Nonprofit leaders should come together because they perceive potential synergies and benefits for their constituencies, not because a funder "encouraged" them to do so, and least of all because a grant may be available.
 - Real Collaboration takes time. It cannot begin, be nurtured, and mature within the limited timeframe and high-pressure environment created by most funder-sponsored Requests for Proposals.
-

- Real Collaboration is painful and difficult to achieve. Most often, there will not be many happy collaborators in the early going. Conflict and stress, because they can be byproducts of engagement, are often healthy signs in a Collaborative; they are much preferable to distance and lack of engagement.
- Real Collaboration is not dependent upon grant money. If there is a good reason to come together, nonprofit leaders will do so with or without money. Often collaborators will come together before there is even a whiff of potential grant money in the air.
- Funders cannot create Real Collaboration. They can only help to enhance it. In most instances, a “grant for collaboration” will not seed or create a partnership where none existed before unless the motivation to create a partnership is present and strong.

A grantmaker who takes the time can often discern a picture that contains these characteristics to some degree. To do so, however, it is essential to meet with the collaborators together, rather than individually. If the organizational leaders cannot come to a meeting at the same time with a funder, how on earth can they be expected to meet together as a Collaborative? When they do come together, the funder must be observant. Are the collaborators clear in their communications with one another, clear as to their purpose, comfortable discussing areas where they might potentially have conflict? If not, the funder will learn a great deal about what the Collaborative is and is not.

Benefits of Real Collaboration

When it works, Real Collaboration is a powerful tool for enhancing organizational capacity to serve a constituency. It is also a joy to behold. The benefits of Real Collaboration are those that the funder likely sought all along:

- There is less duplication, competition and overlap of services among collaborating nonprofit organizations.
- A fuller spectrum of approaches to problem solving is brought to bear on seemingly intractable problems, potentially leading to measurable progress on desired outcomes shared by all parties, including the funder.
- It leads ultimately to stronger nonprofit organizations that are better able to advance their social missions.
- It increases the likelihood that philanthropic dollars will be spent on higher impact efforts, achieving the goals of grantmakers, grantees and community leaders alike.

Everyone wants these results. This is why grantmakers have long encouraged collaboration. But getting to these outcomes is often a long and difficult journey.

Diagnosing the health of a collaborative partnership

Since Collaborative partnerships among nonprofits tend to have similar structures, and are formed for a definable universe of reasons, it is not surprising that they also tend to go through similar developmental stages. Depending upon a variety of factors, these steps can be negotiated successfully, or not. Most healthy Collaboratives will pass through the following stages in something of a developmental order. Many other authors have offered stages or phases of collaboration. What follows is not an attempt to add yet another typology to the general literature on the subject. Rather, it is designed specifically to help grantmakers think through the developmental stages of Collaboratives from the unique funder perspective. The stages are:

1. Inspiration
2. Formalization
3. Operation
4. Institutionalization or Termination

Taking these each in turn, we will describe the attributes of a typical “healthy” Collaborative at each developmental stage, and then discuss some of the observable signposts grantmakers can use to assess the Collaborative’s success in negotiating this stage.

1. Inspiration

The inspiration for a healthy collaborative relationship will come, at least in large part, from the nonprofit organizational leaders themselves. An interested grantmaker may suggest to a pair (or more) of executive directors that forming a collaborative relationship would be beneficial to their mission, or would be looked upon favorably by the foundation. However, unless the nonprofit leaders see these or other benefits for themselves, the relationship is likely to be artificial. Often, successful Collaboratives grow out of smaller, less formal, almost accidental efforts that have succeeded over time in building a trusting relationship. A children’s services agency executive director said:

I would usually sit with another executive director in the same repetitive, boring and unproductive monthly meetings with a public agency that funds us both. One day, talking after the meeting, complaining about how busy we were, we decided to trade off attendance in order to minimize the time we spend on these meetings. We both felt it was necessary to attend, in case something important came out, but it was usually such a waste of time. We decided to alternate months attending the meetings and report to each other anything important or even remotely interesting that might come up. We would also get copies of any handouts for each other. Over time, we developed a closer relationship, and we really began to trust each other when we knew we could rely on each other for a fair account of what happened.

The turning point came when at one meeting a County bureaucrat said some nasty and untrue things about our agency. It was (of course) one of the meetings where my colleague was attending and not me. She jumped in and defended us! I heard about it from three different sources. It made quite an impression on everyone, especially me,

I guess. It was great. Pretty soon we started to talk about the fact that we served basically the same clientele, with complimentary services. We decided to try offering some services at each other's site, to minimize our clients' confusion and to help us provide more effective services. We have been doing that for about a year now.

These nonprofit leaders were not looking for a Collaborative to join, and certainly did not see the partnership as a means to attract grant funding. They were simply engaged in that quintessential and relentless managerial quest: trying to find a better way to do the things that must be done. As their familiarity with one another grew, these leaders expanded the scope of their partnership, all without benefit of written agreements, and certainly without money changing hands.

A critical step in the development of this collaborative relationship was taken when one of the parties went out on a limb and publicly defended her colleague. She was able to take this brave step because she had made a strong connection with the colleague and because their relationship caused her to think that the allegations being raised were probably untrue. It is also likely that over time she experienced a growing sense of obligation or responsibility to look out for the well being of the other agency, since for many alternating months she had been "representing" the agency at these meetings. They had become collaborators without knowing it.

The inspiration for a true collaboration is just that: inspiration. Grantmakers can look at several variables at this stage to help them to determine if what they are seeing is the beginning of Real Collaboration:

Observable Variables of Real Collaboration at the Inspiration stage

- Have the parties been in a collaborative relationship for a period of time in advance of any request for funds? A year is a good length of time to consider such relationships solid.
- What has been the nature of the prior collaborative relationship between the organizations?
- How many points of collaboration exist between the organizations? Are they administrative, programmatic, or both?
- How many people are involved in the collaboration? Is it just the executive directors?
- Is there a level of trust and familiarity among the parties, as demonstrated in their communication with you? (E.g. both – or all -- parties generally sign communications; one party seems to know what the other party has previously told you).

Collaboration at this stage may be chaotic, episodic, and at times even dormant. After all, the partners are not consciously building something, least of all are they planning to create an organization. Rather, they come together as needed, as opportunities present themselves, and as they find useful. One social services agency executive director explained, with passion:

The beauty of this whole thing is that it comes and goes as needed. We don't have regular meetings, bylaws, or really any big kind of commitment. We just agree to work together on each project as it comes along. If we tried to make it into an organization, that would just kill it.

