

C O M M E N T

The Potential for Funder Networks to Effectuate Collective Impact

by Kristin A. Pauly

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Having spent the greater part of my professional life supporting social change through philanthropy, I welcome the focus Patience Crowder is bringing to the potential role of the legal profession and contract law to enhance the effectiveness of collective impact strategies. One does not have to spend much time in traditional philanthropy before beginning to question the value of providing yearly funding to various organizations for various activities directed at the public good. This piecemeal approach leaves gaping holes and persistent questions about impact and fundamental transformation that are not being adequately addressed in most current funding approaches. Taking a more comprehensive and systematic approach makes more sense on the face of it and, as Crowder states, “has the potential for making large-scale social change.”¹

Crowder effectively summarizes the benefits and strategy associated with the collective impact approach. She provides an interesting and comprehensive collective impact framework and an analysis of the values and risks in collective impact. However, as Crowder points out, “[a]s a strategy for social change, collective impact houses an unquantifiable and unique value yet to be fully realized.”²

I hope to contribute to the discussion this paper initiates by utilizing my history of philanthropic work to offer some insights into why this exciting approach is yet to be fully realized, and then to offer some suggestions about how Crowder’s work could be directed most usefully toward the philanthropic community, where I think many of the problems lie. This paper does an important service in explaining and attempting to improve upon the history of contract law and its adaptability to collective impact activ-

ity. Crowder encourages an expansion in thinking about contract law and describes how it could contribute to collective impact approaches.

In most cities and regions, a collective impact approach needs both financial and intellectual capital from a foundation or foundations. Crowder describes the variety of roles that can be and are played by funders and other supporters of collective impact initiatives (CIIs). However, because there are many different kinds of foundations, and because the amount of funding and the leadership necessary to bring a group of foundations together to pursue a common goal is not insignificant, CIIs also require an expansion in thinking on the part of foundations. Crowder addresses this problem, acknowledging that “paradigm shifts” have occurred or must occur in philanthropic, nonprofit, governmental, and commercial spheres as a result of the rising prominence of collective impact strategies.

All foundations operate in unique ways, with different and often multiple objectives. They embody different ideas about the roles of their staff, have differing amounts of available funding, and have their own prevailing institutional constraints. There are large, national foundations such as the Ford Foundation, operating foundations such as The Pew Charitable Trusts, regional foundations such as the W.K. Kellogg Foundation, corporate foundations, community foundations, family foundations—both large and small—and even networks of foundations that operate in geographic and/or subject areas.

Crowder lists three significant roles that funders—including private foundations, public charities, and business enterprises—play in CIIs. They are often looked to, first, for financial support for the initiative’s underlying infrastructure or management body; second, for advisory help and information about the particular issue being addressed; and third, for contacts to other foundations, various forms of expertise, technical support, and guid-

1. Patience A. Crowder, *Impact Transaction: Lawyering for the Public Good Through Collective Impact Agreements*, 49 IND. L. REV. 621, 621 (2016).
2. *Id.* at 646.

ance on activities such as data collection and professional development. To determine how foundations can best support CIIIs, it is important to look at the general strengths and weaknesses of different sizes and types of foundations.

Very few foundations have the financial resources to solely fund a collective impact project. Large foundations which might have the financial resources—such as the Ford Foundation and The Pew Charitable Trusts—have made profound changes in their approaches to grant-making and, to some extent, embraced the idea of collective impact. However, when a large foundation provides significant funding for an initiative, it can discourage smaller, local funders from participating or feeling that they are on equal footing with the larger institution. Most CIIIs rely on multiple foundations—and often a public agency—to fund discrete elements of a collective impact approach that line up with one or another of their interests. Engaging these foundations can be time-consuming and requires a significant amount of diplomatic and technical skill.

Traditionally many foundations do not have either the inclination to support infrastructure or the staff time available to provide the necessary advisory roles—which also can be extremely time-consuming. It is unusual for smaller foundations, including community foundations, to provide upfront money for planning and design, to invest heavily in a management organization that does not deliver services, to invest in expensive, yet necessary, research to know whether goals are being met, or to support ancillary activities such as communications and fundraising activities.

Often an interest in collective impact funding arises at the staff level in a foundation, and convincing the upper echelons of administration and the board to change their method of making grants and the duration of grants often is not an easy lift. Direct ways of educating the founders and trustees of foundations about the benefits of collective impact are necessary to support staff interest and initiatives. However, most foundation staff have good contacts in both the nonprofit and funding arenas, have convening ability, and often can enlist the support of consultants and experts in support of a CII.

Finally, collective impact strategies often take a long time from beginning to end, requiring a long-term commitment. Many foundation trustees and boards eschew long-term funding because it commits uncertain future revenues. I have also noticed that larger institutions rarely have the leadership tenure to stick with these initiatives through decades—which is what real change requires. It is also the case that the legal advisors that foundations access may not understand or encourage the foundation to engage in such non-traditional agreements.

Throughout my professional foundation career, I have participated in many funder networks: the Funders' Network for Smart Growth and Livable Communities, the Chesapeake Bay Funders Network, the Washington Regional Food Funders, and informal funder networks in Rhode Island—specifically in Newport. Some of these networks were more active and long-lasting than others; yet they all performed useful roles. I learned that funder networks tend to be most effective when they have a clear role or agenda and a dedicated staff and administrative structure.

I believe that many of the weaknesses of individual foundations could be addressed, and their strengths magnified, if foundations would create their own networks on behalf of specific collective impact activities. Funder networks can provide support for staff, help educate trustees, elucidate and manage discreet roles for different foundations, and help attract additional funding to the initiative. They can provide the surrounding services that help the initiative utilize public money. Most of all, since networks have a certain staying power, they can help provide the long-term stability that these projects require. There are subtle, yet fundamental, reasons why most funders need and benefit from the mutual support and understandings that only can be achieved through a funder network. Establishing such a network—ideally within the initiative—could help magnetize additional funder involvement. For example, if there are three initial funders for a collective impact project, they could form a network within that particular project to perform many of the tasks listed above. They would still meet with the entire initiative—including non-profits and consultants—yet have their own, distinct network that would assume a role specifically within the foundation community to support the CII.

Crowder has developed an important paper, which in its present form will significantly benefit the legal community and those organizations that have already embraced the concept of collective impact, perhaps experimented with the approach, or are prepared to act as consultants to communities interested in exploring it. However, there are many within the foundation community who do not yet see themselves participating in this approach at all. If the paper were simplified for a lay audience, philanthropic leaders could be inspired by the ways in which the legal profession has begun to address changing their roles to support more collective impact approaches and might begin to think more broadly and deeply about their own current practices. I also encourage Crowder to look into the experiences of funder networks to find examples of the kind of collaborative activity they encourage and that could be directed toward CIIIs.