Funding the Backbone of Your Collective Impact Effort

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Special Guest Star:
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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)

- Individuals: $217.79 - 73%
- Foundations*: $41.67 - 14%
- Corporations: $14.55 - 5%
- Bequests: $24.41 - 8%
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.
9. Like so many other things, fundraising is all about relationships. You must “friendraise” before you can fundraise.

- “Cold” donations are almost non-existant
- 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?
TOP TEN WAYS TO FINANCE THE BACKBONE
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
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)
Emily Gorin Malenfant, Senior Consultant, FSG

FOUNDATION COMMERCIAL
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

Source: Channeling Change: Making Collective Impact Work, 2012; FSG Interviews
Taking a Collective Impact Approach Offers Funders the Opportunity to Amplify Impact, Leverage Funding, and Drive Alignment

<table>
<thead>
<tr>
<th>Amplify Impact</th>
<th>Increase Efficiency of Resources</th>
<th>Drive Alignment</th>
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</thead>
<tbody>
<tr>
<td>✓ Involves multiple partners working towards long term, systemic change</td>
<td>✓ Allows more efficient use of funding, especially in times of scarce resources</td>
<td>✓ Reduces duplication of services</td>
</tr>
<tr>
<td>✓ Offers a holistic approach by channeling the energy of various stakeholders towards solving a problem</td>
<td>✓ Enables leveraging of public and private sources of funding</td>
<td>✓ Increases coordination</td>
</tr>
<tr>
<td>✓ Provides opportunities to influence the system from within and outside by coupling advocacy with action</td>
<td>✓ Opens channels for organizations to access additional funding against an issue</td>
<td>✓ Embeds the drive for sustained social change within the community, facilitating “order for free”</td>
</tr>
</tbody>
</table>

Source: FSG Interviews and Analysis
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

Source: FSG Interviews and Analysis
## Funders Can Engage in Collective Impact Efforts in a Number of Ways

<table>
<thead>
<tr>
<th>Sample Funder Role</th>
<th>Description</th>
<th>Examples</th>
</tr>
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<tbody>
<tr>
<td><strong>Catalyst</strong></td>
<td>• Funder initiates collective impact strategy as champion, financier, and convener, potentially playing a key role in attracting resources throughout the effort</td>
<td><img src="https://via.placeholder.com/150" alt="The Tow Foundation" /> <img src="https://via.placeholder.com/150" alt="Bill &amp; Melinda Gates Foundation" /></td>
</tr>
<tr>
<td><strong>Backbone Organization</strong></td>
<td>• Funder organizes and coordinates the actions of cross-sector stakeholders to advance collective impact effort</td>
<td><img src="https://via.placeholder.com/150" alt="Calgary Homeless Foundation" /> <img src="https://via.placeholder.com/150" alt="Mars" /></td>
</tr>
<tr>
<td><strong>Participant</strong></td>
<td>• Funder actively participates in collective impact effort, and aligns funding and measurement to the effort</td>
<td><img src="https://via.placeholder.com/150" alt="The Carol Ann and Ralph V. Haile, Jr. Bank Foundation" /> <img src="https://via.placeholder.com/150" alt="College Spark" /></td>
</tr>
</tbody>
</table>

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

Source: FSG Interviews and Analysis
### Funder Activities Can Take a Number of Diverse Forms Over the Course of a Collective Impact Effort

#### Illustrative Funder Activities

<table>
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<tr>
<th>Phase I</th>
<th>Phase II</th>
<th>Phase III</th>
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<td>Initiate Action</td>
<td>Organize for Impact</td>
<td>Sustain Action and Impact</td>
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- **Phase I: Initiate Action**
  - Fund data collection / research required to make the case for collective impact
  - Encourage grantees and stakeholders to collaborate
  - Encourage other funders to join the effort / align with other funders
  - Use convening power to draw key stakeholders to the table
  - Broker relationships to create open lines of communication between stakeholders
  - Participate on Steering Committee

- **Phase II: Organize for Impact**
  - Fund backbone infrastructure
  - Fund shared measurement systems
  - Fund trainings to increase stakeholder expertise in key collective impact skill sets e.g., leadership, group planning
  - Fund research on evidence-based practices
  - Encourage grantees and other stakeholders to align evaluation to shared measures
  - Convene community stakeholders
  - Participate on working groups or Steering Committee

- **Phase III: Sustain Action and Impact**
  - Align funding with the common goals and measures of the effort
  - Continue to fund backbone infrastructure and shared measurement systems
  - Fund discrete initiatives identified through the collective impact effort
  - Provide content expertise on evidence-based practices
  - Continue to encourage grantees and other stakeholders to align evaluation to shared measures
  - Align strategy with other funders and actively coordinate
  - Participate on working groups or Steering Committee

Source: FSG Interviews and Analysis
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**

Source: FSG Interviews and Analysis
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?
RESOURCES
Fundraising Resources

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