Inspiration stage collaboration is fluid, creative and experimental. Its future is uncertain. Ironically, while this early stage of Real Collaboration may look less viable than the typical grant-born and grant-funded formal Collaborative structure, it is probably the more likely to survive and thrive over time. The formal Collaborative that comes together for the limited and specific purpose of seeking a grant may fall apart when the grant funding ends. In contrast, the informal relationships that characterize Inspiration stage Real Collaboration, and that naturally satisfy the genuine, self-defined needs of the partners, may well continue on an informal basis for a long time. Alternatively, they may naturally mature, over time, into something more formal and far-reaching.

2. Formalization

The next stage of the collaborative process is for the parties to recognize that the ways in which they want and need to collaborate are so many, so important to their mission, or so frequent, that the process itself needs a structure. Discussions usually center around the need to work together on an ongoing basis, or at several levels within the organization. In fact, this is often a critical point. When other staff beyond the initiators need to be brought into the collaborative process, Formalization is often at hand.

Thus, the collaborators may turn to consider the form for their partnership. They may discuss everything from a full merger of the respective entities to the creation of a separate, subsidiary nonprofit to coordinate their joint efforts. The impulse to work closely together may be either boundless or closely defined. In some instances one partner may seek a closer formal relationship than another is comfortable with.

We [one organization] thought the three agencies should just go ahead and merge. We could see all the benefits of joining forces and thought that each of the problems the others raised could be overcome. But unfortunately the other members of the Collaborative were scared off by the merger talk and ultimately nothing came of it.

Occasionally, the collaborating organizations will glimpse a greater potential synergy and decide to attempt to negotiate a merger or similar more far-reaching and formal arrangement, one that goes beyond collaboration. However, upon further reflection and some exploration, most often the collaborators will decide, at this still-early stage in their relationship, to simply develop a memorandum of understanding (MOU), rather than attempt to create a major organizational commitment.

The MOU is typically a fairly brief and informal document stating the commitment of the parties to work together. The MOU-based relationship has no real authority. It functions through the good faith of the parties rather than with the force of a binding contract. The most important sections of any MOU state the members' agreements on the criteria by which an outside party might be considered for membership in the Collaborative, the rights of the members, the selection of a lead agency, if any, and how the Collaborative's major decisions will be made.

The MOU format often serves the parties well, at least in the beginning of their journey. The development of a written agreement via MOU, subsidiary, merger, or other form is a significant step in the Collaborative's development. It signals, if not permanence, at least endurance.

Sample Memorandum of Understanding for Collaboration

Name

The Anytown School Collaborative

Purpose

The Purpose of this Collaborative is to coordinate efforts among the members to provide a full range of health, educational and human services at the Anytown School. We do this because we believe that by working together we can achieve the best outcomes for the children and their families.

Membership

The founding members of the Collaborative are the principal, faculty, parents and staff of Anytown School, Chicano Health Clinic, The Children’s Counseling Center, The County Dental Hygiene Program, Anytown YMCA and Asian Community Services.

Potential new members may apply to the Collaborative for membership if they share the purpose stated above. Decisions regarding admission will be made by the Collaborative. Admission of any new member requires a consensus of the current members.

Decision-making

All policy decisions will be made by the Collaborative, using a consensus process.

Lead Agency

The Collaborative will designate a lead agency to seek and receive grant funds for the Collaborative. The lead agency will be selected by consensus of the members of the Collaborative. The lead agency may be changed at any time by a consensus decision of the Collaborative, not including the lead agency, providing that any such decision allows the lead agency up to six months notice.

The lead agency shall be the employer of record for all staff working directly for the Collaborative, but all hiring decisions will be approved by the Collaborative in advance. Each member will still hire and assign its own programmatic staff to the school site.

Steering Committee

The Collaborative will conduct its business through a Steering Committee, which shall meet as frequently as is necessary to transact business. Each member will designate one person to be its official representative to the Steering Committee. While other people may attend Steering Committee meetings, only the designated representatives of the members (or their designated alternates in their absence) may participate in decision making.

Signatures

One space for each member

Observable Variables of Real Collaboration at the Formalization stage

- Is there a negotiated, written, signed agreement on how the Collaborative will be structured?
- Does the agreement cover, at a minimum, the purpose of the Collaborative, membership criteria and rights, and the decision-making processes that will be used?
- Are the partners familiar and comfortable with the provisions of their agreement or was it simply drawn up to satisfy some external demand, such as a grant requirement?
- Have the boards of directors of the collaborating entities approved the agreement, or even heard about it? If not, why not? Have the executive directors approved it? If not, why not?
- Is the Collaborative operating sustained program initiatives or activities?

At the Formalization stage Real Collaboration is sustained rather than episodic. Its short-term future is ensured to some extent by the existence of an MOU or similar governing document, whose creation is the hallmark of this stage. While many Collaboratives will still fall apart during the Formalization stage, if the collaboration is honestly driven by a negotiated agreement, it has a better chance of being sustained over time.

Note that Formalization may be more of a point than a stage. While some Collaboratives will flirt with this stage for an extended period, others will move through it, forming their written agreements, and go right on to Operation.

3. Operation

The third stage of Real Collaboration is ongoing operation of the coordinated or cooperative activities enabled by the agreements reached in the previous stage. This stage may last for years, especially if there is little turnover among the individuals who initially created the Collaborative. Personal continuity and long-standing trusting relationships are the hallmarks of this stage. This hard-won trust allows ongoing and often deepening collaboration to develop.

During the course of operations, as circumstances change, both the specific agreements and the general MOU negotiated earlier may need to be fine-tuned or re-negotiated. The Collaborative may pursue funding to open a new program site, or may decide to advance beyond programmatic collaboration to the consolidation of some administrative functions. These changes must be negotiated among the collaborators, offering opportunities to deepen the collaboration, but also opening the door for strife.

As an example of a common challenge at this developmental change, consider that it is often desirable that any staff hired to work on Collaborative activities come to be, for payroll purposes at least, employees of one organization. Early in the life of the Collaborative it is unlikely that sufficient trust exists among the parties for such a development. However, once the trust exists, it may allow for ease in administering Collaborative functions. Through the use of a single employer-of-record, grants received by a “lead agency” can be more easily administered and reported on. The governing process of the Collaborative may continue to provide for joint hiring and firing decisions, but once hired, all Collaborative employees may eventually come to “work for,” and receive their pay and benefits from, one

entity. This arrangement is particularly attractive when one of the Collaborative partners is a public agency. Says one veteran of public school-based services collaboration:

The school [a public elementary school in an inner-city neighborhood] had access to federal grant funds that our nonprofit could not independently apply for. But they did not want to manage these funds through the school district, which was notorious for inefficiency, and occasionally, fraud. So, some grants the school applied for and simply subcontracted to us, while others we applied for jointly, stating in the proposal the school's preference that we be the lead agency, and manage the funds.

In this way we substituted our overhead cost for the District's, and were also able to avoid civil service requirements and thus hire and fire people more easily than the District would ever have been able to do. I think this one provision of our arrangement, more than any other, accounted for the success of our Collaborative over the years.

