

Collaboration or Competition in the National Nonprofit Infrastructure?

by the editors

EARLY IN 2009, RESEARCHERS DIRECTED by the *Nonprofit Quarterly* issued a report on the state of the national nonprofit infrastructure. In the context of that research, we learned that competition rather than collaboration was the norm among many of the infrastructure organizations we studied. Competitiveness, they reported, creates unproductive tensions and wariness among groups that should complement one another's work. Reportedly, it was not a problem of redundancy of purpose, but rather of institutional positioning. A limited number of foundations fund infrastructure, so relationships with these foundations and the ability to take primary credit for accomplishments are coins of the realm.

Beneficial Collaboration

Nevertheless, some of the groups most criticized by these interviewees tout their collaborative behavior. This likely reflects the fact that funders—at least in word—clearly voice preference for collaboration. This interest led the Charles Stewart Mott Foundation to fund this brief inquiry into existing nonprofit collaborations and what we can learn from them. One note about the findings below, which were garnered through interviews with people engaged in infrastructure-group collaborative efforts and a review

of documents: our examples were drawn from a larger pool than those originally studied. As you will see from the first example of a broad-based, action-oriented collaboration in the area of foreclosure, this pool includes the infrastructure of specific fields.

Field-specific collaboration. The challenge of negotiating for large blocs of foreclosed properties from recalcitrant lenders and servicers requires the blended creativity and experience of the nation's top community development financial intermediaries: the Local Initiatives Support Corporation, Enterprise Community Partners, the Housing Partnership Network, NeighborWorks America, the National Urban League, and the National Council of La Raza.

Notwithstanding their combined skills and knowledge, even discounted acquisitions require access to flexible capital. Without the Ford Foundation's \$50 million in program-related investment, for example, the trust couldn't have functioned at a scale to target bulk acquisitions in major cities, much less leverage nonprofit access to acquisition funds from the U.S. Department of Housing and Urban Development's Neighborhood Stabilization Program.¹ Ford's lead investment should trigger commitments from other foundations

to make the collaboration work.

We have described this collaboration first because it has a lot to recommend in it. The partners are large and influential enough to stand toe to toe with one another and their funding partners, there are clear time-specific goals dictated by the magnitude and pace of mortgage foreclosures, and each has its own networks of affiliates and partners in a distributed membership. No doubt the effort won't be perfect, but it is impressive.

On the other hand, several examples of collaborations are funder driven.

Funder-driven collaboration. The now-defunct Kellogg Action Lab was created as a collaboration between the Fieldstone Alliance and the Nonprofit Finance Fund (NFF). While Fieldstone and NFF brought distinct though complementary skills to the challenge of building the capacities of grantees of the W.K. Kellogg Foundation, there is no question that without the Kellogg Foundation, there would have been no Action Lab. The funding brought the partners together and kept them in the partnership. The business model was clearly rooted in the funder's commitment and, given that the beneficiaries were Kellogg grantees, the funder's self-interest. Recent reports suggest that the Kellogg Foundation has decided not to refund the

project, however, and that the Fieldstone Alliance—a nonprofit publishing concern and the primary partner in the project—has been hard hit by the funding loss.

Diversity in Philanthropy and its D5 campaign are purely products of the foundation sector, prompted in large measure by the Greenlining Institute's efforts to compel large California foundations to report on diversity in their grantmaking and their leadership. Because they needed to circle the wagons to avoid legislative action, because they were sincerely concerned, or both, California foundations made this issue a top priority. The campaign succeeded in engaging major foundations inside and outside California in substantive discussions about diversity and grantmaking.

In the first example, the fact that a funder was involved in the conceptualization and development of the project may have stunted its capacity to build an organic energy of its own. In the second example, where a group of funders collaborated, funders' agendas and self-interest led to the collaboration in which several foundations worked together in common purpose.

Funder-supported collaborations. As the story below exemplifies, several collaborations emerge from the field where funders play a supportive role. The Nonprofit Workforce Coalition works on nonprofit staffing, employment research, and analysis. The coalition includes 80-plus organizations listed as "members," but observers cite the collaborative efforts of American Humanics—which acts as the umbrella agency—the National Human Services Assembly, Public Allies, and other infrastructure organizations as the prime movers of the group. The gestation of this collaboration occurred at national conferences in 2004 and 2005. Not surprisingly, foundations have been crucial supporters of this effort, including the Rockefeller

Brothers Fund and the Annie E. Casey Foundation.

