

Funding the Backbone of Your Collective Impact Effort

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Agenda

- 11:30 Welcome and Introductions
- 11:40 Ten Things Collective Impact Leaders Need to Know About Fundraising
- 12:00 Top Ten Ways to Finance the Backbone: Part 1
- 12:10 Foundation Funding Commercial
- 12:20 Top Ten Ways to Finance the Backbone: Part 2
- 12:30 Questions
- 12:40 Resources and Wrap-Up



TEN THINGS COLLECTIVE IMPACT LEADERS NEED TO KNOW ABOUT FUNDRAISING



Ten Things

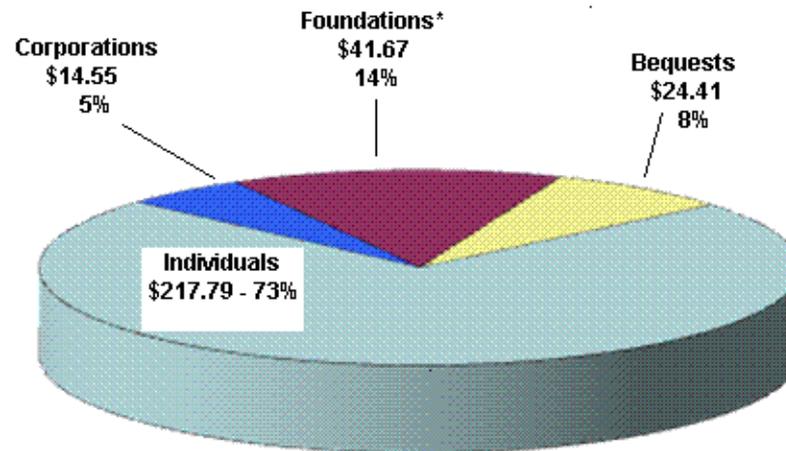
- 1.** The United States gives more money to non-profit organizations per capita than any other country in the developed world.
 - Individuals and Foundations gave more than \$298.42 billion in 2011 to their favorite causes despite the economic conditions.



Ten Things

2. Giving by private individuals FAR outweighs giving by Foundations and Corporations

**2011 CONTRIBUTIONS: \$290.89 BILLION
BY SOURCE OF CONTRIBUTIONS
(\$ in billions - All figures are rounded)**



Ten Things

3. The breakdown of giving by type of recipient organization stays fairly stable over time:

2011 Contributions By Type of Recipient Organization

Religion	\$95.88 billion
Education	\$38.87 billion
Gifts to Foundations*	\$25.83 billion
Human Services	\$35.39 billion
Public-Society Benefit	\$21.37 billion
Health	\$24.75 billion
International Affairs	\$22.68 billion
Arts, Culture & Humanities	\$13.12 billion
Environment & Animals	\$7.81 billion
Foundation Grants to Individuals	\$3.75 billion
Unallocated	\$8.97 billion



Ten Things

- 4.** Charitable giving in the US is heavily subsidized by the government because of current tax policy.
- In two ways: tax exemption for non-profit organizations and tax deductions for charitable contributions
 - Deductions are in currently in danger



Ten Things

5. The tenet that the less an organization or partnership spends on fundraising the more effective that organization is -- is patently false.



Ten Things

6. Giving money philanthropically makes people happy.

- In fact, it's the single way money can buy lasting happiness.
- Economists, sociologists, and psychologists have proven that people who give money are healthier, wealthier, more well-liked by their peers, feel that they have more control over their lives, and are better citizens than those who don't.



Ten Things

7. The typical timeline on a given funding stream is much longer than one might think:

- Individual donors: 3-6 months
- Foundations/Corporations: 9-12 months
- Public dollars: 12-24 months



Ten Things

8. The number one reason people don't give is because they aren't ***asked***.

The number one reasons foundations and corporations don't give is because the request doesn't appear to be ***aligned with their priorities***.



Ten Things

- 9.** Like so many other things, fundraising is all about relationships. You must “friendraise” before you can fundraise.
- “Cold” donations are almost non-existent
 - Relationships with Foundations and Corporations are just as important as relationships with individuals



Ten Things

10. People don't give because they care about organizations, or partnerships, or administrative structures. They give because they care about other people.

- A clear case about the direct good their contribution will do for someone in their community is *always* the best appeal.
- This is a challenge for collective impact efforts, so the value proposition must be very clear, and as human as possible



QUESTIONS?