The executive director quoted above modestly does not mention that the school's principal had a very high level of confidence in him, born out of his long and positive track record in the community. In fact, the Collaborative had been in existence for more than a year before this fiscal lead agency arrangement came into being.

It is of note that successful operation among several parties often, but not always, requires a lead agency. This can be one of the most contentious issues a Collaborative faces during the Operation phase. Nonprofit leaders are conditioned to think in terms of budget size and thus to prize budget growth. Moreover, they are often suspicious of one another. This is even (or perhaps especially) true regarding their collaborators. Thus, for example, the idea that another nonprofit organization is the recipient of grant funds for the Collaborative, which means, at least in part, that it is receiving funds in "our" name, does not sit well with many nonprofit leaders. An arrangement in which the lead agency requires a subcontract, then doles out the funds to the other collaborators, is often, while necessary, highly unsatisfactory to the nonprofit leader on a quite visceral level.

Faced with a necessity of deciding on a lead agency in order to meet a funder's requirements, the nonprofit leader may acquiesce, but that does not mean his or her concerns, and even resentment, have evaporated. Obviously, and sadly, this situation is made worse when the lead agency treats the subcontracting entities on a less than fair or equal basis.

This is another reason why it is important that the role of the lead agency, if any, as well as the process for making major decisions, be spelled out in the MOU. If no lead agency has been chosen previously, the closer working relationships of the Operation stage may require the designation of one now.

Observable Variables of Real Collaboration at the Operation stage

- Are collaborative activities actually taking place "on the ground" or is it only a "Paper Collaborative," used by the members to raise grant money? In other words, have the partners reached a stable level of collaboration, or has the Collaborative merely become inactive over time? From a funder's distance, inactivity can quite easily be mistaken for stability.
-

- Is the governing board or steering committee meeting regularly and tackling important issues? Are minutes of these meetings taken and distributed?
- Has there been significant turnover among the founders of the Collaborative (because either they left their job or simply stopped participating in the process)? Have they been replaced?
- If there has been significant turnover among the founders, how has this affected the operations and governance of the Collaborative?
- Is the Collaborative still grant-dependent? If an initial grant was made and this funding has ended, or will soon end, how does the Collaborative carry on or plan to carry on its shared functions?
- Is there a professional staff person designated as coordinator of the effort, with some significant portion of dedicated time for overseeing the operation of the Collaborative?

Ongoing operation of significant activities, within a stable organizational structure, is the hallmark of the Operation stage. The great challenges of this stage include the loss (through the ending of a grant) of the initial funding that may have launched the Collaborative, and the ongoing ability to address the inevitable conflicts that will arise in the group as it works together.

If the Collaborative survives for a long time, some original member organizations may drop out, while others may be added. This may occur through changing organizational priorities, or as a result of a shift in the programmatic needs of the Collaborative itself. Also, if the Collaborative survives long enough, it is inevitable that some, and eventually all, of the founding Collaborators will move on to other jobs, retire, or otherwise drift away. These dramatic developments may bring the Collaborative to a crisis point. Depending upon how the crisis is addressed and whether it is successfully resolved, the next developmental stage may be either the Institutionalization of the effort, or its termination.

4. Institutionalization or Termination

The trigger for institutionalization is often the departure of key movers in the Collaborative. When this occurs, if the Collaborative has intrinsic value, and if it has built a constituency within the collaborating organizations, it will need to move from a leader-focussed, individual-driven paradigm to a more institution-focussed structure. Take, for example, the transition from one executive director to another in a typical, healthy, nonprofit organization. The transition does not usually lead an organization to forsake its traditional programs or funding sources. However, it can result in the abandonment of years-long collaborative relationships. If the new executive does not him or herself value the Collaborative, and if there has not developed a constituency within the organization or the larger community that argues for its continuation, the effort is likely to be abandoned.

Since so much of the success of any Collaborative grows out of the (hopefully) positive relationships of the individuals involved, any changes in the core founding group can lead to a crisis. The leader of one organization may feel her comfort level with the Collaborative grows primarily out of her trust in the leaders of the other organizations (remember the two executives who began by alternating meeting attendance). When one of those key figures leaves, the remaining founders may distrust the established process of the Collaborative to adequately protect or advance their own organization's interests. One nonprofit leader put it this way:

We had worked together for three years. Then the grant ran out and at about the same time Jose left to take a choice political job that he had long sought. We missed him, and I realized that in my mind the relationship with [his organization] was really the relationship with Jose. That perception, coupled with the upcoming financial crisis due to the grant ending, pretty much killed the Collaborative.

This is the true “acid-test” for a mature, successful Collaborative. The situation is analogous to that of a nonprofit organization upon the departure of a long-time, well-loved executive director. This is a crucial developmental test for the entity. It is a defining moment in the organization’s life. Does the nonprofit begin to fall apart? Or, has a strong infrastructure been built, and have a sufficient number of people been brought together, to ensure that the organization (or the Collaborative) continues?

On the other hand, there is no reason every Collaborative should exist in perpetuity. It is not necessarily a failure if the transition from stable operations to institutionalization is not accomplished. The Collaborative may have outlived its useful life. Or, there may have remained more to do, but the present structure was no longer the right vehicle. In this case, the most important question is how well, and in how orderly and conscious a manner, the termination is accomplished. Often, an “end” is never actually decided upon. The organizations simply drift apart over time, cease meeting, maintain the barest of communication around any remaining jointly funded projects, and return to their pre-Collaborative level of relationships.

Sometimes the termination of a Collaborative is more precipitous. Termination might be occasioned by the arrival of a new executive director or the admission of a new Collaborative partner. The termination may also be the result of long-simmering differences that flare up once a peacemaker has left. In either case, if the end is not planned, the functioning of the Collaborative members’ programs may suffer in the transition out of existence.

Observable Variables of Real Collaboration at the Institutionalization/Termination stage

- If the founders have moved on, does the Collaborative continue to function effectively?
- Does the Collaborative receive core funding from the collaborators as a regular and predictable event? Or is it still only a vehicle for bringing money to the collaborators through opportunistic grant seeking?
- How are decisions made? Is the governing process the central decision-making function, or do the individual collaborators still make decisions on their own and then report them to the Collaborative?
- If the transition from founders to new leadership leads to termination of the Collaborative, how well is this handled?

This last stage of Collaborative development portends the greatest changes in the effort since its founding. Will it negotiate the challenges brought by a changeover in the founding leaders, and demonstrate its acceptance by the organizations themselves, or will it drift apart and ultimately cease functioning?

Summary

In summary, these stages represent a model of development, not a recipe. Many Collaboratives will remain for extended periods at the Operation stage. Others will reach the point of Termination, only to return to Formalization and begin anew. As with any developmental model, aspects of different stages will often be present at the same time. No strict chronological sequencing can eliminate the messiness of human interaction.

