

Funder Networks in Action

Understanding Their Potential for Philanthropy

Data Highlights

Grantmakers for Effective Organizations

in partnership with

Council on Foundations

Forum of Regional Associations of Grantmakers

and

Funders Network for Smart Growth and Livable Communities

with support from The David and Lucile Packard Foundation



GRANTMAKERS
for EFFECTIVE
ORGANIZATIONS



GRANTMAKERS FOR EFFECTIVE ORGANIZATIONS is a community of grantmakers dedicated to building strong and effective organizations. GEO's mission is to maximize philanthropy's impact by advancing the effectiveness of grantmakers and their grantees. Through research, conferences, its Web site, publications and other activities, GEO highlights knowledge and practices in the field that advance the organizational effectiveness movement.

More information about GEO and a host of resources and links for funders is available at www.geofunders.org.

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Introduction and Overview

Funder networks are the breeding ground of innovation and the classroom of collaborative practice in philanthropy. It is primarily through funder networks that philanthropy has remained responsive and efficient in identifying and addressing cutting-edge social issues. Funder networks provide models for effective philanthropic practice. The rapid proliferation of funders' affinity groups, regional associations, collaboratives and other networks is a clear indication that funders are looking for ways to connect and join forces with natural allies.

Grantmakers for Effective Organizations — in partnership with the Forum of Regional Associations of Grantmakers, the Council on Foundations and Funders Network for Smart Growth and Livable Communities and with support from The David and Lucile Packard Foundation — is conducting research to develop a set of tools for grantmakers to connect effectively through funder networks. These tools, available on GEO's Web site at www.geofunders.org and on project partner Web sites, include a Web-based directory of networks, a series of funder network maps, a set of four reports on funder network accomplishments and a practical guide called, "Formula for an Effective Funder Network."

This report provides an overview of key findings from a survey of nearly 200 participating funder networks¹ and case study interviews with 12 diverse funder networks.

Research Methodology

The survey was distributed to a diverse sample of 325 funder networks. Of these, 181 networks completed the survey, yielding a 56 percent response rate. Respondents also include a representatively broad array of networks in terms of type, structure, geographic location and size.

To gain a clearer picture of common accomplishments and challenges of funder networks, we conducted case-study interviews with the following 12 funder networks. Survey respondents nominated these networks as potential case study subjects. Interviews are included in this data highlights report and other reports on specific network activity areas, available at www.geofunders.org.

- AIDS Partnership California
- Baltimore Giving Project
- Collaborative Fund for Youth-Led Social Change
- Disability Funders Network
- Family Foundation Trustees Peer Network/
New York Regional Association of Grantmakers
- Funders' Collaborative on Youth
Organizing
- Grantmakers of Southeast Texas
- Health and Environmental Funders Network
- Hispanics in Philanthropy
- League of California Community Foundations
- Social Venture Partners Bay Area
- Women & Philanthropy

¹ At the outset of the study, the research advisory group developed three working criteria for including a network in the sample: network members are primarily funders; there was some formal organization to the network, however limited that might be; and the network had a stated purpose or goal for being.

Funder Network Characteristics

Although respondents represent a variety of network types, **half of these networks identified themselves as either funder affinity groups or regional associations of grantmakers.** (See Network Type table.)