Underlying the formation of the Coalition was participants' recognition of mutual interest. Nonprofits have struggled with a variety of employment-related issues from salaries to diversity to student debt, but there were few activities to address these issues. The meetings leading to the formation of the coalition galvanized organizations to see the initiative as generating important information that they could use in their own operations and to advance workforce issues in general. As a first-year survey evaluation of the Coalition indicated, "17% [of respondents] report that the Coalition has provided their organizations with a vehicle to impact the nonprofit sector, 23% like receiving information and research about the issues, and 37% report appreciating the opportunity to build connections with other like-minded organizations."² While the Coalition hasn't tackled all workforce challenges in the nonprofit sector—indeed, the list for action is long and complex—the initial collaborative energy behind the Coalition constitutes a positive story.

Organizational "pre-development" of collaboration. The likelihood that a funder's participation in a collaboration impacts the effectiveness and sustainability of a collaboration presents some problems because it means that organizations themselves need to invest in some of that "pre-development" work on building collaborative activity.

In 1999, at the National Committee for Responsive Philanthropy (NCRP), the board restructured the executive director's job description to explicitly allow for building collaborations. When the National Network of Grantmakers (NNG) devised its "1 percent" campaign to increase foundation payout—even though the voluntary NNG strategy was less than the mandatory legislative approach favored by NCRP—NCRP

joined the campaign and supported NNG to create a united front and encourage foundations to provide more grant dollars to constituents.

The Funder Networks Impact Assessment Project's effort to devise a common self-assessment tool for more consistency in evaluation for affinity groups appears to rely significantly on the energies of the executive director of the Funders for Gay and Lesbian Issues (FGLI). While other affinity groups were involved, the executive of FGLI has done a significant piece of the day-to-day work. In part, it is a reflection of the FGLI's self-interest: it is important to the gay and lesbian community to avoid "silozation" and to build social-justice alliances across identity groups, a commitment to "intersectionality." As a result, the affinity group carved out "alliance building" as a specific piece of the executive director's job description. If it evolves as it could, the result of this collaboration would be a "community of practice" among as many as 70 affinity groups.

For the infrastructure to carve out time for collaborations in their executive directors' workloads, they have to see the value of the engagement. For most of the collaborations in this report, what is distinctive is that even if they were large in scope and scale, they were narrowly constructed around specific, concrete issues: a self-assessment tool for funder affinity groups, a specific concern for providing core operating support to community development corporations, and so forth. As one expert noted about collaborations in general, which is certainly applicable to organizations in the nonprofit infrastructure, "Parties would be well served to find tangible, relatively manageable, finite projects that would allow them to test the relationship and see results."³

Avoiding Collaboration Downsides

Not surprisingly, survey interviewees with experience in collaboration

identified several possible downsides of a collaboration, including the need to compromise goals, intergroup competition, cooptation of mission, and problems with division of labor.

Troubled collaboration. The broadly positive stories of collaborations among infrastructure organizations sometimes mask the reality that many are troubled. According to some observers, the trouble emerges when organizations have to confront the reality of accepting limitations on their beliefs and missions within the context of interorganizational collaborations. That clash emerges when organizations have overlapping and competitive knowledge and skill sets. Whose knowledge and expertise will predominate? If the collaboration is among management service organizations, for example, whose approach to financial analysis, strategic planning, board management, and collaboration is right? How much will organizations led by strong-willed managers give up on their sense that they are “more right” than their collaborative partners? Collaboration implies accepting and building on mutual strengths. But we would be soft-soaping reality not to suggest that the leadership of many national infrastructure organizations believes that it doesn’t need the input of collaborators.

In many cases, groups struggle over which organization can take credit for collaborative accomplishments. The dynamic is not pretty. As an observer notes, within the infrastructure there are some “sandbox bullies” who make the prospect of forming a collaboration hard to fathom. For collaboration to work, zero-sum bullying as groups scum to take credit for accomplishments has to end.

Collaboration as cooptation. Observers broadly hint that some efforts to induce collaboration have hidden agendas. Sometimes, they suggest, proponents of collaboration aim to bring

several players under one tent whose agenda they might control. Some suggest that the effort of the Council on Foundations to integrate more closely with the various foundation affinity groups (and the Forum of RAGs)—as positive as the outcome might be for the participating entities—may reflect the Council’s strategic objective of strengthening its weight and influence among foundations and infrastructure groups (note: some institutional foundation or foundation staff members of the affinity groups are not members of the Council itself). The cooptation concern emerges when collaborations are pitched among organizations of significantly different sizes, scopes, and reputation.