Stages of Real Collaboration

Developmental Hallmarks	Inspiration Stage	Formalization Stage	Operation Stage	Institutionalization or Termination Stage
Collaborative character	Fluid/Creative	Sustained	Continuity	Owned or dissolved
Structure	Informal	MOU-driven	Stable structure Flexible MOU may be revised	From leader focus to organizational focus
Leadership	Key leaders only	Other staff involved	Lead agency selected	Founders leave Staff coordinator in place
Funding	No Funding	May or may not seek funds	May or may not seek funds	Initial grants end Core funding from members

Challenges facing grantmakers involved in collaborative initiatives

Several common problems face grantmakers encouraging collaboration, either as a mode of implementing a content-based initiative or as a tool to foster consolidation among nonprofits within a field. This section will identify some of these challenges and describe their origins. Subsequent sections will suggest strategies to overcome these potential hurdles.

1. The Challenge of Funder Encouragement.

Whenever a funder suggests a new idea or strategy to its grantees, some of them will take it as tantamount to an order. Some grantseekers honestly feel that they must implement funder suggestions if they wish to continue receiving support (occasionally this may be true). Other nonprofit leaders believe that any idea coming from the rarefied atmosphere of a philanthropic foundation is likely to be better than their own “in the trenches” thinking, and so willingly follow the funder’s lead. Still others consider a funder’s idea as the key to unlocking the treasure box of future grant funds. For example, after the Harvard Business Review “Virtuous Capital” article sparked grantmaker thinking about the venture capital model and strategic grantmaking, grantseekers started (and have continued to this day) pitching their proposals as examples of the “new” philanthropic venture capital model.

None of the above motivations is likely to produce Real Collaboration. As stated earlier, Real Collaboration requires a commitment from participants that cannot be mandated, coerced, or faked. The grantmaker's challenge is both to recognize the true motivation of the grantee and to find an appropriate way to offer encouragement for partnering, experimentation and change without inducing either slavish compliance with the funder's goals or fostering grant-seeking opportunism.

2. The Challenge of the Personalities of Nonprofit Leaders

Successful nonprofit leaders, particularly executive directors, are typically tough-minded, entrepreneurial, independent, and forceful individuals. These attributes seem to be essential for success in the difficult, competitive, demanding world they inhabit. Given the pressures exerted on executive directors by their boards, staffs, funders and constituents, this should come as no surprise. Yet someone who can survive and thrive in this environment, who lives by his or her wits, who is accustomed to thinking on his/her feet, to being the person who "calls the shots," and who is fiercely competitive, does not necessarily make a natural collaborator. The demands of the leadership role may in fact militate against the development of a collaborative style when going outside the organization.

This phenomenon is not much acknowledged in the nonprofit sector. The common perception is that nonprofit leaders are born collaborators and community organizers, relatively selfless and heavily process-oriented. The nonprofit world is not supposed to breed competitiveness, envy, or gold-digging. The reality is quite different. Even leaders who are process-oriented internally, devoting substantial energy to team building and democratic process with their staff, may be highly competitive outside the organization. When faced with a new undertaking, the reaction of many nonprofit leaders is to determine how best their own organization could respond, not what other nonprofits need to be involved in a coordinated response. One executive director of a mental health organization said:

"I hate going to these Collaborative meetings; they are just a waste of time. My organization could do all of this more easily, better, faster and cheaper than the ten members of the Collaborative, but we couldn't get funding to do it on our own."

Take the example of the executive director of a small nonprofit organization that provides counseling services. Faced with very small operating margins, and negligible reserves, he determines that his low income counseling clients need childcare services in order to seek employment. This executive director is more likely to try to start his own fledgling childcare center than to consider partnering with an existing center, buying slots from it, or jointly pursuing funding to expand the existing childcare center's capacity. This "go it alone" style is compounded by the lack of sound planning in many nonprofits, leading to an attitude that just about anything fits under the mission, so long as there is the prospect of it attracting money.

Contrast the foregoing with the strategy of software king Bill Gates, who is clear that he makes software, not hardware, despite the fact that Microsoft's size, branding and market position could probably let it become an industry leader in that field as well. Whenever Microsoft even considers going into the hardware business, as it has in some limited ways, it is through an alliance with an established hardware manufacturer.

3. The Challenge of the grant itself

Another challenge facing any grantmaker interested in supporting the development of collaboration is how to make a grant that encourages and advances Real Collaboration rather than one that merely

encourages and then rewards grantseeking? As stated earlier, a grant cannot “create” collaboration. At most, a grant can enable would-be partners to come together for purposes of exploring the possibility of collaboration, and then assist in its implementation.

The question for the grantmaker interested in encouraging collaboration remains what to fund? Let us consider a common approach to supporting collaboration: a grant that, in part, pays for a portion of each collaborating executive director’s salary for a period of time, “to enable collaboration.” This approach, while well intentioned, is almost certainly doomed to failure. Why? Assuming each of the parties already draws a salary, what is the point of a subvention so that the nonprofit leaders can come together to negotiate the terms of their relationship? Is not their common purpose to create a partnership that will benefit their organizations? If they perceived a benefit to their organizations from the collaboration, would they not be willing to invest their time in it regardless of grant support? Isn’t this what executive directors are paid to do? The fact that an organization seeks such grant support indicates a possible lack of seriousness. The grantmaker must ask the question – is this just another way to bring in grant dollars?

The formation of a Collaborative requires a great deal of time from the organizational leaders, no question about it. But their salaries are a fixed cost. Does the organization experience any actual incremental salary costs because of the Collaborative’s meetings? Not unless it takes the highly unlikely step of hiring someone to fill in the time the executive director spends at Collaborative meetings, or, even less likely, gives the executive director a raise for attending Collaborative meetings.

In response to this concern, grantseekers will argue passionately that executive directors are so overworked and overburdened by their present workload that they cannot afford to undertake the collaboration process without direct grant support for their time. The substance of the complaint is bona fide, but the proposed solution, money, while it would certainly be welcomed, does not address the problem of how to allocate a different limited resource, the nonprofit leader’s time.

This approach to grantmaking (subventing fixed costs) only encourages grantseeking. While finding funds to cover indirect costs, such as the executive director’s salary, is an ongoing, necessary and often difficult task at most nonprofits, it should not be accomplished under the banner of supporting collaboration. Making this kind of grant sets up the wrong expectations and motivations for the grantee. It should be avoided.