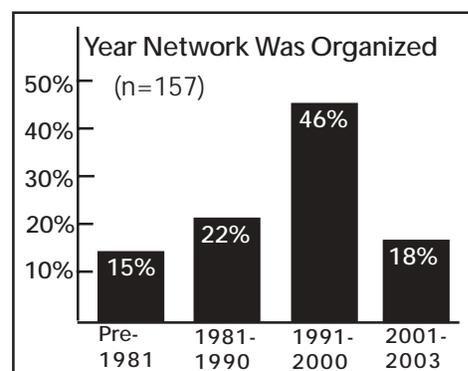
It is also common for larger, formal networks with 501 (c)(3) status to initiate and house new networks. For example, AIDS Partnership California began in 1988 as a funding collaborative within Northern California Grantmakers as special task force of the organization. In 2000, NCG formally established AIDS Partnership California as a permanent program of NCG to address the continuing crisis of HIV and AIDS in communities of color throughout the state. Similarly, the Baltimore Giving Project — a coalition of local funders that fosters the creation of new foundations, charitable funds and corporate giving programs in the Baltimore area — began as a grantee of the Forum of Regional Associations of Grantmakers' New Ventures in Philanthropy project, which aims to grow permanently endowed philanthropy in areas across the country. BGP was originally housed at the Association of Baltimore Area Grantmakers as a five-year stand-alone project. When New Ventures' funding was about to end in January 2003, the board of ABAG decided, based on BGP's success, to bring the project into the organization permanently. Now, BGP staff are staff of ABAG, and the ABAG board has the primary responsibility of securing funding for BGP.

Network Type (n=167)	No. of Networks	Percentage
Funder affinity group	47	28%
Regional assoc. of grantmakers	38	23%
Funders collaborative	34	20%
Social Venture Partner affiliate	18	11%
Learning group	12	7%
Social/Networking group	9	5%
Joint ventures	3	2%
Other	6	4%

Funder networks commonly evolve over time as needs and issues change over time, as understanding of issues deepens or as interconnections across issues are identified. For example, from the Ms. Foundation for Women's National Girls Initiative emerged the Collaborative Fund for Healthy Girls and Healthy Women, which over time broadened its focus to become the Collaborative Fund for Youth-Led Social Change, a network dedicated to promoting youth development among young women and allied young men through youth-initiated social change projects.

Networks are proliferating at an increasing rate. **The 1990s saw the founding of twice as many networks as were founded during the 1980s.** Further, during just the first two and a half years of the 21st century, the number of networks founded (representing 18 percent of the total survey sample) is already 40 percent as much as the number of networks founded in the 1990s. (See Year Network Was Organized graph.)

Since many funder networks were formed recently, most report they are in early stages of organizational development. When provided with definitions of four typical organizational life cycle stages — startup, growth, midlife and mature — more than one quarter place themselves in the start-up stage, while another 30 percent indicate they are in



their growth stage. Less than 20 percent consider their networks to be in the mature stage of their organizational life cycle.

More than two-thirds (69 percent) of networks first formed due to the emergence of a growing number of funders interested in a common issue. For example, Hispanics in Philanthropy began in 1983 when a small group of Latino foundation staff got together at a Council on Foundations conference and observed how women and African Americans were impacting the philanthropic sector through their funder affinity groups. Since then, HIP has grown from a small network of about 10 people to a transnational organization of grantmakers with more than 450 members. In another example, a working group of the Consultative Group on Biological Diversity had been

supporting funder work at the intersection of environment and health. Working group members determined a need for a way to engage funders on these cross-cutting issues. The original organizers took the concept to a few big gatherings of grantmakers, which resulted in 50 funders participating in the formation of a new funder network — Health and Environmental Funders Network. HEFEN now has more than 160 members. Other motivations for initially organizing include inspiration from an individual with a vision (14 percent), mobilization in response to a specific event or crisis (10 percent) and growth out of an existing network (3 percent).

Most funder networks define themselves around geography. For the most part, funder networks act locally. More than 75 percent of networks are organized around a common geographic area that is most often a city or metropolitan area. Less common are networks that organize around a state, and the least common are networks that cover a multi-state region. Networks that organize around particular identity-based communities (such as African Americans, the disabled, or gays and lesbians) comprise 20 percent of networks. Fourteen percent of networks say that they are organized around a particular job function (such as CEOs, CFOs or trustees).²

Membership

Membership structures among participating funder networks are relatively formal and clearly defined. Indeed, defining membership is one of the first tasks a network faces in the organizing process.