Ownership. Who “owns” a collaboration? During the administration of President George W. Bush, the Let America Speak collaboration, originally created to confront legislative efforts to restrain nonprofit free-speech rights during the 1990s, faltered amid disputes regarding which of the original partners owned how much of the coalition and which organizations would be the “gatekeepers” to determine future organizational membership. In the end, one of the original collaborating entities concluded that it embodied the effort and had final say over acceptable positions for the coalition. As a result, some of the lower-ranking members of Let America Speak went on to form NP Action, which evolved into an online resource of tools for nonprofit advocacy (see npaction.com).

Doing the work. The stories of collaboration among national infrastructure organizations are fundamentally stories of collaboration and of the challenges of organizations working together no matter who is at the table and what they want to achieve. A comment from the first-year evaluation of the Nonprofit Workforce Coalition conveys the

challenge of determining who in a collaboration is responsible for doing the work—and how one gets other collaborators to pitch in appropriately. “In the national meeting they had in Minnesota, there were multiple parties contending and fighting with each other *not* to be in the leadership role,”⁴ notes the interviewee. Another interviewee says, “Right now it’s a very small number of people who are doing any real work. Members just wait for [the American Humanics staff person] to initiate communication.”⁵ Interviews conducted for this article uncovered the same dynamic. One interviewee put it succinctly in describing her participation in one of the collaborations: “I chair the committee; I do the work.”

There may be a social Darwinism underlying this dynamic. Interviewees confirm what many of the evaluation reports suggest: over time, some collaborating organizations reduce their participation because they do not have time for the phone calls or for reading the materials necessary for collaborations to function. It is no fun for the people who take on the leadership roles and end up carrying the weight. But it may be a mechanism for distinguishing the truly committed from the free riders.

Give to get. One of the huge frustrations of collaborations, particularly when loosely conceived, is that some players are more collaborative than others, particularly when it comes to how much time and energy the participating organizations will devote. While there is no elixir to make collaborations successful, there is a need to think about how to make interorganizational collaborations exact energy and commitment from all the players. In some of the collaborations noted here, when collaborators have to give something of value, their commitment is more real and sustainable. At Family

Philanthropy Online, a subscription service from the National Center for Family Philanthropy, “content partners” contribute information through the network, and subscribers can adapt the FP Online information in their own programs.⁶ The early plans of the Workforce Coalition called for members to ante up \$1,500 to participate. According to one observer, “Sustainable collaborations are not free,” but the payment should not only be external (i.e., from foundations), but from the collaborating partners themselves.

Funders may be turned on by collaborations and mergers (see “Shotgun Mergers amid Financial Crisis” on page 58), but for the national nonprofit group infrastructure, the paucity of long-term success should tell us to temper enthusiasm with realism. If infrastructure groups—or any nonprofits—want to make collaborations happen, they had better prepare for long process, extra staff time, and real financial costs and

consequences. And for funders of infrastructure, it makes far more sense to support naturally occurring collaborations where partners have already invested in one another’s success than to coerce collaborations.

ENDNOTES

1. Mike Spector, “Foundation Backs Foreclosures Project,” the *Wall Street Journal*, May 1, 2009. To demonstrate the challenge, however, the National Community Stabilization Trust (NCST) aims to create a \$1 billion REO Capital Fund, the Ford program-related investment currently serving as the largest investment to date. The John D. and Catherine T. MacArthur Foundation has given a working capital loan of \$3 million for NCST’s transfer agent function (www.macfound.org/site/c.lkLXJ8MQKrH/b.4196225/apps/s/content.asp?ct=7000263).
2. Theresa Chinte, Christopher Jackson, Steven Josselson, Esther Lavitt, Le T. Quach, *Nonprofit Sector Workforce Coalition Evaluation Report*, Robert F. Wagner School for

Public Service at New York University, April 2007, 10.

3. *The Changing Nonprofit Funding Environment: Implications and Opportunities*, Venture Philanthropy Partners, June 2003, 11.

4. *Evaluation Report*, 16.

5. *Evaluation Report*, 17.

6. Family Philanthropy (www.ncfp.org/what_we_do/family_philanthropy_online).

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