The question remains, what are some reasonable costs a funder might in fact support in the early days of the formation of a Collaborative? In general, any new out-of-pocket cost associated with forming the Collaborative should be considered for support, while the subvention of any existing fixed cost should be entirely avoided. New out-of-pocket costs might include:

- meeting space rental for a specific purpose (not the conference room of one of the collaborating agencies, that’s a fixed cost, but if the collaborators want to arrange an off-site meeting to allow themselves to begin to work intensively together);
 - meeting facilitation and professional consultation;
 - site visits to functioning Collaboratives in other communities;
 - purchase of written resources.
-

The decided shortness of this list of possible items to support points out the general challenge to grantmakers who would encourage collaboration. Early on, the costs for collaboration are principally the time of the staff, and possibly of the board members, who will be the participants. These are fixed costs of the organizations. Therefore, grantmaking at the early stages of collaboration is not especially useful or critical to its success. In fact, one could fairly ask whether the collaborators might not wish to move the effort along a bit on their own before seeking any external funding. The actual out-of-pocket costs are so minimal that they do not constitute a barrier to collaboration if not funded.

However, a cursory reading of a sample of grant proposals seeking support for the initiation of collaboration, as well as a review of funder RFPs requesting these proposals, would cause one to believe that the financial burdens imposed by beginning the effort are significant. These documents argue that only with grant support can these financial challenges be met. However, as explained above, while early stage collaboration is time-intensive and difficult, it mostly requires the deployment of fixed cost items, such as staff, to the task. If time is short, or an organization is already short-staffed, this will be a stumbling block. However, subventing a percentage of the executive director's time for the negotiations period simply will not alleviate this very real crunch.

In fact, given all the potential downsides to early stage collaboration grantmaking, it could be argued that the modest assistance that can be profitably given at this point is not worth the risk of encouraging a collaborative effort that is not heartfelt. However, once a Collaborative has advanced beyond the Inspiration Stage (see below) there will be greater opportunities for lending support, in the form of joint or coordinated staffing, web-based communications tools, infrastructure and systems support, and program enhancements.

As a community organizer long ago I was taught that one of the biggest crises we can experience in our tenant organizing efforts is when we get our first foundation grant. If the effort is not solid, and by that I mean really entrenched in the community, when the grant arrives, everyone will start to fight over the money, and the whole organizing effort could actually fall apart – because we succeeded in getting a grant. The same thing applies to Collaboratives.

This quote illustrates a significant peril of early grant support for collaboration. To paraphrase the old adage, money is truly the root of much evil in the nonprofit world. A grant to a nascent Collaborative usually presents many more opportunities for disagreement and hard feelings than for relationship building. Moreover, if the collaborative relationships initially revolve around getting and spending grant funds, the leaders are not likely to focus on the more important relational and content-specific questions before them.

A focus by grantseekers on early funding may also reveal a lack of commitment to the collaborative enterprise. How important to the nonprofits is the Collaborative if they cannot even meet to plan its future without third party financial support? This is the kind of question grantmakers must ask themselves often. How important is the desperately needed strategic planning process that cannot occur without a \$20,000 grant? How essential is the search for a new executive director to lead a \$3 million organization, which cannot move forward without a \$40,000 grant? How critical is the new collaborative venture among four organizations that cannot meet without a \$75,000 grant?

Grantmakers must look behind the request to discern the underlying seriousness of the grantseekers. Are they investing their own money in the effort? Are they moving ahead prior to the approval (or, better, the submission) of the grant request? Will the process move forward with or without your support?

4. The Challenge of the Timing and Structure of the Initiative

One frequently tried but nonetheless difficult way to encourage Real Collaboration is through a Request for Proposals (RFP) process. RFPs typically include a fairly short time frame (ranging from a few weeks to a couple of months). These timeframes are usually adequate for a single organization to develop a solid programmatic proposal, however, if they require a collaborative response from several organizations, they can set in motion an unhelpful chain of events.

First, each of several nonprofit organizations in a given community receives a copy of the RFP, scans it, and determines that it wants to apply for the funding offered. It looks, at first blush, like a good fit. Then they read the document more closely and discover that a Collaborative must apply (this may be either an absolute requirement of the funder or the RFP may indicate that “preference will be given to collaborative proposals”). Although the nonprofit leaders reading the RFP probably already belong to numerous Collaboratives, and certainly are aware of the existence of many others, they quickly determine that they had better start a new one for this specific project. Typically, if the RFP introduces the XYZ initiative, the new Collaborative is named the Anytown XYZ Collaborative, lest the funder miss the point that this new Collaborative’s sole *raison d’être* is this initiative.

Next, the members of the nascent Collaborative come together for a series of extended discussions. Not everyone can attend each meeting, so the discussions tend to repeat items from the previous meetings, and to be inconclusive. The collaborators review the RFP and consider its focus and terms. They try to “read between the lines,” to gain an understanding of what it is the funder *really* wants. Frequently, they discuss the hiring of a professional grantwriter, since either their own skills in this area are lacking or the time constraints presented by the RFP make it impractical for them to write the proposal themselves. They spend time negotiating how to select and then pay the grantwriter. They may bemoan the fact that there is not enough time to fully develop either the programmatic concepts of the initiative or the organizational underpinnings of the Collaborative. They console themselves with the hope that the grantwriter-consultant will address the most important of these points, for review by the members of the Collaborative prior to submission to the funder.

Finally, often because the submission deadline looms and the frantic grantwriter is pressuring them for a decision, the collaborators tackle the budget question. They have put off the inevitable as long as possible. Sometimes the parties determine that one or another organization has a larger or smaller role to play in the initiative, and thus should receive more or less than a proportionate share of the grant funds. In a great many incidences, however, since the major motivation for the Collaborative’s existence is in fact the availability of the grant funds, the only way for the Collaborative to remain together is to use the following formula to determine fund distribution:

$$X / Y = Z$$

(where X equals the dollar amount sought in the proposal, Y equals the number of Collaborative partners, and Z equals the amount each partner will receive).

Any variance from tacit acceptance of this formula must be fought over endlessly. Thus, with the RFP submission clock ticking, the argument is usually resolved by only minimal variation from the formula.

The following example from my own experience demonstrates the length partners, and funders, will sometimes go to out of politeness, political correctness, or other unique reasons, in an effort to preserve the formula proposed above.

A Collaborative of four organizations served high-risks infants. At the end of the first year the funder required a renewal proposal. Unfortunately, funding was to be reduced in the second year by 25%. At the end of the first year three of the four organizations had met their objectives, and one had a substantial waiting list for services. The fourth organization had spent its allotment, but, due to bureaucratic impediments (it was part of a large public hospital) had served no mothers and babies. The executive director of the organization with the waiting list argued for elimination of funding for the fourth organization, which had not performed, in order to avoid budget cutbacks in the other three. The Collaborative could not come to consensus, and ultimately the funder stepped in and “to keep the peace” mandated a 25% across-the-board reduction.