Two-thirds of networks have formal criteria for becoming a member, and one-half require a fee to join. A slightly larger proportion, 71 percent, is open only to funders or organizations that have funders as members (for example, a regional association of grantmakers). As a result, membership in these networks is dominated by funders. In all but 29 percent of networks, at least three-quarters of the members are funders.

² These categories are not mutually exclusive; many networks are organized around more than one factor.

Funder Networks Building Capacity

Many funder networks exist to build the capacity and skills of grantmakers.

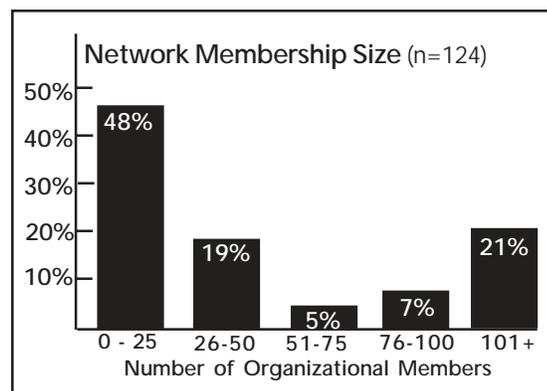
The **Family Foundation Trustees Peer Network**, operated out of the New York Regional Association of Grantmakers, provides professional development and donor education forums for family foundation staff and trustees regularly (three to five times) throughout the year. Of the approximate 85 family foundation members, about a third are active in the network at any given time. A single NYRAG staff person, Marjorie Rutimann, coordinates the network under the guidance of a steering committee made up of network trustees.

According to Rutimann, “There are a few evergreen topics that family foundations visit: family members working together more effectively, legal responsibilities, dealing with geographical dispersion, strategizing grantmaking and involving the up-and-coming generation in the family foundation. We address other relevant topics as they arise. For example, after 9/11, we had programs about how family foundations could respond: making general operating grants as opposed to program grants, contacting your grantees right away to see what they needed and working with them to make reporting as simple as possible under unusually pressured circumstances.”

Funder networks can also build bridges with community-based organizations and the private sector. About one in seven networks (15 percent) includes members other than grantmakers, such as practitioners from community-based organizations, business and the general community. Few networks have any significant representation from government agencies within their memberships.

When Funders' Collaborative on Youth Organizing first organized in 2000, only funders were eligible for membership. However, one year into its work, the network decided to open membership to nonprofit practitioners with a targeted eye for those who could bring a big-picture, national-level perspective on issues to the table. The primary criterion for membership is an interest and commitment to youth organizing.

Membership size tends to be either quite small (less than 50 organizational members) or quite large (more than 100 members). Half of funder networks have 25 or fewer organizational members, one in five has from 26 to 50 members, and one in five has more than 100 members. (See Network Membership Size graph.) The same is true for numbers of individual members: 43 percent of networks have 25 or fewer individual members, about one in five (19 percent) has 26 to 50 individual members, one in ten has 51 to 75 individual members, and more than one-quarter (28 percent) of networks have more than 75 individual members.



Some funder networks intentionally have few or low “barriers to entry,” casting a broad net to keep the greatest number of grantmakers and others informed. Others ask members to show their commitment to the issue by asking for significant contributions to a pooled fund. Decisions about membership criteria and dues requirements are made based on the ultimate purpose of the network.

Staffing and Governance

For the most part, networks have small staffs, if any at all. One-third of networks have no paid staff, and 42 percent have staff of three or fewer. Only 5 percent of networks have staffs of more than 10 full-time equivalent (FTE) employees. Two-thirds of networks have an official executive director or CEO. Of those, approximately one-quarter are part-time and/or unpaid volunteers. (See Network Staffing table.)