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TOP TEN WAYS TO FINANCE THE BACKBONE



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Must-Haves

- Fundraising/Entrepreneurial mindset
- Case Statement for backbone organization and collective impact effort
- Commitment to blending/braiding funds (necessary and sustainable)
- Ability to engage potential funders across the spectrum of collective impact investment
- Flexibility to parse out core functions and projects to fit into funder priorities



Top Ten Ways

1. Federal Dollars

- Promise Neighborhoods
- Choice Neighborhoods
- Community Schools
- SAMHSA/Systems of Care
- Title 1
- Safe and Supportive Schools
- WIA
- Performance Partnership Pilots
- Race to the Top District Challenge
- IDEA
- Head Start
- Admin line in any funding stream to support children and youth



Top Ten Ways

2. State Dollars

- Children’s Cabinet or Council
(PA, MD, OR, MO)
- K-12 Community Planning/Outreach dollars
- OST Systems Funding
- Professional development dollars
- State planning dollars



Top Ten Ways

3. In-Kind Staff and Services

- Higher Education Institutions
- Workforce Investment Board
- OST system/intermediary
- Municipal/County Agencies
- United Way



Top Ten Ways

4. Local United Way

-Engagement in Collective Impact effort is key



Top Ten Ways

5. Foundations

- Family Foundations
- Community Foundations
- Regional Foundations
- Funder's Collaboratives



Top Ten Ways

5. Foundations (Cont)

National Foundations (Place-based initiatives)

- Kellogg Foundation
- Kresge Foundation (Human Services Portfolio)
- Robert Wood Johnson Foundation (Vulnerable Populations Portfolio)
- Aspen Forum on Community Solutions (Incentive Fund)



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FOUNDATION COMMERCIAL



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A Champion, Funding, and Urgency for Change Are All Key to Launching a Collective Impact Initiative

Influential Champion



- **Commands respect** and engages cross-sector leaders
- **Focused on solving problem** but allows participants to figure out answers for themselves

Urgency for Change



- **Critical problem** in the community
- **Frustration** with existing approaches
- **Multiple actors** calling for change
- Engaged **funders** and **policy makers**

Financial Resources



- **Committed** funding partners
- **Sustained funding** for at least 2-3 years
- **Pays for** needed infrastructure and planning

Taking a Collective Impact Approach Offers Funders the Opportunity to Amplify Impact, Leverage Funding, and Drive Alignment

Amplify Impact

- ✓ Involves multiple partners working towards **long term, systemic change**
- ✓ Offers a **holistic approach** by channeling the energy of various stakeholders towards solving a problem
- ✓ Provides opportunities to **influence the system** from within and outside by coupling advocacy with action

Increase Efficiency of Resources

- ✓ Allows **more efficient use of funding**, especially in times of scarce resources
- ✓ Enables **leveraging of public and private sources of funding**
- ✓ Opens channels for organizations to access **additional funding** against an issue

Drive Alignment

- ✓ **Reduces duplication** of services
- ✓ **Increases** coordination
- ✓ Embeds the drive for sustained social change within the community, facilitating “**order for free**”

Shifting from Isolated Impact to Collective Impact Requires a Different Approach on the Part of Funders

The current approach of many funders is less conducive to solving complex problems:

- Funders develop **internal foundation** strategy
- Funders pick and fund individual grantees, who **work separately** and **compete** to produce results
- Funders **pre-determine approaches** to get to the desired outcome
- Funders build capacity **of individual organizations**
- Funders **evaluate individual grants** and determine attribution
- Funders are held **accountable to internal stakeholders** (e.g., Board)
- **Funders** work independently and **don't always coordinate** their actions with other funders

In a collective impact context, funders shift their mindset to an “adaptive” approach more aligned with complex issues:

- Funders **co-create strategy** with other key stakeholders
- Funders fund a long-term process of change around a specific problem in active collaboration with **many organizations within a larger system**
- Funders **must be flexible and adaptive** to get to the intended outcome with stakeholders
- Funders **build the capacity of multiple organizations** to work together
- Funders **evaluate progress towards a social goal** and degree of contribution to its solution
- Funders are **held jointly accountable for achievement of goals** developed as part of effort
- **Funders** actively **coordinate** their action and share lessons learned