In addition to programmatic initiatives by foundations encouraging collaborative responses to their programmatic RFPs, in recent years funders, or consortia of funders, have issued RFP’s for the purpose primarily of encouraging closer collaboration among their grantees. The results of these efforts have been mixed, for the same reasons cited above. RFP’s bring out grantseekers, but not collaborators.

Real Collaboration is never an end in itself. It is always collaboration for the purpose of advancing some larger interest. It is difficult enough to develop Real Collaboration when there is the motivation of a larger social purpose, such as lowering the level of school violence or increasing attendance at classical music events. Grantmakers and nonprofit leaders should question initiatives seeking “to encourage collaboration” as their primary outcome. The evidence of past efforts does not suggest a high probability of achieving the desired ends through this approach (see *Beyond Collaboration*).

Thus, with little intentionality, and less planning, the Collaborative comes into existence. Much rests on the ability of the partners to develop a workable structure and solid relationships. Unfortunately, too often, little if any the groundwork for the partnership has been laid. The success of the funder’s initiative hangs in the balance.

5. Lack of Support for Real Collaboration

A growing number of grantmakers offers planning, operational and evaluation support and technical assistance, either through a technical assistance provider, or by allowing the grantees to build these costs into their budgets. However, few funders specifically target the development of healthy collaboration as an area for assistance. It is unlikely that the grantees will themselves identify this area for attention, for reasons cited earlier. Thus, the project is built on an unsound foundation, and when the first, inevitable storm blows, it threatens to collapse.

It is remarkable that through the many instances in which we have observed ailing Collaboratives, never have the participants spontaneously identified a lack of early attention to collaboration-building (or even relationship-building) as a primary cause of their problems. Only after analyzing their situation, and

retracing the road that them led to it, do Collaborative members come to see their current woes as directly traceable to a lack of attention at the outset to the inter-organizational foundations of the Collaborative. Sometimes these foundations were laid (or not) many years earlier. Often, by the time these realizations occur, so much bad blood has developed, and so much organizational wheel spinning has occurred, that the Collaborative is virtually beyond hope of salvation.

Funders can help their grantees to avoid at least some of these “train wrecks,” by investing appropriately in the development of sound collaboration, and by discouraging the formation of grantseeking Collaboratives. This is indeed a fine line to discern. The difference between a grant that encourages Real Collaboration and one that merely rewards grantseeking may be the timing or amount of support offered, the requirement for organizational matching funds, or the limitation of early support to out-of-pocket expenses. The key may in fact lie in deciding not to make a grant until the collaborators meet certain agreed upon objectives.

6. The Challenge of a Lead Agency

Many collaborative grants are made to one of the Collaborative members, usually called either the “lead agency,” or the “fiscal lead agency.” This practice developed for the simple reason that it is easier for the funder to process a grant and then track funds given to a single entity than it is to track smaller amounts given directly to any number of collaborators. Alternatively, in some cases the grant is made to the Collaborative itself. This may create some interesting problems since it is relatively rare for a Collaborative, at least in the early stages, to have any legal existence whatsoever, such as a bank account and federal tax identification number, let alone incorporation or a separate IRS tax exemption.

The choice of a lead agency almost inevitably creates tension among the Collaborators. This will happen even if the Collaborators themselves choose the lead agency. Moreover, it will happen even if the lead agency, for its part, expends substantial organizational energy managing the initiative.

We took on the lead agency role in basically because none of the other partners wanted it. We were the biggest and had the best administrative staffing, so we said “OK, we’ll do it.” But it has been a nightmare. We get blamed for everything. . . We have to write the reports, and no one gives us their input so we do it in the dark. Then they [the other partners] complain that we have weighted the report toward our own agency’s participation. What were we supposed to do? We offered to give the lead agency role over to one of the others but they all said “no way.” We’re ready to just say “forget it,” and walk away.

Jealousy, suspicion, and ultimately, conflict are likely to arise between the lead agency and the other members. Members may feel the lead agency is exercising too much influence over the direction of the initiative. They may fear it is using the role to maneuver itself closer to the funders, or that it is acting unilaterally or high-handedly in its administrative capacity. They may find that it is in some other way misusing its role at the expense of the other parties.

Despite these problems, the alternative -- no lead agency and thus separate grants made to each Collaborative member -- is often worse. For all its difficulties, the use of a lead agency, and the concomitant practice of making a single grant to an initiative, often leads directly to the creation of a genuine governance function; a forum that the members of the Collaborative can use to work together for resolving all manner of differences. Without this necessity, the members of many a budding Collaborative

would lack any motivation whatsoever to work together. It may not be ideal, but the institution of a lead agency at least creates a “we’re-all-in-the-same-boat,” situation, where learning to work together may come to be viewed as the best alternative.

Grantmaker strategies to help collaborative partnerships succeed

We have seen how grantmaker concerns are often the impetus for the formation of nonprofit collaborative relationships, for good or ill. But how is the conscientious grantmaker to respond to the challenges posed by those Collaboratives, once formed?

First, let us acknowledge that it is essential that the grantmaker be willing to allow the Collaborative to fail, to die, or to simply fade away. Both grantmakers and nonprofit leaders will misspend a great deal of energy if they try to keep alive every new structure they have created.

Sometimes a Collaborative has fulfilled its purpose, as in this example, which is from my own experience:

A school district and several community agencies formed a community Collaborative to provide input and prodding in the construction of a new school. The school was completed on schedule. Instead of declaring victory and disbanding, the Collaborative sought to create a permanent structure to advise the school district on related matters. This function was never envisioned in the formation of the Collaborative and in fact encroached on the charter of several existing, legally mandated community advisory bodies. The ensuing turf battles led to much wasted effort and hard feelings. In the end, the Collaborative squeezed out a place at the table, by usurping a few minor functions previously performed adequately by other bodies.

Sometimes the external environment shifts, making the issue around which the Collaborative was originally founded less pressing:

A Collaborative involving dozens of organizations was formed to combat African-American infant mortality in our community. Whether through our efforts, or for other reasons, infant mortality dropped sharply in several major cities around the country, including ours. The issue moved from the front page to the back burner. The Collaborative lost its steam and seemed to be simply going through the expected motions. People eventually drifted away.

Sometimes, there is so little “intent to collaborate” that a Collaborative never quite gets off the ground:

Our Collaborative was formed ostensibly to deal with at-risk youth in our high poverty inner-city community. The precipitant for the formation was actually an RFP issued by a large funder. When our proposal was not the one selected, it was a real blow. But the members continued to meet, again ostensibly to address the needs of high-risk youth. In reality, all the members ever did was to seek other grant funds. It was clear to me, at least, that until and unless these were received, nothing else

would happen. Eventually, the Collaborative stopped meeting. It was replaced by a new Collaborative, with a slightly different membership, honing in on a slightly different aspect of the at-risk youth problem. Once again, we focused on getting grants.