Some networks, such as the League of California Community Foundations, contract with consultants to coordinate and operate the network. Others, like Grantmakers of Southeast Texas, operate solely with a core base of volunteer members. Grantmakers of Southeast Texas grew out of a small group of grantmakers who participated in a community assessment planning meeting. These grantmakers realized there are issues particular to their region that would benefit from coordinated philanthropic action. GST's lead person is at the local community foundation, although her and others' time spent on network activities is unpaid. The network is inclusive of corporate and family philan-

Number of FTE Employees	No. of Networks	Percentage
0	54	36%
1	33	22%
2-3	30	20%
4-10	27	18%
More than 10	7	5%

thropy, as well as the local community foundation, with about 12 members overall. All costs associated with network activities have been underwritten by one of the core organizations. Although small, volunteer based and only two years old, GST boasts remarkable accomplishments, including

- regular seminars to train grantmakers and build capacity;
- a comprehensive database of local nonprofit organizations;
- swift and coordinated philanthropic response to a local natural disaster; and
- launching a project to develop a nonprofit resource center.

According to network coordinator Carol Flatten, “Our sense right now is that this informal basis is best because we do not need another structure to work through. But we do have another issue that we would like to attack: training board members about what they are responsible for in terms of nonprofit governance.”

Regardless of how these networks are staffed, the vast majority of networks have a small nimble set of committed people who facilitate activity planning, carry out programming and ensure members are kept up-to-date on relevant information, events and network activities.

Most networks are *not* incorporated 501(c)(3) organizations. Only one-third are incorporated. Of those not incorporated, only 17 percent are considering incorporation. Networks that are incorporated are no more or less likely to have a formal mission statement than those that are not. The majority of networks are governed by a board of directors (42 percent) or by a committee of members (21 percent).

Funder networks often find there is no need to incorporate formally; many do not even set out to exist as institutions in perpetuity. Rather, funder networks tend to arise in response to a specific need and then disband or morph as needs evolve over time. Funders’ Collaborative on Youth Organizing (FCYO) is one such network. “When the collaborative was founded it was not meant to be an institution in perpetuity,” said Vera Miao, FCYO executive director. “We did not want to go down the road of institution building — in principle and practice we aim to be a catalytic mechanism. That means we are committed to identifying benchmarks, consistently checking in with the changing landscape and remaining deliberate about the point in time when we will either morph or phase out because it makes strategic sense.”

Funder Network Priorities

For the vast majority of networks, the promotion of funder learning, building funder knowledge and providing networking opportunities for funders are the most important network priorities (See Funder Network Priority Areas table.)

Case study interviews demonstrate that changing and increasing resource flows as well as positioning issues and advocacy are challenging goals to achieve, requiring significant funding and human resources, which likely explains why relatively fewer funder networks can tackle these priority areas.³

Thinking broadly about their role within the field of philanthropy, funder networks for the past 20 years, and increasingly in recent times, have been a primary forum for grantmakers to work at the edge of new fields. Through the emergence of regional associations of grantmakers, for example, funders have organized to respond quickly and effectively to particular local community needs. In more recent years, funder networks have formed in response to emerging health crises, such as the HIV and AIDS pandemic. It is also through funder networks that grantmakers engage in today's most innovative philanthropy, such as at the intersection of health and environmental issues and supporting youth organizing and youth-led social change.

Funder Network Priority Areas	Percentage
Promoting funder learning	97%
Building knowledge	95%
Fostering new linkages	92%
Changing and increasing resource flows	64%
Developing innovations in grantmaking	61%
Positioning issues/ advocacy	54%

³ Please refer to the additional research briefs, available from GEO, developed through this project for more in-depth exploration into the accomplishments of funder networks in the areas of promoting funder learning through knowledge management, collaboration, changing and increasing resource flows and positioning issues, and revenue generation. These briefs are available at www.geofunders.org.

Funder Network Activities

Funder networks engage in a broad range of activities. **Generally, network activities involve the informal dissemination of information.** Few networks engage in more intensive activities — such as coordinating funding (33 percent) and sponsoring research (30 percent) — that require a great deal of time and resources. (See Network Activities table.)