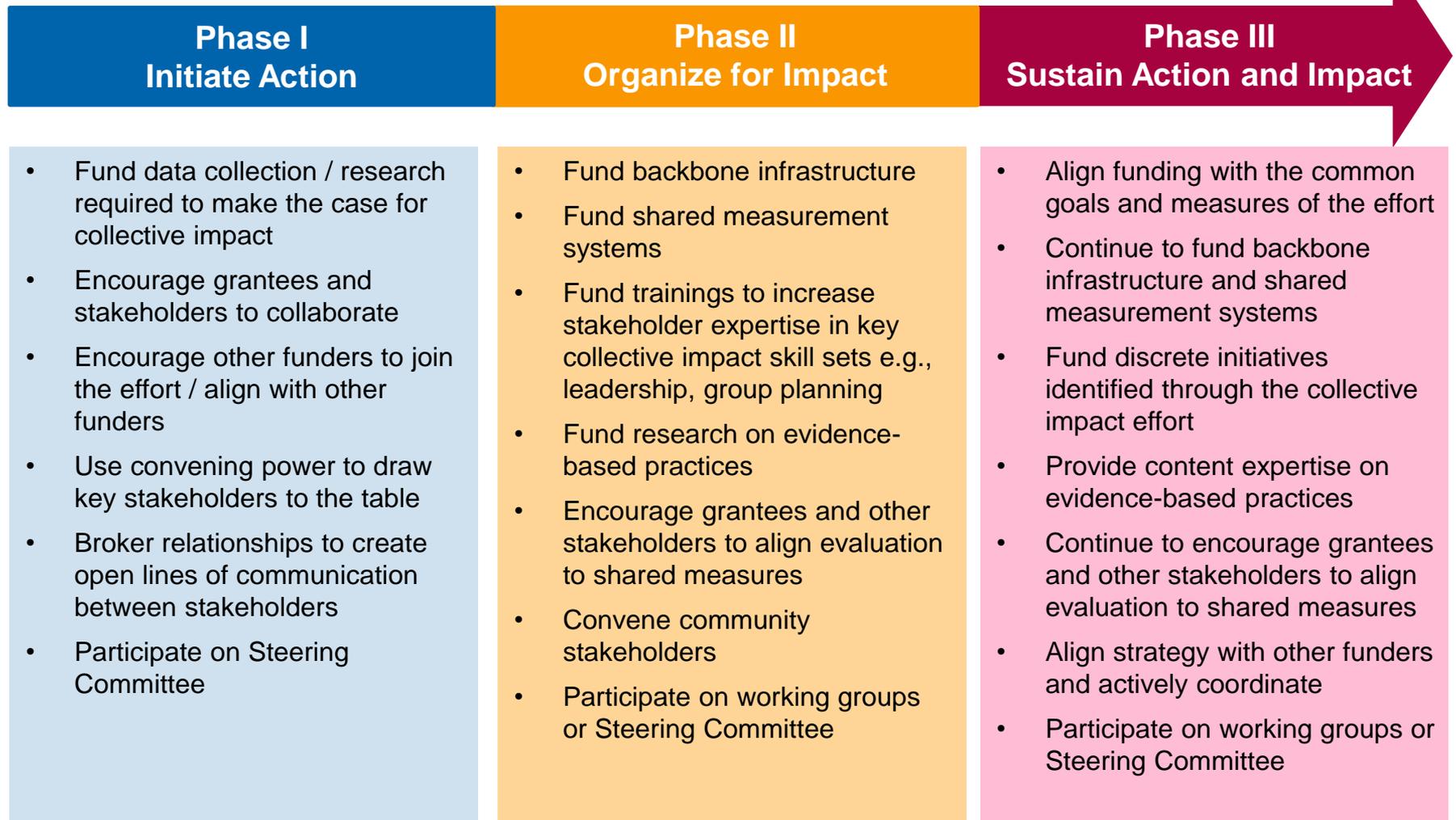
Funders Can Engage in Collective Impact Efforts in a Number of Ways

Sample Funder Role	Description	Examples
Catalyst	<ul style="list-style-type: none"> Funder initiates collective impact strategy as champion, financier, and convener, potentially playing a key role in attracting resources throughout the effort 	
Backbone Organization	<ul style="list-style-type: none"> Funder organizes and coordinates the actions of cross-sector stakeholders to advance collective impact effort 	
Participant	<ul style="list-style-type: none"> Funder actively participates in collective impact effort, and aligns funding and measurement to the effort 	

Funders can play a wide range of roles in Collect Impact efforts, even within these categories

Funder Activities Can Take a Number of Diverse Forms Over the Course of a Collective Impact Effort

Illustrative Funder Activities



Key Success Factors for Effective Funder Engagement Include Institutional Adaptability, Culture Shifts, and Long-Term Orientation

Institutional Adaptability

- **Flexibility** to work outside of traditional grant cycles and established internal processes
- **Ability to be nimble** in pursuing opportunities as they arise, without being prescriptive about the outcome
- **Willingness to learn new skill sets** required – including partnering, facilitation, communication, community engagement, and convening

Culture Shift

- **Comfort with uncertainty and adaptability** required to engage with community and stakeholders
- Awareness of **shift in power dynamic** among funders, grantees, and other stakeholders
- **Openness to funding infrastructure**, which is often seen as less attractive than funding direct services or interventions

Long-term Orientation

- Commitment to **achieving progress on a specific issue**, regardless of attribution vs. contribution
- **Understanding of timespan required for systemic change**, making a long-term commitment
- **Comfort with** measuring progress using **interim milestones and process measures**

Top Ten Ways

6. Local Businesses

- Engage the Chamber of Commerce and other affiliate organizations
- Coordinate with other business engagement efforts



Top Ten Ways

7. Tithing/Dues Structure/Pooled Resources

- Must be elective/voluntary
- Must be structured in a way that incentivizes participation
- Must feel eminently fair



Top Ten Ways

8. Individual Major Donors

- Needs to be a particular kind of person with an interest in systems change rather than direct service



Top Ten Ways

9. A Dedicated Funding Stream

- Special taxing districts
- Special taxes and levies
- Guaranteed expenditure minimums
- Fees and narrowly based taxes
- Income tax checkoffs
- Children’s trust funds



Top Ten Ways

10. Social Investment Bond

- New fiscal structure
- Generating a lot of interest right now
- Complex, but extraordinary potential
- More suited to direct service/interventions than backbone supports



QUESTIONS?



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RESOURCES



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Fundraising Resources

- Blueavocado.org
- Boardsource.org
- Childrensbudget.org
- Chronicle of Philanthropy
- FSG
- Npengage.com
- The Finance Project