As we have just seen, even a healthy Collaborative that develops along the lines of the Real Collaboration model may eventually reach the Termination stage rather than Institutionalization. Whatever the situation, it is important that a funder be willing to allow a Collaborative to die; even one it has invested in heavily. While this can be exceedingly painful, an unwillingness to embrace the end of a Collaborative is at the root of a great many entanglements which might best be described as “attempts to unnecessarily prolong Collaborative life.” Grantmakers must recognize that Collaboratives, like nonprofits themselves, have life cycles.

A corollary to this point is that grantmakers need to be equipped with a keen sense for situations wherein nonprofit leaders are themselves trying to prolong the life of a Collaborative that has outlived any usefulness it may have once possessed. The collaborators may do so out of a never-say-die desire to keep trying to make it work; out of a hope that it will continue to attract grant funds; out of fear of a negative funder reaction to a perceived failure; or simply from habit. Helping nonprofit leaders to recognize when it is time to move on is a real service funders of collaboration can perform.

Grantmakers must also accept responsibility for the Collaboratives they have created. If they issue an RFP that encourages the creation of Collaboratives in response, they bear some responsibility for the consequences of this act. Grantees often feel that if they have created a unified response to the RFP, and the grantmaker has in fact funded it, the grantmaker now must help support the continuation of the Collaborative, well into the future.

This is another argument against RFP-mandated collaboration. While there is some merit in the grantees' viewpoint, this does not mean that grantmakers are morally obliged to support the Collaborative, either now or in the future. However, there *is* some ethical obligation to invest adequately at the outset of any Collaborative a funder does choose to create and/or support in order to assist the nonprofits in forming the best Collaborative they can. Given the shakiness of many Collaboratives seeking grant funds, this need speaks for itself. Some funders will see a further obligation to assist their grantees over time or when the Collaborative runs into trouble. Others won't, as in this example.

Our County government decided to implement Welfare Reform by contracting out large pieces of the human services system. They required us to form geographically based Collaboratives in order to be eligible to apply for the funds. Then they gave us three weeks to submit the proposals. We didn't even know the names of the people we were supposed to collaborate with. Only in the last week did the County realize that we were in trouble. That is when they brought in some help to do some last minute consulting triage. But it was hopeless. Eventually, they delayed the whole process and started over, with a longer timeframe. But they never provided any help to the collaborators in getting started, and they still haven't. They never invested a dime in the process.

Again, the distinction between investing in a helpful way and making a grant that in fact hinders the development of Real Collaboration is often a fine one. Making the right decision requires a thorough

knowledge of the factors leading to Real Collaboration. It is also helped by a keen awareness of the motivations of the specific individuals and nonprofits involved in the proposed effort, and a grasp of their histories, if any, working together.

Enough said on the topic of Termination. However, it is also important to remember that the manner in which the collaborative impulse first emerges (whether spontaneously or in response to funder encouragement) will dramatically impact the chances of building a successful partnership, and will in part determine the challenges that will face the collaborators in the future. Here as elsewhere in life, an ounce of prevention is truly worth a pound of cure.

Let's turn now to some specific strategies available to grantmakers to help grantees succeed at collaboration. Some of these strategies may be inappropriate for a given funder, based on a myriad of factors unique to that foundation and its relationship to its grantees. This list is meant to be inclusive of the possibilities, and to suggest the kinds of activities that might be helpful. It is not meant to be prescriptive.

- Grantmakers can frequently acknowledge to the collaborating grantees that they do not expect their partnership effort to be easy, conflict-free, or even in the end to necessarily be successful. Let the grantees know that the funder understands the monumental difficulty of what they are trying to build. This stance, coupled with the following suggestions, will help to give the grantees permission to seek help when they need it. It may also help to reduce their fear of letting their funder know the difficulties they are experiencing.
 - Grantmakers can publicize the availability to grantees of technical assistance resources aimed at resolving collaborative problems they encounter. These resources may include a directory of publications, links to useful web sites, and referrals to expert consultants.
 - Grantmakers can make available supplemental funding for extraordinary needs such as the engagement of expert consultants, attendance at relevant workshops, or out-of-pocket costs associated with an unanticipated need such as to hold an off-site planning retreat.
 - Grantmakers can develop a directory of successful Collaboratives, those that have stood the test of time, and the nonprofit leaders who built them, wherever they may now be. This resource could be provided to grantees, who would be encouraged to contact these people for peer-to-peer assistance.
 - Grantmakers can record the experiences of past collaborative efforts they have funded, making them available in the form of case studies on a web site.
 - Grantmakers can be the first ones to raise the concern that the Collaborative is in trouble, based on their observations using the developmental stages described earlier in this work. Acknowledging a problem is always the first step to addressing it. However, left to themselves, grantees may simply avoid the problem while it worsens. The grantmaker has the standing to raise the concern and have it taken seriously. This is especially true if the mention of the concern is backed by an offer of appropriate assistance in addressing it. However, once again, the grantmaker must be careful not to create an impression that the grantee had better make use of the offer of assistance, whether it perceives a problem or not. Grantseeking behavior may lead Collaborative members to seek or request any offer of help from the funder, whether it is ready to make use of it or not.
-

- Grantmakers can fund an assessment of the health of a Collaborative. One way to avoid the pitfall just described is for the first offer of assistance from the grantmaker to be an assessment, by a third party, of the state of collaboration. This can be done confidentially on behalf of the members of the Collaborative, minimizing their fear that negative information about them will get back to the funder.
- Grantmakers can make themselves available to mediate conflicts within Collaboratives. Often, an expert, neutral consultant will need to play this role. However, in a limited role, in the right circumstances, the grantmaker's influence could be critical to getting the parties back on track.
- Grantmakers could build into every initiative, and into every intermediary they create or fund, a capacity to build and enhance collaboration. This capacity would include an acknowledgment that collaboration requires specific attention, and would encompass the resources described in the earlier bullets. Intermediary organizations are in a unique position to foster Real Collaboration, as they tend to have a close and immediate connection to the grantees. This position should be exploited fully.
- Grantmakers can help collaborators to recognize that it is perhaps unwise to continue the effort. Again, the funder may have unique standing with the group that will allow him or her to raise this issue. While the decision to terminate a Collaborative should always be left to the participants, a funder can play a critical role in initiating the discussion.
- Grantmakers, through support of research and development activities, can fund the development and dissemination of a greater body of practical knowledge on the topic of successful collaboration. Not only will this help the field at large, but it should ultimately make easier their own job of supporting collaboration.