Network Activities (n=151)	No. of Networks	Percentage
Offer speaker series, panels, roundtables, brown-bags, etc.	115	76%
Informally keep members informed of important topics	113	75%
Have a Web site	100	66%
Sponsor social/networking events	88	58%
Serve as an information clearinghouse	81	54%
Publish a newsletter	80	53%
Hold summits or convenings on specific issues or topics	78	52%
Convene professional development workshops/seminars	77	51%
Provide information and referral services	76	50%
Organize a conference	71	47%
Publish or develop resource material	71	47%
Provide technical assistance to funders	69	46%
Advise grantmakers on funding opportunities	63	42%
Provide speakers for events sponsored by other organizations	62	41%
Provide technical assistance to nonprofits	59	39%
Publish and disseminate research	52	34%
Coordinate funding	50	33%
Host an online discussion list	49	33%
Manage a pooled grantmaking fund	49	33%
Make grants	48	32%
Sponsor (fund) research	46	30%
Promote professional ethics/standards	44	29%
Engage in advocacy/other public education on policy issues	41	27%
Offer policy briefings	35	23%
Provide a job bank or job listings	29	19%
Promote a research agenda	26	17%
Conduct joint fundraising	26	17%
Recognize excellence through awards program	16	11%

Critical Issues Facing Funder Networks

Like all organizations, networks face a range of issues and challenges. **Increasing membership, funding and visibility top the list of critical issues that funder networks face.** Routine organizational issues, such as formalizing organization structures and re-

crucial to relatively few networks. (See Critical Issues Facing Funder Networks table.)

These results clearly show that sustainability-related issues are the key challenges for funder networks. Today, grantmakers have choices among multiple possible networks with which they could affiliate. This magnifies the need for networks to remain relevant and stay true to the most appropriate trajectory — developing into a full-fledged organization, maintaining an informal structure or phasing out as needs are met — for their purpose.

Conclusion

The recent proliferation of funder networks provides the most concrete evidence of the desire among grantmakers to coordinate and leverage their philanthropic actions.

Funder networks come in all sizes and forms, involving small and large private foundations, individuals, philanthropists, community foundations and everything in between.

Funders who form and participate in networks recognize the benefit of pooling resources, sharing knowledge and learning from one another's experience. Funder networks are the manifestation of a nonprofit sector — including grantmakers and community-based organizations alike — that is most effective when it acknowledges the interdependence inherent in the system in which it operates.

Funder networks are the breeding ground of innovation and the classroom of collaborative practice in philanthropy. Funder networks provide grantmakers with a forum for increasing their responsiveness and efficiency in identifying and addressing emerging issues. Funder networks are models for effective philanthropic practice.

The results of this study will guide the development of scenario-planning meetings of funder networks and infrastructure groups that will focus on harnessing and increasing the potential inherent in funder networks. Where are intersections of issue areas and geography, opportunities for greater collaboration and best practices to be discovered? With the goal of surfacing strategies for better “networking the networks,” GEO aims to increase the effectiveness of the philanthropic and nonprofit sectors to engage in stronger coordination and joint action.

Critical Issues Facing Funder Networks (n=149)		
	No. of Networks	Percentage
Expanding membership	63	42%
Enhancing organizational sustainability	58	39%
Leveraging additional funding for issue area	50	34%
Increasing visibility of issue area	39	26%
Increasing visibility of organization	38	26%
Improved communications capacity	37	25%
Fundraising	35	23%
Clarifying mission and/or goals	34	23%
Improving member satisfaction	22	15%
Improving internal management capacity	14	9%
Formalizing membership structure	11	7%
Formalizing organizational structures	8	5%
Conducting evaluation	8	5%
Recruiting board members	5	3%
Improving staff training	4	3%
Recruiting new staff	4	3%



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