Conclusion

This work is intended to help grantmakers, specifically foundation program officers, think differently about the role of grantee inter-organizational collaboration in the grantmaking process. It hopes to contribute to a dialogue among grantmakers on how best to pursue the funder's objectives relative to collaboration. It provides specific suggestions, a developmental approach to viewing the collaborative enterprise, and a framework for understanding the difficulty of achieving Real Collaboration

An unstated assumption in this monograph has been that the grantmaker, particularly the foundation program officer, is not a passive party in the transactions that create inter-organizational collaboration among nonprofits, for good or ill. The assumption is that the grantmaker, sometimes consciously, sometimes unintentionally, sends messages that encourage certain responses from grantees and potential grantees. This monograph has tried to demonstrate ways in which the most helpful messages may be sent, while the most unhelpful ones are restrained.

Even the most thoughtful grantmaker will still encounter grantees that mistakenly attribute the wrong motivations to him or her. In order to counter these erroneous projections, clear and affirmative messages must be consciously crafted and regularly sent. For example, the grantmaker who acknowledges that building a healthy Collaborative is a long and difficult process gives the grantee permission to ask for

help or even to admit that it has failed. Similarly, the grantmaker who offers his or her grantees resources, in the form of books, web sites, seminars, etc., will communicate that collaboration is a learning process.

On the other hand, the grantmaker who is silent on collaboration while expecting the development of a healthy Collaborative as incidental to carrying out a project, sends the unhelpful message that *“this should be easy, so easy in fact that we don’t even need to think about it. Just do it.”* This may encourage the grantee in trying to create the appearance of collaboration rather than Real Collaboration.

Finally, let us return to the place we began. The grantmaker impulse to help and encourage nonprofits to work more closely together is genuine, and the need is real. The question is not whether to offer this encouragement and help, but how to do so most effectively, while avoiding the many pitfalls we have discussed. This monograph is intended to clarify the grantmaker role in the promotion and support of collaboration, and to stimulate discussion among program officers, the front line fighters in this effort.

About the Author

David La Piana is founder of La Piana Associates, Inc., a consulting firm specializing in strategic issues for nonprofit organizations. He is also an adjunct professor at the University of San Francisco's Institute for Nonprofit Organization Management and a lecturer at the Haas School of Business at the University of California, Berkeley. Recognized as a leading expert on partnerships among nonprofit organizations, David has worked extensively with grantmakers and nonprofits in health, human services, the environment, and the arts, and he coined the term "strategic restructuring."

A popular speaker and teacher, David is the author of The Nonprofit Mergers Workbook, (2000), Beyond Collaboration: Strategic Restructuring for Nonprofit Organizations (1997), and Nonprofit Mergers, (1994), as well as numerous articles. He received his Master of Public Administration in nonprofit organization management from the University of San Francisco and holds graduate and undergraduate degrees in Comparative Literature from the University of California at Berkeley. He has also studied at University of California, San Diego and at the University of Madrid, Spain.

David has received awards for his work from both the California State Assembly and mayor of Oakland. In 1997 he was selected to participate in an international seminar on "Race and Ethnicity," held in Salzburg, Austria, with fellowship support from the W.K. Kellogg Foundation

Since 1979 David has worked as a nonprofit staff member, executive director, trainer, consultant and board member. A former VISTA volunteer, David has held senior management positions with the YMCA, The International Institute and East Bay Agency for Children, a multifaceted human services agency which grew tenfold under his leadership.

David works closely with The James Irvine Foundation, The David and Lucile Packard Foundation, the William and Flora Hewlett Foundation, and the Ford Foundation, among others, promoting an understanding among nonprofit leaders of the potential and uses of strategic restructuring and collaborative partnerships. In 1997 he initiated the *Strategic Solutions* project in order to provide strategic restructuring assistance to nonprofits nationally and internationally.

La Piana Associates, Inc. is David's "virtual" consulting firm. While it has no fixed offices, it employs five full-time and four part-time consultants who together form a powerful team helping a range of clients with strategic restructuring, collaboration, strategic planning, and board development concerns.

David can be reached at 510-655-3455, or by email at lapiana@lapiana.org.

Annotated Bibliography

Amherst H. Wilder Foundation 1992 **Collaboration: What Makes It Work.**

This manual provides a good review of the research literature on factors influencing successful collaboration.

Coe, Barbara 1988 "Open Focus: Implementing Projects in Multi-Organizational Settings." **International Journal of Public Administration** 11(4):503-526.

One the early works in the area of inter-organizational collaboration, this study presents the conceptual model known as "Open Focus," an effective set of strategies available to organizational leaders working within the constraints of inter-organizational settings and initiatives.

Gray, Barbara 1989 **Collaborating.** San Francisco: Jossey-Bass.

The author defines collaboration, explains reasons to collaborate, describes conflict and political dimensions of collaboration, coaches on how to foster collaborative outcomes, presents several designs for problem-solving, develops a theory of collaboration, and shares strategies for overcoming obstacles to successful collaboration.

Horwitch, Mel and C.K. Prahalad 1981 "Managing Multi-Organization Enterprises: The Emerging Strategic Frontier." **Sloan Management Review** 22(2): 3-16.

As increased reliance is placed on Multi-Organization Enterprises (MOEs) to tackle large-scale social issues, the authors focus on success factors and other forces shaping these initiatives' outcomes. Valuable lessons are presented that inform underlying processes in today's nonprofit collaboration.

Kagan, Sharon L. 1991 **United We Stand: Collaboration for Child Care and Early Education Services.** New York: Teachers College Press.

Recounting and cataloguing our most recent understanding of collaboration, the author describes how it has been used in child care and early education services to address large-scale issues in those fields. The book contains excellent references to successful collaborative endeavors throughout the country.

La Piana, David 1998. **Beyond Collaboration: Strategic Restructuring of Nonprofit Organizations.** Washington, D.C.: The James Irvine Foundation and the National Center for Nonprofit Boards. (Revised Edition).

This monograph reviews the recent trend toward increased partnering among nonprofit organizations and posits a model or continuum of partnership forms.

National Minority AIDS Council 1996 "**The Collaboration Continuum**"

This technical assistance manual, published by the NMAC and the Support Center for Nonprofit Management in San Francisco, defines and catalogues collaboration as it provides the reader with practical advice on strategies that can help a collaborative effort succeed.

Van de Ven, Andrew 1976 "On the Nature, Formalization, and Maintenance of Relations Among Organizations." **Academy of Management Review** 4:24-36.

Enhancing one's understanding of collaborative behavior between organizations, this study looks at the dimensions and processes commonly found in inter-organizational relationships and develops a theory on

how and why such relationships take place and are maintained over time. A good theoretical framework for thinking about collaboration.

Winer, M. and Karen Ray 1994 **Collaboration Handbook: Creating, Sustaining, and Enjoying the Journey.** The Amherst H. Wilder Foundation.

This practical, step-by-step handbook takes the reader on a tour of the entire collaboration process. Aided by interactive tools used to keep collaborative efforts on track, the handbook demonstrates how to design and implement a collaborative effort, set appropriate goals, determine participants roles, create an action plan, and evaluate the results.
